Memorandum of Association
and
Articles of Association

CERTIFIED TO BE TRUE
For **Reliance Industries Limited**

Savithri Parekh
Company Secretary and
Compliance Officer
ICSI Membership No. F5986
602, Karmabhoomi, Jijamata Road,
Near Sher-e-Punjab, Andheri (East),
Chakala MIDC, Mumbai 400093

Reliance
Industries Limited

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CERTIFICATES

नाम में तब्दीली के परिणामस्वरूप निगमन के लिए नया प्रमाण-पत्र

FRESH CERTIFICATE OF INCORPORATION CONSEQUENT ON CHANGE OF NAME

NO.19786/CTA

कम्पनियों के रजिस्ट्रार के कार्यालय में.....

[कम्पनी अधिनियम, 1956 (1956 का 1) के अधीन]

In the Office of the Registrar of Companies Maharashtra, Bombay.

[Under the Companies Act, 1956 (1 of 1956)]

.....

.....के विषय में।

IN THE MATTER OF* RELIANCE TEXTILE INDUSTRIES LIMITED.

.....

मैं एतद्द्वारा प्रमाणित करता हूं कि .....परिसीमित जिसका निगमन मूलतः 19.....के.....के .....दिन इस †.....अधिनियम के अधीन और.....परिसीमित नाम द्वारा किया गया था, कम्पनी अधिनियम 1956 की धारा 21/22(1)(क)/22(1) (ख) के निर्बन्धनों के अनुसार आवश्यक संकल्प पारित कर चुकी है और इसकी बाबत केन्द्रीय सरकार की लिखित अनुमति कम्पनी कार्य विभाग द्वारा प्रदान कर दी गई है।

I hereby certify that RELIANCE TEXTILE INDUSTRIES LIMITED Limited, which was originally incorporated on EIGHTH day of MAY 19.73 under the† COMPANIES Act, 1956 and under the name MYNYLON LIMITED Limited having duly passed the necessary resolution in terms of section 21/22(1)(a)/22(1)(b) of Companies Act, 1956, and the approval of the Central Government signified in writing having been accorded thereto in the **Department of Company Affairs.**

क्षेत्रीय निदेशक के तारीख.....19.....के पत्र सं०.....द्वारा प्राप्त हो जाने पर उक्त कम्पनी का नाम इस दिन.....परिसीमित में तब्दील कर दिया गया है और यह प्रमाण-पत्र उक्त अधिनियम की धारा 23 (1) के अनुसरण में जारी किया जाता है।

Regional Director, Western Region, letter No. RD:30(21)5/85 dated 18.6.1985 the name of the said company is this day changed to RELIANCE INDUSTRIES LIMITED. Limited and this certificate is issued pursuant to section 23(1) of the said Act.

मेरे हस्ताक्षर से यह तारीख.....को दिया गया।

Given under my hand at BOMBAY this day of TWENTY SEVENTH JUNE 19.85 (One thousand nine hundred EIGHTY FIVE).

THE SEAL OF THE REGISTRAR OF COMPANIES MAHARASHTRA

(G.P.JAIN)
Addl. Registrar of Companies.
Maharashtra, Bombay.

*यहां पर कम्पनी का वह नाम लिखिए जो कि तब्दीली से पूर्व था।
*Here give the name of the Company as existing prior to the change.

†यहां पर अधिनियम (अधिनियमों) का नाम लिखिए जिनके अधीन कम्पनी का मूलतः रजिस्ट्रीकरण और निगमन किया गया था।
† Here give the name of the Act(s) under which the Company was originally registered and incorporated.

जे० एस० सी०-7
J. S. C.-7.

प्रभासमुटेब:—396-19 जनरल एडमिन/76-77—मासमुटेब—(सी-407)—26-8-76—10,000.
MGIPTC—396-19 Genl. Admn./76-77—GIPTC—(C-407)—26-8-76—10,000.

No. 19786

[कम्पनी अधिनियम, 1956 की धारा 18 (3)]
[Section 18(3) of Companies Act, 1956]

एक राज्य से दूसरे राज्य में रजिस्ट्रीकृत कार्यालय के अन्तरण की पुष्टि करने वाले न्यायालय के आदेश के रजिस्ट्रीकरण का प्रमाण-पत्र

CERTIFICATE OF REGISTRATION OF THE ORDER OF COMPANY LAW BOARD ~~OF COURT~~ CONFIRMING TRANSFER OF THE REGISTERED OFFICE FROM ONE STATE TO ANOTHER

..... ने विशेष संकल्प द्वारा रजिस्ट्रीकृत कार्यालय का ..... राज्य से ..... राज्य में अन्तरण करके स्थान की बाबत संगम-ज्ञापन के उपबंधों में परिवर्तन कर दिया है और ऐसे परिवर्तन को ..... तारीख ..... के आदेश द्वारा पुष्टि कर दी गई है ।

The RELIANCE TEXTILE INDUSTRIES LIMITED having by special resolution altered the provisions of its Memorandum of Association with respect to the place of the registered office by changing it from the state of KARNATAKA to the state of MAHARASHTRA and such alteration having been confirmed by an order of BENCH OF THE COMPANY LAW BOARD, NEW DELHI bearing date the 2ND JULY SEVENTY SEVEN

मैं एतद्द्वारा प्रमाणित करता हूं कि उक्त आदेश की प्रमाणित प्रति इस दिन रजिस्ट्रीकृत कर दी गई है ।

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

मेरे हस्ताक्षर से आज तारीख ..... को दिया गया ।

Given under my hand at BOMBAY this FOURTH day of AUGUST One thousand nine hundred and SEVENTY SEVEN

(D. T. BISWAS)
कम्पनियों का रजिस्ट्रार
Registrar of Companies
Maharashtra,
Bombay.

THE REGISTRAR OF COMPANIES MAHARASHTRA सत्यमेवजयते

सी० एस० सी०—6

MGIPRRND—[illegible]/75—Secretariat—9-1-76—3,000

[*Section 18(3) of Companies Act 1956*]

BOARD

CERTIFICATE OF REGISTRATION OF THE ORDER OF ~~XXXXX~~ COMPANY LAW CONFIRMING TRANSFER OF THE REGISTERED OFFICE FROM ONE STATE TO ANOTHER

The RELIANCE TEXTILE INDUSTRIES LIMITED ..... having by special resolution altered the provisions of its Memorandum of Association with respect to the place of the registered office by changing it from the State of KARNATAKA ..... to the State of MAHARASHTRA ..... and such alteration having been confirmed by an order of BENCH OF THE COMPANY LAW BOARD, NEW DELHI XX XX XX XX XX XX XX bearing date the SECOND DAY OF JULY, 1977.

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

Given under my hand at BANGALORE this 5th day of AUGUST, One thousand nine hundred and SEVENTYSEVEN.

THE REGISTRAR OF COMPANIES, KARNATAKA BANGALORE.

(S.N. GUHA),
Registrar of Companies.
Karnataka, Bangalore.

J. S. C-6.
MGIPTC--86-19 General—GIPTC—(C-91)—9-9-66—2,000.

FRESH CERTIFICATE OF INCORPORATION
CONSEQUENT ON CHANGE OF NAME

In the matter of the Registrar of Companies, Karnataka, Bangalore.

Under the Companies Act, 1956 (I of 1956)

In the matter of "MYNYLON LIMITED"

* * * * * * * * * * * * * * * * * * * *

I hereby certify that "MYNYLON LIMITED" which was originally incorporated on EIGHTH day of May, 1973 under the Companies Act, 1956 (No.1 of 1956) and under the name "MYNYLON LIMITED" having duly passed the necessary resolution in terms of Section 21 of the Companies Act, 1956 and the approval of the Central Government signified in writing having been accorded thereto in the Regional Director, Company Law Board, Madras letter No. F.NO.1/21/MT.3/77 dated 10th March, 1977 the name of the said company is this day changed to "RELIANCE TEXTILE INDUSTRIES LIMITED" and this certificate is issued pursuant to Section 23 (1) of the said Act.

Given under my hand at BANGALORE, this ELEVENTH day of MARCH One thousand nine hundred and SEVENTYSEVEN.

(20th Phalguna 1898 S.E.)

THE REGISTRAR OF COMPANIES, KARNATAKA BANGALORE.

(S.N.GUHA)
REGISTRAR OF COMPANIES,
KARNATAKA, BANGALORE.

sld.
uv.

सत्यमेव जयते

CERTIFICATE FOR COMMENCEMENT OF BUSINESS

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

I HEREBY CERTIFY THAT THE "MYNYLON LIMITED WHICH WAS INCORPORATED UNDER THE COMPANIES ACT, 1956 ON THE EIGHTH DAY OF MAY 1973, AND WHICH HAS THIS DAY FILED A DULY VERIFIED DECLARATION IN THIS PRESCRIBED FORM THAT THE CONDITIONS OF SECTION 149(2) (A) TO (C) OF THE SAID ACT, HAVE BEEN COMPLIED WITH, IS ENTITLED TO COMMENCE BUSINESS.

GIVEN UNDER MY HAND AT BANGALORE, TWENTY-EIGHTH DAY OF JANUARY, ONE THOUSAND NINE HUNDRED AND SEVENTY SIX (8TH MAGHA 1896 S.E.).

The Seal of The Registrar of Companies, KARNATAKA, BANGALORE.

Sd/-
(PROBODH)
Registrar of Companies
Karnataka, Bangalore.

FORM I. R.

CERTIFICATE OF INCORPORATION

No. 2 3 4 2 xxxxx

I hereby certify that " M Y N Y L O N L I M I T E D " XX XX XX XX XX XX XX

is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the Company is Limited.

Given under my hand at B A N G A L O R E

this E I G H T H day of M A Y ,

One thousand nine hundred and S E V E N T Y T H R E E.

(18th VAISAKHA 1895 S.E.)

(G. Srinivasan)
Registrar of Companies
Mysore Bangalore.

UV.

MEMORANDUM OF ASSOCIATION

MEMORANDUM OF ASSOCIATION

OF

RELIANCE INDUSTRIES LIMITED

I. The name of the Company is **RELIANCE INDUSTRIES LIMITED.**

II. The Registered Office of the Company will be situated in the State of Maharashtra.

III. The objects for which the Company is established are the following:

A. MAIN OBJECTS TO BE PURSUED ON INCORPORATION OF THE COMPANY

1. To carry on the business of manufacturers, dealers, agents, factors, importers, exporters, merchants and financiers of all kinds of man made fibres and man made fibre yarns of all kinds, man made fibre cords of all kinds and man made fibre fabrics of all kinds, mixed with or without mixing, materials like woolen, cotton, metallic or any other fibres of vegetable, mineral or animal origin, manufacturing such man made fibres and man made fibre products of all description and kinds with or without mixing fibres of other origin as described above, by any process using petrochemicals of all description or by using vegetable or mineral oils or products of all description required to produce such man made fibres.

2. To carry on the business of manufacturers, dealers, importers and exporters, merchants, agents, factors and financiers and particularly manufacturers, dealers, etc. of all types of petro-chemicals like Naphta, Methane, Ethylene, Propylene, Butenes, Naphthalene, Cyclohexane, Cyclohexanone, Benzene, Phenol, Acetic Acid, Cellulose Acetate, Vinyl Acetates, Ammonia, Caprolactam, Adipic Acid, Hexamethylene, Diamine Nylon, Nylon-6, Nylon 6.6, Nylon 6.10, Nylon 6.11, Nylon 7, their fibres, castings, mouldings, sheets, rods, etc., Ortho-xylene, Phthalic Anhydride, Alkyd Resins, Polyester fibres and films, mixed Xylenes, Paraxylene, Meta-xylene, Toluene, Cumene, Phenol, Styrene, Synthetic Rubbers, Butenes, Butadiene, Methacrolein, Maleic Anhydride, Methacrylates, Alkyd resins, Urea, Methanol formaldehyde, UF, PF and MF resins, Hydrogen-cyanide, Poly-methyl Methacrylate, Acetylene, P.V.C. Polyethylene, Ethylene, dichloride Ethylene oxide, Ethyleneglycol, Ploy glycols, Polyurethanes, Paraxylenes, Polystyrenes, Polypropylene, Isopropanol, Acetone, Propylene oxide, Propylene glycol, Acrylonitrile, Acrolein, Acylicesters, Acrylic Fibres, Allyl Chloride, Epichlor-hydrin Epoxy resins and all other petrochemical products and polymers in all their forms like resins, fibres, sheets mouldings, castings, etc.

3. To carry on the business of manufacturing, buying, selling, exchanging, converting, altering, importing, exporting, processing, twisting or otherwise handling or dealing in or using or advising users in the proper use of, cotton yarn, pure silk yarn, artificial silk yarn, staple fibre and such other fibre, fibres and fibrous materials, or allied products, by-products, substances or substitutes for all or any of them, or yarn or yarns, for textile or other use, as may be practicable.

4. To manufacture or help in the manufacturing of any spare parts, accessories, or anything or things required and necessary for the above mentioned business.

[4a]5. To design, establish and develop on a turnkey basis outlets for all kinds of products and to acquire, set up, construct, establish, run, operate and manage stores, markets, malls, shopping outlets, cash and carry operations, or any format and carry on business as agent, franchisee, distributor and dealer of all kinds of products for the consumer market and of operating, establishing, providing and managing e-commerce and m-commerce websites, direct to home and mail order

services for all categories of products and services, and dealing in all kinds of goods, materials and items in India or in any other part of the world.

[4a]6. To carry on the business of issue, servicing and dealing in all kinds of payment products, providing payment facilities or any other payment service, collect deposits, facilitate payments through physical and digital format, act as business correspondent for other Banks, to provide and to engage in all businesses as may be related or ancillary to the aforesaid business areas.

[4a]7. To provide globally managed data networks and related services, including but not limited to cloud services, managed services , business process outsourcing services, customer care centres, customer relationship management, back office processing, data entry, medical transcription, IT services, multimedia services, internet based services, data centre management and consulting, interface services applications including all types of end to end integrated solutions involving information systems, developing, designing, marketing of communication platform(s), with features and functionality including those related to social, commerce, messaging, communication, gaming and other online services and advisory services in relation to developing, designing, marketing, trading, transferring, exporting, importing, buying and selling all types of mobile applications including gaming, web applications and websites for mobile phones or any other communication device, equipment, appliances, accessories whether corded or cordless and to engage in all businesses as may be related or ancillary to the aforesaid business areas.

[6]8. To carry on the business of designers, innovators, manufacturers, developers, assemblers, integrators, sellers, buyers, fabricators, recyclers, operators and dealers in new energy value chain comprising quartz and silica mining, metallic silicone, polysilicon, silicon or other photovoltaic / photosensitive substrate / wafers, photovoltaic cells, module and ancillaries, sheet glass, polyolefin elastomer, module mounting structure, energy storage system comprising cell and battery packs, power conversion system and other electro-mechanical and electro-chemical energy storage system, electrolysers, fuel cells, semiconductor and power electronics components, sub-assemblies and full systems and parts including magnetics, ingredients, components and other ancillary items and hardware, digital platforms and software services including but not limited to cloud services, applications and software services used in new energy and related project(s), operations, maintenance and support services and activities.

[6]9. To carry on the business of manufacturers, sellers, buyers, distributors, converters, transporters, processors, assemblers, integrators and dealers of hydrogen and its derivative chemicals including ammonia and methanol and other derivative chemicals.

[6]10. To carry on the business of designers, developers, innovators, technology providers, assemblers, integrators, sellers, buyers, fabricators, recyclers, distributors, operators and dealers of conventional or hydrogen internal combustion engines, battery electric drive system, battery charging and swapping, fuel cell electric drive system, entire vehicles, public/individual transportation system including magnetic levitation and working in collaboration with original equipment, technology and service provider for the same.

[7]11. To undertake project management services, advisory services, asset life cycle management, turnkey projects of every description, engage in procurement and / or granting of licences, know how, technology, process etc., enter into contracts and joint ventures in relation to all activities relating to works of every description including erection, construction, repair, maintenance whether alone or jointly with any other person.

[7]12. To carry on the business as civil, mechanical, electrical and chemical engineers, to obtain, buy, sell, deal in all kinds of machinery, tools, equipments, implements, vehicles, plants including repairing and maintaining the same whether belonging to the Company or not, to act as engineering and procurement contractors, Civil contractors, engineering contractors, engineering consultancy services, promoters, developers, labour contractors, construction contractors, providing manpower, management, business support, infrastructure support services, either alone or jointly with any other person.

[8]13. To undertake, identify, formulate, design, develop, structure, promote, aid, procure, establish, equip, manage, construct, erect, operate, maintain, improve, control, regulate, modify, restructure, re-organise, participate and/or assist in the designing, development, construction, manufacture, implementation, commissioning, operation and maintenance of Integrated Renewable Energy (RE) Power Projects required for grid scale transmission and distribution, utility, industrial, transport, mobility, commercial, residential and consumptive purpose as well as Distributed RE including but not restricted to Residential, Fleet Hubs; Integrated Renewable Energy (RE) Power Projects will include Solar, Wind, any other form of renewable energy, Energy Storage including Battery Energy Storage Solutions (BESS), by way of or in special economic zones or otherwise, schemes, facilities, programmes or advisory mandates across sectors in India or abroad and ancillary facilities and services for commercial use by itself, its members, shareholders and others, through other companies promoted by the Company or promoters identified by the Company or through contractors and operators, on the commercial format by charging, demanding, collecting, auctioning, retaining and appropriating tariffs, charges, tolls, fees, prices, rents and all types of revenues, user fees from users of infrastructure facilities and projects and ancillary services and facilities, accept receivables towards dues, investments, returns, servicing/ repayments of debts or capital etc. and to provide Engineering, Procurement and Construction services, infrastructure and technical support, drive innovation, creating ecosystem, and other infrastructure facilities as may be required for the purpose, in public private sector partnership mode or joint venture or any other formats as may be necessary and for this purpose to enter into all types of contracts with government and private entities through competitive bidding or any other mechanism and to engage in all businesses as may be related or ancillary to the aforesaid business areas.

[9]14. To carry on the business of producers, manufacturers, refiners, processors, blenders, formulators, converters, possessors, storers, stevedores, handlers, packagers, baggers, transporters, buyers, sellers, importers, exporters, resellers, marketers, distributors or otherwise dealers of ammonia, nitric acid, ammonium nitrate (AN) of various grades (including but not limited to technical grade, low-density and high-density ammonium nitrate), ammonium nitrate fuel oil (ANFO), emulsion and other explosives (including but not limited to civilian, industrial and defence explosives) and blasting agents, and fertilisers and/or agro-chemicals of synthetic or natural origin containing nitrogen, phosphorous, or other components and related downstream products (including but not limited to anhydrous ammonia, ammonium sulphate, urea ammonium nitrate (UAN), calcium ammonium nitrate (CAN) and other ammonium nitrate derivatives) together with all raw materials, feedstocks, intermediate chemicals, by-products and associated chemicals arising in or used for their manufacture, and sale thereof anywhere in India or abroad, and to undertake all activities incidental or ancillary thereto.

B. THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF MAIN OBJECTS

To do or perform all or any of the following operations, acts or things which are necessary or incidental to carry on the above objects:

1. To enter into agreements and contracts with Indian or foreign individuals, companies or other organisations for technical, financial or any other assistance for carrying out all or any of the objects of the Company.

2. To establish and maintain any agencies in India or any part of the world for the conduct of the business of the Company or for the sale of any materials for the time being at the disposal of the Company for sale.

3. To advertise and adopt means of making known the business activities of the Company or any articles or goods traded in or dealt with by the Company in any way as may be expedient including the posting of bills in relation thereto and the issue of circulars, books, pamphlets and price-lists and the conducting of competitions, exhibitions and giving of prizes, rewards and donations.

4. To apply for, purchase or otherwise acquire and protect, prolong and renew trade marks, trade names, designs, secret processes, patent rights, "Brevets D'Invention" licenses, protections and concessions which may appear likely to be advantageous or useful for the Company and to spend money in experimenting and testing and improving or seeking to improve any patents, inventions or rights, which the Company may acquire or propose to acquire or develop.

4-A. To expend money on research, experimentation, development, testing, improving or seeking to improve existing products, patents, rights, etc., in connection with any of its activities in pursuance of the aforesaid objects and to expend money to invent, develop, or seek, any new products allied to and in the course of pursuing the objects as detailed in this clause.

4-B. To work, develop, license, sell or otherwise deal with any inventions in which the Company is interested whether as Owner, Licensee or otherwise, and to make, levy, or hire any machinery required for making or desirable to be used as machines included in such inventions.

5. To enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture, reciprocal concession or otherwise with any person, firm, or company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on or engage in or any business or undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit the Company; and to lend money, to guarantee the contracts of or otherwise assist any person, firm or Company and to take or otherwise acquire and hold shares or securities of any such person, firm or company and to sell, hold, re-issue with or without guarantees or otherwise deal with such shares and securities.

6. To enter into any arrangement with any Government or State Authority, Municipal, Local or otherwise that may seem conducive to the Company's objects or any of them and to obtain from any such Government or State Authority, any rights, privileges and concessions which may seem conducive to the Company's objects or any of them.

7. To purchase or otherwise acquire and undertake the whole or any part of the business property, rights and liabilities of any person, firm or company carrying on any business which this Company is authorised to carry on and to purchase, acquire, apply for, hold,

sell and deal in shares, stock, debentures or debenture stock of any such person, firm or company and to conduct, make or carry into effect any arrangement in regard to the winding up of the business of any such person, firm or company.

8. To construct, acquire, establish, provide, maintain and administer factories, estates, railways, buildings, water reservoirs, sheds, channels, pumping installations, generating installations, pipelines, garages, storages and accommodation of all descriptions in connection with the business of the Company.

9. To apply for tender, purchase or otherwise acquire any contracts and concessions for or in relation to the construction, erection, equipment, improvement, managements, administration or control of works and conveniences and to undertake, execute, carry out, dispose of or otherwise turn to account the same.

10. To buy, lease or otherwise acquire lands, buildings and other immovable properties and to sell, mortgage or hypothecate or otherwise dispose of all or any of the properties and assets of the Company on such terms and conditions as the Company may think fit.

11. To amalgamate with any Company or Companies having objects altogether or in part similar to those of this Company.

12. To pay all costs, charges and expenses of and incidental to the formation, promotion, registration and establishment of the Company and issue of its capital including any underwriting or other commission, broker's fee and charges in connection therewith including costs, charges of negotiations and contracts and arrangements made prior to and in anticipation of the formation and incorporation of the Company.

13. To remunerate or make donations (by cash or other assets or by the allotment of fully or partly paid shares or by call on shares, debenture stock or securities of this or any other company or in any other manner) whether out of the Company's capital, profits or otherwise to any person or firm or company for services rendered or to be rendered in introducing any property or business to the Company or placing or assisting to place or guaranteeing the subscription of any shares, debentures, debenture-stock or other securities of the Company or for any other reason which the Company may think proper.

14. To undertake and execute any trust, the undertaking whereof may seem desirable either gratuitously or otherwise.

15. To draw, make, issue, accept and to endorse, discount and negotiate promissory notes, hundies, bills of exchange, bills of lading, delivery orders, warrants, warehousekeeper's certificates and other negotiable or commercial or mercantile instruments connected with the business of the Company.

16. To open accounts with any individual, firm or company or with any bank or banks and to pay into and to withdraw moneys from such account or accounts.

17. Subject to the provisions of the Companies Act, 1956, to invest, apply for and acquire or otherwise employ moneys belonging to, entrusted to or at the disposal of the Company upon securities and shares or without security upon such terms as may be thought proper and from time to time vary such transactions in such a manner as the Company may think fit.

18. To lend or deposit moneys belonging to or entrusted to or at the disposal of the Company to such person or company and in particular to customers and others having dealings with the Company with or without security, upon terms as may be thought proper and

guarantee the performance of contracts by such person or company but not to do the business of banking as defined in the Banking Regulation Act.

19. To make advances upon or for the purchase of materials, goods, machinery, stores and other articles required for the purpose of the Company.

    (a) To receive money on deposit at interest or otherwise subject to the Rules, if any, prescribed by the Reserve Bank of India.

20. To borrow or raise money with or without security or to receive money on deposit at interest or otherwise, in such a manner as the Company may think fit and in particular by the issue of debentures or debenture stock-perpetual or otherwise including debenture or debenture stock convertible into shares of this or any other company and in security of any such moneys to be borrowed, raised or received, to mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital and to purchase, redeem or pay off any such securities.

21. To sell, mortgage, assign or lease and in any other manner deal with or dispose of the undertakings or properties of the Company or any part thereof, whether movable or immovable for such consideration as the Company may think fit and in particular for shares, debentures or other securities of any other company having objects altogether or in part similar to those of this Company.

22. To improve, manage, work, develop, alter, exchange, lease, mortgage, turn to account, abandon or otherwise deal with all or any part of the properties, rights and concessions of the Company.

23. To provide for the welfare of the employees or ex-employees of the Company and the wives, widows, families or dependants or connections of such persons by building or contributing to the building of houses, dwellings or by grant of money, pensions, gratuity, bonus payment towards insurance or other payment or by creating from time to time, subscribing or contributing to, adding or supporting provident funds or trusts or conveniences and by providing provident funds or trusts or conveniences and by providing or subscribing or contributing towards places of instruction or recreation hospitals and dispensaries, medical and other attendance and other assistance as the company shall think fit.

24. Subject to the provisions of the Companies Act, 1956 to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects or any public, general or useful objects.

25. To distribute any of the properties of the company amongst the members in specie or kind upon the winding up of the Company.

26. To fabricate, purchase, construct, take on lease/rent, erect, maintain, machineries, plants, equipments, structurals, carriages related to the business activities of the company and to take on lease, purchase or otherwise acquire lands and other places including offshore areas which seem capable or affording a supply of natural gas and mineral oils.

[1]27. To deal in or engage in the manufacture of materials required for the packing and preservation and despatch of finished and unfinished goods, raw materials and articles required for the Company, or produced by the Company.

C. OTHER OBJECTS NOT INCLUDED IN (A) AND (B)

1. To manufacture, buy, sell, convert and fabricate, film bags, tubes, containers of any size or shape, rigid, flexible or a composite of both from any thermoplastics or thermosetting materials by the moulding, processing, extruding, blowing or any combination of the above and any other methods of forming or conversion and to undertake the sealing, printing, stamping, shaping, packing of articles mentioned above.

2. To promote, establish, acquire and run or otherwise carry on the business of plastic industry or business of manufacturers of and dealers in plastic products and materials, Thermoplastic and Thermosetting and of wax, bakelite, celluloid products or processes and to sell purchase or otherwise acquire or deal in materials or things in connection with such trade, industry or manufacture.

3. To carry on business of the manufactures and dealers, importers and exporters of natural and synthetic resins, moulding powders, adhesives and cements, oil paints, distempers, cellular paints, colours, varnishes, enamels, gold and silver yeaf enamels, spirits and other allied articles.

4. To carry on the business of water proofers and manufacturers of Indian Rubber, leather, imitation leather, leather cloth, plastics, oil cloth, linoleum, tarpaulins, hospital sheetings and articles made therefrom.

5. To carry on the business of manufacturers of and dealers in chemicals of any nature and kind whatsoever and as wholesale or retail chemists, druggists, analytical or pharmaceutical chemists, drysalters, oil and colour men, importers, exporters and manufacturers of and dealers in heavy chemicals, alkalies, acids, drugs tanins, essences pharmaceutical, sizing, medicinal, chemical, industrial and other preparations and articles of any nature and kind whatsoever; mineral and other waters, soaps, cements, oils, fats, paints, varnishes, compounds, rubber chemicals or preparations, drugs dyestuffs, organic or mineral, intermediates, paints and colour grinders and of electrical chemical photographical, surgical and scientific apparatus and materials and to manufacture, refine, manipulate, import and deal in salts and marine minerals and their derivatives, by-products and compounds of any kind whatsoever.

6. To carry on the business of mechanical engineers, machinists, fitters, millwrights, founders, wire drawers, tube makers, metallurgists, saddlers, galvanizers, japanners, annealers, enamellers, electroplaters, painters and packing case makers.

7. To carry on the business of electrical engineers and contractors, suppliers of electricity, manufacturers of and dealers in railway, tramway, electric, magnetic, galvanic, and other apparatus, and suppliers of light, heat, sound and power.

8. To carry on the business of Financiers, Guarantee Brokers, Concessionaires and Merchants.

9. To carry on business as Agents of all kinds and descriptions.

[2]10. To undertake, carry out, promote and sponsor rural development including any programme for promoting the social and economic welfare of or the uplift of the public in any rural area and to incur any expenditure on any programme of rural development and to assist, execution and promotion thereof either directly or through an independent agency or in any other manner. Without prejudice to the generality of the foregoing "programme of rural development" shall also include any programme for promoting the social and economic welfare of or the uplift of the public in any rural area which the Directors consider it likely to promote and assist rural

development, and that the words "rural area" shall include such areas as may be regarded as rural areas under Section 35 CC of the Income-tax Act, 1961 or any other law relating to rural development for the time being in force or as may be regarded by the Directors as rural areas and the Directors may at their discretion in order to implement any of the above mentioned objects or purposes, transfer without consideration, or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to or in favour of any public or local body or authority or Central or State Government or any Public Institutions or Trusts or Funds as the Directors may approve.

[2]11. To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of national economy and for discharging what the Director may consider to be social and moral responsibilities of the Company to the public or any section of the public as also any activity which the Directors consider likely to promote national welfare or social, economic or moral uplift of the public or any section of the public and in such manner and by such means as the Director may think fit and the Directors may without prejudice to the generality of the foregoing, undertake, carry out, promote and sponsor any activity for publication of any books, literature, newspapers, etc. or for organising lectures or seminars likely to advance these objects or for giving merit awards, for giving scholarships, loans or any other assistance to deserving students or other scholars or persons to enable them to pursue their studies or academic pursuits or researches and for establishing, conducting or assisting any institution, fund, trust etc., having any one of the aforesaid objects as one of its objects by giving donations or otherwise in any other manner and the Directors may at their discretion in order to implement any of the above mentioned objects or purposes, transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to or in favour of any Public or Local Body or Authority or Central or State Government or any Public Institutions or Trusts or Funds as the Directors may approve.

[3]12. To investigate, search, survey, prospect, explore, extract, drill, dig, raise, pump, produce, refine, purify, separate, treat, process, blend, store, transport, distribute, market, sell, pack and otherwise deal in mineral oils and other derivatives, by-products, mixtures in gaseous, liquid or solid forms.

[3]13. To carry on business of manufacturing, producing, processing, treating, making, taking on hire or otherwise acquiring, blending, formulating, packaging, finishing, distributing, selling, marketing, wholeselling, retailing, importing, exporting, buying, fabricating, assembling, servicing, repairing, maintaining of all types/ grades, kinds, sizes and descriptions of photographic films, photo papers, chemicals, reagents, substances, equipments, instruments, accessories, raw materials for photographic goods, tools, apparatus, products and supplies, for audio visual communication films and products, image and document production and copying and information gathering, recording, handling, storing, retrieval products.

[3]14. To manufacture, produce, make, extract, refine, purify, separate, process, treat, formulate, blend, buy, sell, market, distribute, export, import, pack and otherwise deal in all types of gaseous, liquid or solid organic and inorganic chemicals, their compounds, derivatives and by products mixtures and finished products thereof, including petrochemicals, fertilizers, pesticides, fungicides, weedicides, insecticides, and drugs intermediates, agro chemicals, fine and specially chemicals, dyes and dye intermediates, plastics, polymers, bio-chemicals, detergents, cosmetics, glass and industrial chemicals.

[3]15. To carry out investigation, basic and fundamental research, applied research, design, development, experimental work, pilot plant work, commercial work, scale up works

and every description in all branches of science, engineering and technology for producing, discovering, invention, making improvements in, modifications to, effecting cost reduction or energy savings in all forms of energy including solar energy, nuclear energy, thermal energy, hydro electric energy, energy from gases, minerals, chemicals, elements and compounds of every description.

[3]16. To carry on the business of financing industrial enterprises relating to textile, engineering, chemicals, automobiles and pharmaceuticals industries and also in respect of the objects of the company.

[3]17. To act as recognised Trading House and for that purpose indent, buy, sell, deal, import, export raw materials, commodities, products including agricultural, marine, meat, poultry and dairy products, metals, jewellery, pearls, stones, minerals, goods, articles, spare parts, appliances, machinery equipments as may be authorised or permitted by Government through trade policies and also to act as an Export House.

[1]18. To carry on business of Shipping and allied activities including purchase/ sale of ships, transportation, storage, import, export of all types of merchandise, ship breaking in India or any part of the world, and to act as shipping agents, stevedores, charterers and hirers.

[1]19. To carry on the business of construction and operating of port and port related facilities by itself or in association with one or more parties.

[1]20. To enter into contracts and agreements for services in connection withthe undertaking of market survey and for development of markets in any part of the world for raw materials, semi finished goods and finished goods and other articles and things and for that purpose to act as superintendents, surveyors, valuers and analysers.

[1]21. To carry on the business of engineers in different disciplines, whatsoever now known to engineering and to be included in future such as welders, tool makers, fabricators, sheet metal processors, boiler makers, castings, pressings, forgings, stamping, manufacturers of pipe tank and pressure vessels in all their respective branches.

[1]22. To carry out investigation, basic and fundamental research, applied research, pilot plant and commercial scale operations and setting up facilities for the same, on its own or in association with others in the fields in which company is engaged.

[1]23. To carry on the business of setting up facilities for generation/distribution of all forms of energy, whether from conventional sources such as thermal, hydel, or from non-conventional sources such as tide, wind, solar, geo-thermal including operation/ maintenance of facilities for generation and distribution of all forms of energy.

[4]24. To carry on business as merchants, traders, commission agents, buying and selling agents, brokers, adatias, importers, buyers, sellers, exporters, dealers and to import, export, buy, sell, barter, exchange, or otherwise trade and deal in goods, produce, articles and merchandise of any kind whatsoever in India or any where in the world as allowed under Trade Laws.

[4]25. To carry on businesses of designers, manufacturers, processors, assemblers, dealers, traders, distributors, importers, exporters, agents, consultants, system designers and contractors for erection and commissioning on turn key basis, or transporting, converting, repairing, installing, training, servicing, maintenance of all kinds of (i) telephone instruments, intercoms, accessories and components thereof for telecommunications, (ii) radio communication equipments like receivers, transmitters, trans-receivers, walkie talkie radio relay equipment, point to point communication

equipments, antennas and associated equipment, single channel, multi channel, fixed frequency, variable frequency, static, mobile, airborne, shipborne equipments in HF, VHF, UHF and Microwave, spectrum, TV systems, receivers, transmitters, pattern generators and associated equipments, amplifiers, oscillators synthesisers, waveform generating, measuring and associated equipments, sonic, ultrasonic and radio frequency ranging and depth finding sonar and telemetry cording and data transmission equipments, data acquisition, processing and logging equipments, calculators, computers, mini computers and micro-computers, printers, headers, display terminals, facsimile transmitting and receiving equipments and systems, (iii) signalling, telecommunication and control equipments used in roads, railways, ships, air crafts, ports, airports, railway stations, public places alongwith associated accessories and test rigs, (iv) instruments, testing equipments, accessories for repair, maintenance, calibration and standardization of all the above items in laboratories, service centres, processing plants, manufacturing plants and at customers places; to plan, establish, develop, provide, operate and maintain all types of telecommunication services including, operating/franchising public telecommunication centers, issuing telephone debit cards, issuing telephone calling cards, operating card-based public telephones, publishing telephone directories, telex, wireless, data communication telematic and other like forms of communication and to manufacture wireless transmitting and receiving equipments, including radios, television equipments, operating/ franchising video conferencing centers, providing private net-work services, providing enhanced electronic communications services including, on-line data base services, public data networks, electronic messaging services like E-Mail, remote computing facilities, fax store-and-forward services, satellite-based services using very small to ultra small aperture terminals, encryption and coding services for data, voice and video transmission, voice-mail services, broadcasting equipments, microphones, amplifiers, loud speakers and telegraphic instruments and equipments and accessories of the said instruments and articles.

[4]26. To explore, develop, produce, purchase or otherwise acquire petroleum crude oil, natural gas, all kinds of hydrocarbons and mineral substances, both on- shore, within the territorial jurisdiction of the Indian Union and anywhere in the World and to manufacture, refine, extract, treat, reduce, distill, blend, purify and pump, store, hold, transport, use, experiment with, dispose of, import, export and trade and generally deal in any and all kinds of petroleum crude oil, natural gas, associated gas, petroleum products, oil, gas and other volatile substances, asphalt, bitumen, bituminous substances, carbon, carbon black, hydro carbon and mineral substances and the products or the by-products which may be derived, produced, prepared, developed, compounded, made or manufactured therefrom the substances obtained by mixing any of the foregoing with other substances.

[4]27. To invest in and acquire, hold or otherwise deal in any shares, stocks, debentures, debenture stock, warrants, any other financial instruments, bonds obligations and Securities issued or guaranteed by any company constituted or carrying on the business in India or elsewhere or Government, State Government, Semi Government Authorities, local Authorities, Public Sector Undertakings, Financial Institutions, Public Body, any other persons or otherwise, and to carry on and undertake the business of finance, making loans or advances, investment, merchant bankers, underwriters.

[4]28. To act as hirers, lessors and to finance lease operations of all kinds, purchasing, selling, hiring or letting/leasing on hire all kinds of plant and machinery and equipment and to assist in financing of all and every kind and description of hire- purchase or deferred payment or similar transactions and to subsidise, finance or assist in subsidising or financing the sale and maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever and to purchase or otherwise

deal in all forms of immovable and movable properties including lands and buildings, plant and machinery, equipments, ships, aircrafts, automobiles, computers, and all consumer, commercial, medical and industrial items and to lease or otherwise deal with them including resale thereof.

[4]29. To construct, erect, maintain, improve and work or aid in, contribute or subscribe to the construction, erection and maintenance, improvement or working of any laboratories, research and developments establishment, basic research or design institute, pilot plants and to apply for, purchase or otherwise acquire any patents, brevets d'invention, licenses, concessions and the like conferring an exclusive or non-exclusive or limited right to use any secret or other information as to any invention and to use, exercise, develop, grant licenses in respect of or otherwise turn to account the property rights and information so acquired and to act as consultants in the field of chemical, mechanical, electrical, civil, industrial and other branches of engineering and technology, production, marketing, distribution, finance, materials, personnel, planning, computers, management information systems and other types of management.

[4]30. To carry on the business of construction of roads, bridges, tunnels, setting up of various infrastructural facilities for village, town/city developments and to carry on the business of builders, contractors, dealers in and manufacturers of pre-fabricated and precast houses, buildings, and erections and materials, tools, implements, machinery and metalware in connection therewith.

[4]31. To purchase, take on lease or otherwise acquire any mining rights, mines and lands in India or elsewhere and to pump, refine, raise, dig and quarry all natural resources including gold, silver, diamonds, precious stones, coal, earth, limestone, iron, aluminum, titanium, vanadium, mica, apalite, chrome, copper, gypsum, lead, manganese, molybednum, nickel, platinum, uranium, rutile, sulphur, tin, zinc, zircon, bauxite and tungsten and other ores and minerals and believed to contain metallic, or mineral, saline or chemical substances, kisselghur, french chalk, china clay, bentonite and other clays, boryles, calcite and such other filler materials, earths or other ingredients including coal, lignites, rock phosphate, brimstone, brine, rare earths and to explore, work, exercise, develop and turn to account the same and to carry on business as producers, buyers, and acquire, obtain, refine, cut, polish, prepare, melt, import, export or otherwise deal in gold, silver, bullion, jewelry, diamonds, precious stones, artificial man made jewelry, gems and novelties.

[4]32. To acquire, utilise, grow, plant, cultivate, produce and to exploit any estates or lands for floricultural, agricultural, horticultural, plantation, sericultural and farming purposes and agro industrial projects and to carry on business as producers, planters, processors, growers, cultivators, traders, buyers, and sellers, importers, agents, consultants, dealers, storekeepers, and distributors and exporters for any ordinary or specialised floricultural, agricultural, horticultural, sericultural and agro-industrial products and commodities, including flowers, fruits, vegetables, food-grains, pulses, seeds, cash crops, cereal products and flora.

IV. Liability of members is limited.

[5]V. The Authorised Share Capital of the Company is ₹ 50000,00,00,000/– (Rupees Fifty Thousand Crore only) consisting of 4900,00,00,000 (Four Thousand and Nine Hundred Crore) equity shares of ₹ 10/– (Rupees Ten only) each and 100,00,00,000 (One Hundred Crore) preference shares of ₹ 10/– (Rupees Ten only) each, with power to the Board to divide the shares in the capital for the time being into several classes and to attach

thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company.

End Notes:

1. *Inserted by passing resolution at the 14th Annual General Meeting held on 22nd December, 1988, and confirmed by the Company Law Board, Western Region Bench, Bombay, vide Petition No. 204(17) CLB-WR of 1990 dated 31st May, 1993.*

2. *Inserted by passing resolution at the 4th Annual General Meeting held on 23rd March, 1978, and confirmed by the Company Law Board, Western Region Bench, Bombay, vide Petition No. 167(17) CLB-WR of 1978 dated 22nd December, 1978.*

3. *Inserted by passing resolution at the Extraordinary General Meeting held on 24th January, 1984 and confirmed by the Company Law Board, Western Region Bench, Bombay, vide Petition No. 83(17) CLB-WR of 1984 dated 28th November, 1984.*

4. *Inserted by passing resolution at the 20th Annual General Meeting held on 19th August, 1994, and confirmed by the Company Law Board, Western Region Bench, Bombay, vide Petition No. 158/17/CLB/WR/1996 dated 13th August, 1996.*

4a. *Inserted by passing special resolution by the Members of the Company on 28th March, 2015 by means of Postal Ballot and registered by the Registrar of Companies, Mumbai, vide certificate dated 28th April, 2015.*

5. *Inserted by passing an ordinary resolution by the Members of the Company on 15th October, 2024 by means of Postal Ballot.*

   The authorised share capital of the Company of Rs. 3,75,00,000/– at the time of incorporation was modified from time to time by passing requisite resolutions at the meeting of the members. The details of the modified authorised capital since incorporation till date is stated herein below:

(Amount in Rupees)

Date of Modification	Equity Share Capital	Preference Share Capital	Unclassified Capital	Total Authorised Capital
Original Share Capital at the time of incorporation				
	3 00 00 000	75 00 000		3 75 00 000
Subsequent Modifications				
January 18, 1977	8 00 00 000	1 00 00 000	1 00 00 000	10 00 00 000
May 9, 1979	18 00 00 000	1 00 00 000	1 00 00 000	20 00 00 000
April 24, 1981	19 00 00 000	1 00 00 000		20 00 00 000
February 23, 1982	50 00 00 000	10 00 00 000		60 00 00 000
June 20, 1984	75 00 00 000	10 00 00 000		85 00 00 000
June 26, 1986	1 15 00 00 000	10 00 00 000		1 25 00 00 000
June 24, 1987	1 25 00 00 000	10 00 00 000		1 35 00 00 000
August 10, 1987	1 50 00 00 000	5 80 00 000	94 20 00 000	2 50 00 00 000
December 22, 1988	2 00 00 00 000	5 80 00 000	44 20 00 000	2 50 00 00 000
April 7, 1992	3 50 00 00 000	5 80 00 000	44 20 00 000	4 00 00 00 000
August 19, 1994	4 50 00 00 000	3 05 50 00 000	2 44 50 00 000	10 00 00 00 000

Date of Modification	Equity Share Capital	Preference Share Capital	Unclassified Capital	Total Authorised Capital
October 16, 1997	12 00 00 00 000	10 00 00 00 000		22 00 00 00 000
September 19, 2002	25 00 00 00 000	5 00 00 00 000		30 00 00 00 000
September 11, 2009	50 00 00 00 000	10 00 00 00 000		60 00 00 00 000
September 1, 2017	140 00 00 00 000	10 00 00 00 000		150 00 00 00 000
October 15, 2024	490 00 00 00 000	10 00 00 00 000		500 00 00 00 000

6. *Inserted by passing special resolution at the 45th Annual General Meeting (Post-IPO) held on 29th August, 2022, and registered by the Registrar of Companies, Mumbai, vide certificate dated 13th September, 2022.*

7. *Inserted by passing special resolution by the Members of the Company on 30th December, 2022 by means of Postal Ballot. The Company has filed Form for the said alteration with the Registrar of Companies, Mumbai and same has been approved.*

8. *Inserted by passing special resolution at the 46th Annual General Meeting (Post-IPO) held on 28th August 2023. The Company has filed Form for the said alteration with the Registrar of Companies, Mumbai and same has been approved.*

9. *Inserted by passing special resolution by the Members of the Company on 20th August, 2026 by means of Postal Ballot. The Company has filed Form for the said alteration with the Registrar of Companies, Mumbai-I and same has been approved.*

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

Sr. No.	Name of Subscribers	Address, description and occupation of the subscribers	Number of equity shares taken by each subscriber	Witness with address, description and occupation
1	2	3	4	5
1	M.D. SHIVNANJAPPA For Mysore State Industrial Investment and Development Corporation Ltd.	36, Cunningham Road Bangalore – 18	500	C.V. SRINIVASA MURTHY, S/O. C.B. VENKOBA RAO Accounts Officer, Mysore State Investment & Development Corporation Limited, 36, Cunningham Road, Bangalore - 560 018
2.	M.D. SHIVNANJAPPA S/o M.P. DEVAPPA	Chairman and Managing Director, M.S.I.D.C. Ltd., 36, Cunningham Road, Bangalore – 18	100	
3.	T.R. SATISH CHANDRAN S/o T. RAMAIYA	Commissioner & Secretary to Govt. of Mysore, Commerce and Industries Dept, Bangalore	100	
4.	C.S. SHESHADRI S/o S. SITARAMIAH	Managing Director, Mysore State Financial Corporation, Bangalore.	100	
5.	T. RAMESH U. PAI S/o U. A. PAI	Industrialist, Chitrakala Manipal	100	
6.	DR. RAMDAS M. PAI S/o. DR. T.M.A. PAI	Administrator, Geethanjali, Manipal	100	
7.	B. PUTTARAJ URS S/o. PUTTARAJ URS	Secretary, Industrial Investment and Development Corporation Ltd., 36, Cunninngham Road, Bangalore - 18.	100	
		TOTAL SHARES TAKEN	1,100	

Dated 4th May, 1973

ARTICLES OF ASSOCIATION

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES
(Incorporated under the Companies Act, 1956)

ARTICLES OF ASSOCIATION
OF
RELIANCE INDUSTRIES LIMITED

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the annual general meeting of the Company held on 18th June, 2014 in substitution for, and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.

TABLE 'F' EXCLUDED

1. (1) The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013 shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act. — Table 'F' not to apply

(2) The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles. — Company to be governed by these Articles

Interpretation

2. (1) In these Articles —

(a) "Act" means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable. — "Act"

(b) "Articles" means these articles of association of the Company or as altered from time to time. — "Articles"

(c) "Board of Directors" or "Board", means the collective body of the directors of the Company. — "Board of Directors" or "Board"

(d) "Company" means Reliance Industries Limited. — "Company"

(e) "Rules" means the applicable rules for the time being in force as prescribed under relevant sections of the Act. — "Rules"

(f) "seal" means the common seal of the Company. — "Seal"

(2) Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neuter gender. — "Number" and "Gender"

(3) Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or the Rules, as the case may be. — Expressions in the Articles to bear the same meaning as in the Act

Share capital and variation of rights

Shares under control of Board

3. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

Directors may allot shares otherwise than for cash

4. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

Kinds of Share Capital

5. The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:

(a) Equity share capital:

(i) with voting rights; and / or

(ii) with differential rights as to dividend, voting or otherwise in accordance with the Rules; and

(b) Preference share capital

Issue of certificate

6. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide -

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of such charges as may be fixed by the Board for each certificate after the first.

Certificate to bear seal

(2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

One certificate for shares held jointly

(3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Option to receive share certificate or hold shares with depository

7. A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialised state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.

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

Further issue of share capital

14. (1) The Board or the Company, as the case may be, may, in accordance with the Act and the Rules, issue further shares to -

(a) persons who, at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or

(b) employees under any scheme of employees' stock option; or

(c) any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) above.

Mode of further issue of shares

(2) A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules.

Lien

Company's lien on shares

15. (1) The Company shall have a first and paramount lien -

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company:

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

Lien to extend to dividends, etc.

(2) The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company.

Waiver of lien in case of registration

(3) Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.

As to enforcing lien by sale

16. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

Validity of sale

17. (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

Purchaser to be registered holder

(2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(3) The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share. — Validity of Company's receipt

(4) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale. — Purchaser not affected

18. (1) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. — Application of proceeds of sale

(2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale. — Payment of residual money

19. In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim. — Outsider's lien not to affect Company's lien

20. The provisions of these Articles relating to lien shall *mutatis mutandis* apply to any other securities including debentures of the Company. — Provisions as to lien to apply *mutatis mutandis* to debentures, etc.

Calls on shares

21. (1) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. — Board may make calls

(2) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares. — Notice of call

(3) The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances. — Board may extend time for payment

(4) A call may be revoked or postponed at the discretion of the Board. — Revocation or postponement of call

22. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments. — Call to take effect from date of resolution

23. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. — Liability of joint holders of shares

When interest on call or instalment payable

24. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the "due date"), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board.

Board may waive interest

(2) The Board shall be at liberty to waive payment of any such interest wholly or in part.

Sums deemed to be calls

25. (1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

Effect of non-payment of sums

(2) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Payment in anticipation of calls may carry interest

26. The Board -

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.

Instalments on shares to be duly paid

27. If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by instalments, then every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.

Calls on shares of same class to be on uniform basis

28. All calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

Partial payment not to preclude forfeiture

29. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Provisions as to calls to apply *mutatis mutandis* to debentures, etc.

30. The provisions of these Articles relating to calls shall *mutatis mutandis* apply to any other securities including debentures of the Company.

Transfer of shares

31. (1) The instrument of transfer of any share in the Company shall be duly executed by or on behalf of both the transferor and transferee. — Instrument of transfer to be executed by transferor and transferee

(2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

32. The Board may, subject to the right of appeal conferred by the Act decline to register – — Board may refuse to register transfer

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the Company has a lien.

[1]32A. *Deleted*

33. In case of shares held in physical form, the Board may decline to recognise any instrument of transfer unless – — Board may decline to recognise instrument of transfer

(a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

34. On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine: — Transfer of shares when suspended

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

35. The provisions of these Articles relating to transfer of shares shall mutatis mutandis apply to any other securities including debentures of the Company. — Provisions as to transfer of shares to apply mutatis mutandis to debentures, etc.

Transmission of shares

36. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares. — Title to shares on death of a member

(2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons. — Estate of deceased member liable

Transmission Clause

37. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either -

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

Board's right unaffected

(2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

Indemnity to the Company

(3) The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.

Right to election of holder of share

38. (1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

Manner of testifying election

(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

Limitations applicable to notice

(3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

Claimant to be entitled to same advantage

39. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

Provisions as to transmission to apply mutatis mutandis to debentures, etc.

40. The provisions of these Articles relating to transmission by operation of law shall mutatis mutandis apply to any other securities including debentures of the Company.

Forfeiture of shares

If call or instalment not paid notice must be given

41. If a member fails to pay any call, or instalment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.

42. The notice aforesaid shall: — Form of notice

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

43. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. — In default of payment of shares to be forfeited

44. Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his shares, nor any indulgence that may be granted by the Company in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such shares as herein provided. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture. — Receipt of part amount or grant of indulgence not to affect forfeiture

45. When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid. — Entry of forfeiture in register of members

46. The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share. — Effect of forfeiture

47. (1) A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit. — Forfeited shares may be sold, etc.

(2) At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit. — Cancellation of forfeiture

48. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares. — Members still liable to pay money owing at the time of forfeiture

(2) All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realisation. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part. — Member still liable to pay money owing at time of forfeiture and interest

Cesser of liability

(3) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

Certificate of forfeiture

49. (1) A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

Title of purchaser and transferee of forfeited shares

(2) The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

Transferee to be registered as holder

(3) The transferee shall thereupon be registered as the holder of the share; and

Transferee not affected

(4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

Validity of sales

50. Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.

Cancellation of share certificate in respect of forfeited shares

51. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.

Surrender of share certificates

52. The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.

Sums deemed to be calls

53. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Provisions as to forfeiture of shares to apply *mutatis mutandis* to debentures, etc.

54. The provisions of these Articles relating to forfeiture of shares shall *mutatis mutandis* apply to any other securities including debentures of the Company.

Alteration of capital

55. Subject to the provisions of the Act, the Company may, by ordinary resolution - Power to alter share capital

(a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares:

Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;

(c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

56. Where shares are converted into stock: Shares may be converted into stock

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage; Right of stockholders

(c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder"/"member" shall include "stock" and "stock-holder" respectively.

57. The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, — Reduction of capital

(a) its share capital; and/or

(b) any capital redemption reserve account; and/or

(c) any securities premium account; and/or

(d) any other reserve in the nature of share capital.

Joint Holders

Joint-holders

58. Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles:

Liability of Joint-holders

(a) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share.

Death of one or more joint-holders

(b) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

Receipt of one sufficient

(c) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share.

Delivery of certificate and giving of notice to first named holder

(d) Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders.

Vote of joint-holders

(e) (i) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint- holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof.

Executors or administrators as joint holders

(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders.

Provisions as to joint holders as to shares to apply *mutatis mutandis* to debentures, etc.

(f) The provisions of these Articles relating to joint holders of shares shall *mutatis mutandis* apply to any other securities including debentures of the Company registered in joint names.

Capitalisation of profits

59. (1) The Company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve — Capitalisation

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) below, either in or towards : Sum how applied

(A) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(B) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B).

(3) A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

(4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

60. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall - Powers of the Board for capitalisation

(a) make all appropriations and applications of the amounts resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities, if any; and

(b) generally do all acts and things required to give effect thereto.

(2) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and Board's power to issue fractional certificate/coupon etc.

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.

(3) Any agreement made under such authority shall be effective and binding on such members. Agreement binding on members

Buy-back of shares

Buy-back of shares

61. Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

General meetings

Extraordinary general meeting

62. All general meetings other than annual general meeting shall be called extraordinary general meeting.

Powers of Board to call extraordinary general meeting

63. The Board may, whenever it thinks fit, call an extraordinary general meeting.

Proceedings at general meetings

Presence of Quorum

64. (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

Business confined to election of Chairperson whilst chair vacant

(2) No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant.

Quorum for general meeting

(3) The quorum for a general meeting shall be as provided in the Act.

Chairperson of the meetings

65. The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.

Directors to elect a Chairperson

66. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

Members to elect a Chairperson

67. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall, by poll or electronically, choose one of their members to be Chairperson of the meeting.

Casting vote of Chairperson at general meeting

68. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.

Minutes of proceedings of meetings and resolutions passed by postal ballot

69. (1) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting - — Certain matters not to be included in Minutes

(a) is, or could reasonably be regarded, as defamatory of any person; or

(b) is irrelevant or immaterial to the proceedings; or

(c) is detrimental to the interests of the Company.

(3) The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause. — Discretion of Chairperson in relation to Minutes

(4) The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein. — Minutes to be evidence

70. (1) The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall: — Inspection of minute books of general meeting

(a) be kept at the registered office of the Company; and

(b) be open to inspection of any member without charge, during 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays.

(2) Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (1) above: — Members may obtain copy of minutes

Provided that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.

71. The Board, and also any person(s) authorised by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision. — Powers to arrange security at meetings

Adjournment of meeting

72. (1) The Chairperson may, *suo motu,* adjourn the meeting from time to time and from place to place. — Chairperson may adjourn the meeting

(2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. — Business at adjourned meeting

(3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. — Notice of adjourned meeting

(4) Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. — Notice of adjourned meeting not required

Voting rights

Entitlement to vote on show of hands and on poll

73. Subject to any rights or restrictions for the time being attached to any class or classes of shares -

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

Voting through electronic means

74. A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.

Vote of joint-holders

75. (1) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

Seniority of names

(2) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

How members *non compos mentis* and minor may vote

76. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.

Votes in respect of shares of deceased or insolvent members, etc.

77. Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Transmission Clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

Business may proceed pending poll

78. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

Restriction on voting rights

79. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.

Restriction on exercise of voting rights in other cases to be void

80. A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.

Equal rights of members

81. Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.

Proxy

82. (1) Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting. — Member may vote in person or otherwise

(2) The instrument appointing a proxy and the power-of- attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. — Proxies when to be deposited

83. An instrument appointing a proxy shall be in the form as prescribed in the Rules. — Form of proxy

84. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: — Proxy to be valid notwithstanding death of the principal

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors

85. Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than 14 (fourteen). — Board of Directors

86. (1) Shri Mukesh D. Ambani shall be a director not liable to retire by rotation. The Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation. — Directors not liable to retire by rotation

(2) The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company. — Same individual may be Chairperson and Managing Director/ Chief Executive Officer

87. (1) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day. — Remuneration of directors

(2) The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act by an ordinary resolution passed by the Company in general meeting. — Remuneration to require members' consent

Travelling and other expenses

(3) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or

(b) in connection with the business of the Company.

Execution of negotiable instruments

88. All cheques, promissory notes, drafts, *hundis,* bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

Appointment of additional directors

89. (1) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

Duration of office of additional director

(2) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

Appointment of alternate director

90. (1) The Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.

Duration of office of alternate director

(2) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.

Re-appointment provisions applicable to Original Director

(3) If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.

[2]Appointment of Director nominated by debenture trustee(s)

90A Subject to the provisions of the Act, whenever the debenture trustee(s) nominate a person to be appointed as a director on the Board of the Company in exercise of its duties under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 read with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (together "SEBI Regulations"), as amended from time to time, the Board shall appoint such person as a Director.

Provided however, if more than one debenture trustee(s) are entitled to appoint director in terms of the SEBI Regulations, all such debenture trustees shall jointly nominate only one person to be appointed as a Director on the Board of the Company in terms of this Article.

The Director so appointed shall not be liable to retire by rotation.

The Director so appointed shall hold office so long as the default subsists.

Any vacancy in the office of such Director during the term shall be filled in by the debenture trustee(s) by nominating another person.

To enable to appoint such Director, the maximum number of directors specified in Article 85 shall be deemed to have been increased by 1 (one) if there is no vacancy in the Board at the relevant time.

91. (1) If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board. — Appointment of director to fill a casual vacancy

(2) The director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated. — Duration of office of Director appointed to fill casual vacancy

Powers of Board

92. The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. — General powers of the Company vested in Board

Proceedings of the Board

93. (1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. — When meeting to be convened

(2) The Chairperson or any one Director with the previous consent of the Chairperson may, or the company secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board. — Who may summon Board meeting

(3) The quorum for a Board meeting shall be as provided in the Act. — Quorum for Board meetings

(4) The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law. — Participation at Board meetings

Questions at Board meeting how decided

94. (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

Casting vote of Chairperson at Board meeting

(2) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

Directors not to act when number falls below minimum

95. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

Who to preside at meetings of the Board

96. (1) The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

Directors to elect a Chairperson

(2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

Delegation of powers

97. (1) The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit.

Committee to conform to Board regulations

(2) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

Participation at Committee meetings

(3) The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.

Chairperson of Committee

98. (1) A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.

Who to preside at meetings of Committee

(2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

Committee to meet

99. (1) A Committee may meet and adjourn as it thinks fit.

Questions at Committee meeting how decided

(2) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present.

Casting vote of Chairperson at Committee meeting

(3) In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.

100. All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

Acts of Board or Committee valid notwithstanding defect of appointment

101. Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.

Passing of resolution by circulation

Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer

102. (a) Subject to the provisions of the Act,—

A chief executive officer, manager, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses.

Chief Executive Officer, etc.

(b) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

Director may be chief executive officer, etc.

Registers

103. The Company shall keep and maintain at its registered office all statutory registers namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules. The registers and copies of annual return shall be open for inspection during 11.00 a.m. to 1.00 p.m. on all working days, other than Saturdays, at the registered office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules.

Statutory registers

Foreign register

104. (a) The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such register

(b) The foreign register shall be open for inspection and may be closed, and extracts may be taken therefrom and copies thereof may be required, in the same manner, mutatis mutandis, as is applicable to the register of members.

The Seal

The seal, its custody and use

105. (1) The Board shall provide for the safe custody of the seal.

Affixation of seal

(2) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf, and except in the presence of at least one director or the manager, if any, or of the secretary or such other person as the Board may appoint for the purpose; and such director or manager or the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

Dividends and Reserve

Company in general meeting may declare dividends

106. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend.

Interim dividends

107. Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.

Dividends only to be paid out of profits

108. (1) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

Carry forward of profits

(2) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

109.	(1)	Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.	Division of profits
	(2)	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.	Payments in advance
	(3)	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.	Dividends to be apportioned
110.	(1)	The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company	No member to receive dividend whilst indebted to the Company and Company's right to reimbursement therefrom
	(2)	The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.	Retention of dividends
111.	(1)	Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.	Dividend how remitted
	(2)	Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.	Instrument of payment
	(3)	Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.	Discharge to Company
112.		Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.	Receipt of one holder sufficient
113.		No dividend shall bear interest against the Company.	No interest on dividends

Waiver of dividends

114. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

Accounts

Inspection by Directors

115. (1) The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the Rules.

Restriction on inspection by members

(2) No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by law or authorised by the Board.

Winding up

Winding up of Company

116. Subject to the applicable provisions of the Act and the Rules made thereunder –

(a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(c) (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity and Insurance

Directors and officers right to indemnity

117. (a) Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses.

(b) Subject as aforesaid, every director, managing director, manager, company secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.

(c) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably. Insurance

General Power

118. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided. General power

End Notes:

1. *Deleted Article 32A by passing special resolution by the Members of the Company at the Annual General Meeting (Post-IPO) held on 28th August 2023. Article 32A was earlier inserted by passing special resolution by the Members of the Company at the 40th Annual General Meeting (Post- IPO) held on 21st July, 2017.*

2. *Inserted by passing special resolution by the Members of the Company at the 46th Annual General Meeting (Post-IPO) held on 28th August 2023.*

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

Sr. No.	Name of Subscribers	Address, description and occupation of the subscribers	Number of equity shares taken by each subscriber	Witness with address, description and occupation
1	2	3	4	5
1	M.D. SHIVNANJAPPA For Mysore State Industrial Investment and Development Corporation Ltd.	36, Cunningham Road Bangalore – 18	500	C.V. SRINIVASA MURTHY, S/O. C.B. VENKOBA RAO Accounts Officer, Mysore State Investment & Development Corporation Limited, 36, Cunningham Road, Bangalore - 560 018
2.	M.D. SHIVNANJAPPA S/o M.P. DEVAPPA	Chairman and Managing Director, M.S.I.D.C. Ltd., 36, Cunningham Road, Bangalore – 18	100	
3.	T.R. SATISH CHANDRAN S/o T. RAMAIYA	Commissioner & Secretary to Govt. of Mysore, Commerce and Industries Dept, Bangalore	100	
4.	C.S. SHESHADRI S/o S. SITARAMIAH	Managing Director, Mysore State Financial Corporation, Bangalore.	100	
5.	T. RAMESH U. PAI S/o U. A. PAI	Industrialist, Chitrakala Manipal	100	
6.	DR. RAMDAS M. PAI S/o. DR. T.M.A. PAI	Administrator, Geethanjali, Manipal	100	
7.	B. PUTTARAJ URS S/o. PUTTARAJ URS	Secretary, Industrial Investment and Development Corporation Ltd., 36, Cunninngham Road, Bangalore - 18.	100	
		TOTAL SHARES TAKEN	1,100	

Dated 4th May, 1973

HIGH COURT ORDERS
SANCTIONING
SCHEMES OF ARRANGEMENTS

AMALGAMATION
OF
RELIANCE TEXTILE INDUSTRIES LIMITED
WITH
MYNYLON LIMITED

C.R. No. 108-D.

By Sri. Tukaram S. Pai
Adv. for Petitioner.

IN THE HIGH COURT OF KARNATAKA AT BANGALORE

Dated the 13th day of January 1977.

Before:

The Hon'ble Mr. Justice M.N. Venkatachaliah

Company Petition No. 27 of 1976:

Connected with

Company Application No. 131 of 1976:
In the matter of Companies Act, 1956

And

In the matter of Mynylon Ltd., a Company registered under the Companies Act I of 1956 and having its registered office at Syndicate House, Manipal, South Kanara District.

Mynylon Ltd., a Company registered under the Companies Act I of 1956 and having its registered Office at Syndicate House, Manipal, South Kanara, represented by its Director T. Ramesh U. Pai, Manipal, S. Kanara. Petitioner

(By Sri. Tukaram S. Pai)

-;-

Company Petition filed by the counsel for the petitioner, under Rule 79 of the Companies (Court) Rules 1959 and Section 391, 394 and 394-A of Companies Act, 1956, praying that this Hon'ble Court may be pleased:

1) to sanction the scheme of amalgamation referred to in paras 12 and 13 of this petition and being Ex. 'P' to the petition so as to be binding on all the shareholders of the petitioner company and on the petitioner company;

2) to order that the undertakings and all properties rights and powers of the Transferor Company be without further or deed made to vest in the petitioner company with effect from the 1st day of July, 1975 pursuant to and in terms of Section 394 of the Companies Act, 1956 for all the estates and interests of the transferor company but subject nevertheless to the charges if any nor effecting the same;

3) to order that all the liabilities, duties and obligations of the transferor company be also without further act or deed taken over by the petitioner company with effect from the 1st day of July, 1975 pursuant to and in terms of the said Sec. 394 of the Companies Act 1956 so as to become as from that day the liabilities, duties and obligations of the petitioner company;

4) to order that all proceedings, if any, pending at the date of such vesting and taking over by or against the transferor company be on such vesting and taking over continued by or against the petitioner company;

5) to order that the petitioner company be directed on such amalgamation to take over all such employees of the transferor company as are willing to join the petitioner company as far as possible on the same terms on which they are employed by the transferor company and their services with the transferor company prior to such taking over will not be treated as having been broken for the purposes of the provident fund, gratuity and superannuation funds or any other purposes connected with such employment but will be reckoned for all purposes from the date of their respective appointments with the transferor company;

6) to order that the amalgamation of the transferor company with the petitioner company be made on the basis that every member of the transferor company will in respect of every one equity share in the transferor company of Rs. 100/- each held by him on such day as the Directors of the Petitioner company determine, be entitled as of right to an allotment to himself of 35 equity shares in the petitioner company of Rs. 10/- each credited as fully paid-up and the petitioner company shall without any application allot to such member in the transferor company shares in the petitioner company to which such member may become entitled and that the Directors of the petitioner company will be at liberty to issue such fractional certificate as may be necessary to implement the same;

7) to order that the said scheme of amalgamation shall become operative and effective as soon as but not before (a) the proposed amalgamation between the petitioner company and the transferor company is sanctioned by the Hon'ble High Court of Judicature of Bombay on a petition to be filed by the transferor company and (b) all necessary resolutions have been passed for issuing the necessary share capital required for the purpose of carrying into effect the amalgamation of the transferor company and the petitioner company and the consent of the Controller of Capital Issues for the purposes of such issue is obtained, if required;

8) to order that the amalgamation of the transferor company with all its assets and liabilities with the petitioner company to be made pursuant to the said scheme of amalgamation will take effect as from 1.7.75 and until the completion of such vesting and taking over, the transferor company shall stand possessed of all its properties so to be vested and taken over as aforesaid and shall carry on its business for and on behalf of and in trust for the petitioner company and the transferor company shall account and be entitled to be indemnified accordingly.

This Company Petition coming on for Orders this day, VENKATACHALIAH, J. made the following:

O R D E R:

VENKATACHALIAH, J:

1. This petition under Section 391 of the Companies Act, 1956, is by the Company - Mynylon Limited, with its registered office at Syndicate House, Manipal, South Kanara District, for the approval of a Scheme of Amalgamation of Reliance Textile Industries Limited, Bombay, with it, in terms of Exhibit - P, the scheme of amalgamation.

2. By an order of this Court made in Company Application No. 131 of 1976 on 23.7.1976, a meeting of the equity shareholders of the petitioner Company was directed to be convened, held and conducted on 21.8.1976 to consider, and if thought fit, to approve, with or without modification, the said scheme of amalgamation. In compliance with the said order, a meeting of the equity shareholders of the Company was convened and held on 21.8.1976 under the Chairmanship of T. Ramesh U. Pai, a Director of the Petitioner Company. A report dated 23.8.1976 of the Chairman of the meeting has been filed reporting that at the said meeting the equity shareholders of the Company unanimously approved the scheme of amalgamation without any modification.

3. In Company Petition No. 754 of 1976 connected with Company Application No. 104 of 1976, the High Court of Judicature at Bombay has, by its order dated 24.11.1976 granted the petition of the Reliance Textile Industries Limited, Bombay - the transferor Company for approval of the scheme for its amalgamation with the petitioner Company. A copy of that order has been filed into Court by the learned counsel for the petitioner.

4. The Central Government which was notified in the matter has, through its counsel Sri U.L. Narayana Rao, submitted that it has no objection to the sanction of the scheme.

5. The memoranda of association of the petitioner Company enables it to carry on the business of the nature carried on by the transferor Company and enables further the amalgamation now sought to be sanctioned. It is averred in the petition that the amalgamation would be in the interest of the petitioner company and would bring about a rationalisation of its business as well as that of the transferor Company and would further make for economy and optimum utilisation of the productive equipment with consequent augmentation of productivity and profitability.

6. This petition accordingly requires to be and is hereby allowed and the scheme for amalgamation in terms of Exhibit-P sanctioned. Let an order in Form No. 42 of Appendix-IV of the Company Court Rules, 1959, incorporating the terms of the scheme as set out in clause 1 to 7 be issued, and it is hereby ordered:

   (1) that the scheme of amalgamation set out in Exhibit-P to this petition be and is hereby sanctioned; and that the said scheme shall be binding on the petitioner Company and all its share-holders;

   (2) that the undertaking and all properties, rights and powers of the transferor Company be, without further act or deed made to vest in the petitioner Company with effect from the 1st day of July, 1975, pursuant to and in terms of Section 394 of the Companies Act, 1956, for all the estate and interest of the transferor Company therein but subject, nevertheless, to all charges now affecting the same;

   (3) that all the liabilities, duties and obligations of the transferor Company shall, without further act or deed taken over by the petitioner Company with effect from the 1st day of July, 1975, pursuant to and in terms of Section 394 of the Companies Act, 1956 so as to become as from the said date, viz., 1.7.1975, the liabilities, duties and obligations of the petitioner Company;

   (4) that all proceedings, by or against the transferor Company, pending at the date of such vesting and taking over, shall on such vesting and taking over be continued by or against the petitioner company;

   (5) that the petitioner Company be directed on such amalgamation to take over all such employees of the transferor Company as are willing to join the petitioner Company on the same terms on which they are employed by the transferor Company and their services with the transferor Company prior to such taking over shall not be treated as having been broken for the purposes of the provident fund, gratuity and superannuation funds or any other purposes connected with such employment but till be reckoned for all purposes from the date of their respective appointments with the transferor-Company;

   (6) that the amalgamation of the transferor Company with the petitioner Company shall be made on the basis that every member of the transferor Company will, in respect of every one equity share in the transferor Company, of Rs. 100/- each held by him on such day as the Directors of the petitioner Company determine, be entitled, as of right, to an allotment to himself of 35 equity shares in the petitioner Company of Rs. 10/- each credited as fully paid-up and the petitioner Company shall without any further application allot to such member in the transferor Company shares in the petitioner Company to which such member may accordingly become entitled and that the Directors of the petitioner Company shall be at liberty to issue such fractional certificate as may be necessary to implement the same and

   (7) that the scheme of amalgamation shall become operative and effective as soon as but not before:

      (a) all necessary resolutions have been passed for issuing the necessary share capital required for the purpose of carrying into effect the amalgamation of the transferor Company with the petitioner Company and the consent of the controller of Capital Issues for the purposes of such issue, if required, is obtained;

      (b) that the amalgamation of the transferor company with all its assets and liabilities with the petitioner Company to be made pursuant to the said scheme at Ex.P.1 take effect from 1.7.1975 and until the completion of such vesting and taking over, the transferor company shall stand possessed of all its properties so to be vested and taken over as aforesaid and shall carry on its business for and on behalf of and in trust for the petitioner Company and the transferor Company shall account and be entitled to be indemnified accordingly;

      (c) that the petitioner Company shall file a certified copy of this order before the Registrar of Companies within 30 days hereof; and

      (d) any person interested shall be at liberty to apply to the Court in the above matter for any directions that may be necessary.

Sd/-
M.N. Venkatachaliah
Judge.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO. 754 OF 1976

connected with
COMPANY APPLICATION NO. 104 OF 1976.

Coram: Mridul J.
24th November 1976

In the matter of Companies Act I of 1956
- and -
In the matter of Reliance Textile Industries Ltd.
a Company registered under the Companies Act I of 1956 and
having its registered Office at Court House, Tilak Marg,
Bombay 400002.

Reliance Textile Industries Limited
a company registered under the
Companies Act I of 1956 and having
its registered office at Court House,
Tilak Marg, Bombay - 400002 .....Petitioner

The Petitioner Company by its Petition herein dated the 17th day of August 1976 prays for sanction of the Scheme of Amalgamation between itself as the Transferor Company AND Mynylon Limited as the Transferee Company AND the said Petition being this day called on for hearing and final disposal AND UPON READING the said Petition and the Order dated the 2nd day of July 1976 made by this Hon'ble Court in Company Application 104 of 1976 whereby the Petitioner Company abovenamed was ordered to convene a meeting of the Equity Shareholders of the Petitioner Company being the Transferor Company for the purpose of considering and if thought fit, approving with or without modification the Scheme of Amalgamation proposed to be made between the Petitioner company being the Transferor Company and Mynylon Ltd as the Transferee Company a copy of which Scheme is appended as Ex.D to the above Petition AND UPON READING the Report dated the 10th day of August 1976 made by Natwarlal H. Ambani as the Chairman of the Meeting of the Shareholders of the Petitioner Company as to the result of the Meeting held on the 6th day of August 1976 AND UPON HEARING Mr. J.C. Bhatt (with Mr. P.M. Amin) Advocate for the Petitioner Company being the Transferor Company in support of the said Petition, and Mr. F.H.J. Talyarkhan, Advocate for the Regional Director to the Company Law Board who submits to the orders of this Hon'ble Court AND UPON PERUSING the Report of the Official Liquidator, High Court, Bombay herein dated the 23rd day of November 1976 AND UPON READING the Affidavit of Damodar Puthran dated the 30th day of September 1976 proving transmission of the Notices of the hearing of the Petition to the Creditors of the Petitioner Company having a claim of Rs. 10,000/- (Rupees Ten thousand) and more against the Petitioner company as on the 15th day of August 1976 as also proving publications of Notice of hearing of the Petition in 'Bombay Samachar' on 4th September 1976 in `Free Press Journal' Bombay on 3rd September 1976 and in the Maharashtra Government Gazette on 9th September 1976 AND it appearing from the Report of the said Mr. N.H. Ambani that the said Scheme of Amalgamation has been approved unanimously by the holders of the Equity shares of the Petitioner company present and voting either in person or by proxy and no other person appearing this day either in support of the said Petition or to show cause against the same THIS COURT DOTH HEREBY SANCTION the Scheme of Amalgamation being Exhibit "D" to the said Petition and also set out in the Schedule hereto AND THIS COURT DOTH HEREBY DECLARE that the said Scheme of Amalgamation shall be binding on all the Shareholders of the Petitioner company being the Transferor Company and also on the Petitioner Company AND THIS COURT DOTH ORDER that the undertakings and all the properties rights and powers of the Petitioner company being the Transferor Company without further act or deed be taken over by and do vest in the Transferee Company with effect from the 1st day of July 1975 pursuant to Section 394 of the Companies Act 1956 for all the Estates and Interest of the Petitioner company being transferor Company but subject nevertheless to the charges if any, now affecting the same AND THIS COURT DOTH FURTHER ORDER that all the liabilities, duties and obligations of the Petitioner company being the Transferor Company be also without further act or deed be taken over by the Transferee Company with effect from the 1st day of July 1975 and accordingly the same shall pursuant to Section 394 of the Companies Act, 1956 do become from the said date the liabilities duties and obligations of the Transferee Company AND THIS COURT DOTH FURTHER ORDER that all proceedings, if any, pending at the date of such vesting by or against the Petitioner Company being the Transferor company be on such vesting continued by or against the Transferee company AND THIS COURT DOTH FURTHER ORDER that the Transferee company do on such amalgamation take over all such employees of the Petitioner Company being the Transferor company as are willing to join the Transferee company as far as possible on the same terms on which they were employed by the Petitioner company being the Transferor Company and their services with the Petitioner Company being the Transferor Company prior to such taking over will not be treated as having been broken for the purposes of the provident fund, gratuity and superannuation funds or any other purposes connected with such Employment but be reckoned for all purposes from the date of their respective appointments with the Petitioner company being the Transferor Company AND THIS COURT DOTH FURTHER ORDER that the amalgamation of the Petitioner Company being the Transferor Company with the Transferee Company be made on the basis that every member of the Transferor Company will in respect of every one Equity Shares in the Petitioner Company being the Transferor Company of Rs.100/-(Rupees One hundred) each held by him on such day as the Directors of the Transferee Company determine, be entitled as of right to an allotment to himself of 35 Equity Shares in the Transferee Company of Rs. 10/- (Rupees ten) each credited as fully paid-up and that the transferee company do without any application allot to such member in the Petitioner Company being the Transferor Company shares in Transferee Company to which such member may become entitled and that the Directors of the Transferee Company be and they are hereby at liberty to issue such fractional certificates as may be necessary to implement the Scheme AND THIS COURT DOTH FURTHER ORDER that the said Scheme of Amalgamation shall become operative and effective as soon as but not before the proposed amalgamation between the Petitioner company being the Transferor Company and the transferee company is sanctioned by the High Court of Judicature at Karnataka at Bangalore on a Petition to be filed by the Transferee Company AND all necessary Resolutions have been passed for issuing the necessary Share Capital required for the purpose of carrying into effect the amalgamation of the Petitioner

Company being the Transferor Company with the Transferee Company and the consent of the Controller of Capital Issues for the purposes of such issue is obtained, if required AND THIS COURT DOTH FURTHER ORDER that the amalgamation of the Petitioner Company being the Transferor Company with all its assets and liabilities with the transferee Company to be made pursuant to the said Scheme of Amalgamation do take effect as from the 1st day of July 1975 and until the completion of such vesting the Petitioner company being the Transferor company shall stand possessed of all its properties so to be vested in the Transferee Company as aforesaid and do carry on its business for and on behalf of and in trust for the transferee company and that the Petitioner company being the Transferor company shall account and be entitled to be indemnified accordingly AND THIS COURT DOTH FURTHER ORDER that the Petitioner company being the Transferor Company do within four weeks from the date of sealing of this Order cause a certified copy of this order to be delivered to the Registrar of Companies Maharashtra at Bombay for registration and on such certified copy being so delivered the Petitioner Company being the Transferor Company do stand dissolved without winding up AND THIS COURT DOTH FURTHER ORDER that the Petitioner Company being the transferor company do pay to the Regional Director, Company Law Board, Bombay his costs of the said Petition and of this Order fixed at Rs. 300/- (Rupees three hundred) AND THIS COURT DOTH LASTLY ORDER that any person interested shall be at liberty to apply to this Hon'ble Court in the above matter for any directions that may be necessary WITNESS RAMANLAL MANEKLAL KANTAWALA, Esquire, Chief Justice at Bombay aforesaid this 24th day of November 1976.

By the Court
Sd/-
N.R. Bhathena
for Prothonotary & Senior Master
16-12-76

Order sanctioning Scheme of Amalgamation,
draw on application of Messrs. Kanga and Company,
Attorney for the Petitioner

SCHEME OF AMALGAMATION

OF

Reliance Textile Industries Limited a Company registered under the Companies Act I of 1956 and having its registered office in Bombay

With

Mynylon Limited an existing Company as defined under the Companies Act 1956 and having its registered office in Bangalore.

1. The undertaking and all the properties, rights and powers of Reliance Textile Industries Limited (hereinafter called "Reliance") be without further act or deed made to vest in Mynylon Limited (hereinafter called "Mynylon") with effect from the 1st day of July 1975, pursuant to and in terms of Section 394 of the Companies Act, 1956 for all the estates and interests of Reliance therein, but subject nevertheless to the charges, if any, now affecting the same.
2. All the liabilities, duties and obligations of Reliance also without further act or deed be taken over by Mynylon with effect from the said 1st day of July 1975 pursuant to and in terms of the said Section 394 of the Companies Act, 1956 so as to become as from that day the liabilities, duties and obligations of Mynylon.
3. All proceedings, if any, pending at the date of such vesting and taking over by or against Reliance be on such vesting and taking over continued by or against Mynylon.
4. Mynylon will, on such amalgamation, take over all such employees of Reliance as are willing to join Mynylon as far as possible on the same terms on which they are employed by Reliance and their services with Reliance prior to such taking over will not be treated as having been broken for the purposes of the Provident, Gratuity and Superannuation Funds or any other purposes connected with such employment, but will be reckoned for all such purposes from the date of their respective appointments with Reliance.
5. As per the latest audited Balance Sheet of Reliance as on 30th June, 1975, the authorised Capital of Reliance was Rs. 3,00,00,000/- divided into 2,50,000 equity shares of Rs.100/each, 25,000 preference shares of Rs. 100/- each, 25,000 unclassified shares of Rs. 100/ each. The Subscribed issued and paid –up capital of Reliance was Rs. 17000000/- divided into 1,70,000 equity shares of Rs. 100/- each.
6. The Authorised Capital of Mynylon is Rs. 3,75,00,000/- divided into 30,00,000 Equity shares of Rs. 10/- each and 75000 9.3% cumulative redeemable preference shares of Rs. 100/- each. The Issued Subscribed and paid-up Capital of Mynylon was as on the date of the latest audited Balance Sheet of Mynylon i.e. 30th September, 1975 was Rs. 11000/-divided into 1100 Equity Shares of Rs. 10/- each.
7. The amalgamation of Reliance with Mynylon will be made on the basis that every member of Reliance shall, in respect of every one Equity Share in Reliance of Rs. 100/- each held by him on such day, as the Directors of Mynylon determine, be entitled of right to an allotment to himself of 35 equity shares in Mynylon of Rs. 10/- each credited as fully paid-up and Mynylon shall, without any application, allot to such member of Reliance, shares in Mynylon to which such member may become entitled. The Directors of Mynylon will be at liberty to issue such Fractional Certificate as may be necessary to implement to Scheme.
8. Reliance will apply to the High Court of Bombay Under Section 391 of the Companies Act, 1956 for a meeting of its Equity Shareholders being called, held and conducted in such manner as the said High Court may direct for considering this Scheme. Mynylon will similarly apply to the High Court of Karnataka at Bangalore under Section 391 of the Companies Act, 1956 for a meeting of the holders of its Equity shares being called held and conducted in such manner as the said High Court may direct for considering the said Scheme.

9. On a majority in number representing three-fourths in value of (1) the holders of the Equity Shares of Reliance, and (2) the holders of the Equity Shares of Mynylon, present and voting at such meetings as aforesaid either in person or proxy agreeing to this Scheme Reliance and Mynylon will apply to the said respective High Courts for sanctioning the scheme under the provisions of Section 391 of the Companies Act, 1956 and for such order or orders under Section 394 of the said Act for carrying into effect this Scheme.

10. This Scheme will be subject to such modifications as the said High Courts, while sanctioning such amalgamation on behalf of both Reliance and Mynylon, may direct and the Directors of Reliance and Mynylon are authorised to consent and agree to such modification.

11. This Scheme shall become operative and effective as soon as but not before (a) the proposed amalgamation between Reliance and Mynylon is sanctioned by the High Court of Judicature at Bombay and the High Court of Judicature of Karnataka at Bangalore and (b) all necessary resolutions have been passed for issuing the necessary share capital required for the purpose of carrying into effect the amalgamation of Reliance with Mynylon and the consent of the Controller of Capital Issue for the purpose of such issue is obtained if required.

12. The amalgamation of Reliance with all its assets and liabilities to Mynylon to be made pursuant to this Scheme when sanctioned by the said respective High Courts will take effect and be operative as from the 1st day of July 1975 and all assets of Reliance shall vest in and all its liabilities shall be taken over by Mynylon as from 1st July 1975 and until the completion of such vesting and taking over Reliance shall stand possessed of all its properties so to be vested as from 1st July, 1975 as aforesaid and shall carry on its business for and on behalf of and in trust for Mynylon and Reliance shall account and be entitled to be indemnified accordingly.

13. Mynylon shall take necessary steps for increasing its Authorised Capital from Rs. 3,75,00,000/- as stated in Clause 6 above to Rs. 6,75,00,000/- divided into 60,00,000 equity shares of Rs. 10/- each and 75000 9.3% cumulative redeemable preference shares of Rs. 100/- each.

14. Upon the Scheme of amalgamation being sanctioned by the High Courts the holders of 1,70,000 Equity Shares of Rs. 100/- each of Reliance would be entitled for allotment of 59,50,000 Equity Shares of Rs. 10/- each of Mynylon. Mynylon will, subject to this Scheme of amalgamation being sanctioned by the said High Courts, and after increasing its authorised capital as stated in the preceding clause take all necessary steps to issue out of its 59,98,900 Equity Shares of Rs. 10/- each which would have remained unissued after such increase 59,50,000 Equity Shares of Rs. 10/- each for being allotted to the holders of 1,70,000 Equity Shares of Reliance of Rs. 100/- each in proportion of 35 such equity shares in Mynylon of Rs. 10/- each credited as fully paid-up for every one equity shares in Reliance of Rs. 100/- each as herein before provided. The said 59,50,000 equity shares in Mynylon will be issued subject to the Memorandum and Articles of Association of Mynylon and will rank pari-passu with the existing 1100 equity shares in Mynylon in all respect including dividend, if any that may be declared by Mynylon for its financial year commencing from 1st October, 1975.

15. For the purpose of giving effect to this Scheme the Directors of Mynylon are authorised to give such directions as they may consider to be necessary or desirable and to settle any question of doubt or difficulty whatsoever including any question of doubt or difficulty that may arise with regard to the issue and allotment of the ordinary shares and/or Fractional Certificates of Mynylon as they may think fit.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY APPLICATION No. 25 of 1977

IN

Company petition No. 754 of 1976 connected with

Company application No. 104 of 1976.

In the matter of Companies Act I of 1956:

AND

In the matter of Reliance Textile Industries Ltd.,
a Company registered under the Companies Act,
I of 1956 and having its registered office at
Court House Tilak Marg Bombay 400 002.

Reliance Textile Industries Ltd., a Company
Registered under the Companies Act I of 1956
And having its registered office at Court House
Tilak Marg, Bombay 400 002. Petitioner

AND

Reliance Textile Industries Ltd., a Company
Registered under the Companies Act I of 1956
And having its registered office at Court House
Tilak Marg, Bombay 400 002. Applicant

Versus

1. The Registrar of Companies,
   Maharashtra, having his office at "Everest' 100
   Marine Drive, Bombay 400 002.

2. The Regional Director, Company law board
   Having his office at 'Everest' 100 Marine
   Drive, Bombay 400002. Respondents

Coram: Rege J. (In Chamber)

7th February, 1977

UPON READING the Judge's summons herein dated 29th January, 1977 taken out by the Applicant herein for extension of date of dissolution of the Applicant from 27th December, 1976 to 28th February, 1977 and the affidavit of Natwarlal Hirachand Ambani in support of the Judge's Summons dated the 28th day January, 1977 AND UPON READING the Order sanctioning Scheme of Amalgamation made herein on 24th day of November, 1976 AND UPON READING the letter dated the 5th day of February, 1977 from the Regional Director Company Law Board (Western Region) the Second Respondent, and the Registrar of Companies, Maharashtra, the 1st Respondent herein not appearing either in person or by Advocate AND UPON HEARING Mr. P.M. Amin, Counself appearing for the Applicant abovenamed in support of the said Judge's Summons AND UPON PROOF OF SERVICE of the Judge's Summon herein upon the said Respondents IT IS ORDERED that the date of dissolution of the Applicant Company without winding up be and is hereby extended from 27th December, 1976 to 28th February 1977 AND IT IS FURTHER ORDERED that there be no order as to costs and incidental to this application and this order WITNESS VIDYARANYA DATTATRAYA TULZAPURKAR, ESQUIRE, ACTING CHIEF JUSTICE at Bombay aforesaid this 7th day of February 1977.

By the Court,

Sd/-

For Prothonotary and Senior Master.
Order on Judge's Summons drawn
On application of M/s. Kanga & Co
Advocates for the Applicant.

AMALGAMATION
OF
KASHYAP ZIP INDUSTRIES PRIVATE LIMITED
AND
SIDHPUR MILLS CO. LIMITED (IN LIQ)
WITH
RELIANCE TEXTILE INDUSTRIES LIMITED

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
ORIGINAL JURISDICTION
COMPANY PETITION No. 72 OF 1979
CONNECTED WITH
COMPANY APPLICATION NO: 251 OF 1979

In the matter of The Companies Act 1956

AND

In the matter of The Sidhpur Mills Co. Ltd. (In Liq.)

M/s Kashyap Zip Industries Private Limited, a Company Registered under the Companies Act, 1956 and having its Registered Office at 41/43, Dalamal Chambers, 17, New Marine Lines, Bombay 400020 ... Petitioner

1. The Sidhpur Mills Co. Ltd. (In Liq.) an existing company under the Companies Act, 1956 by the Official Liquidator having its Office at 6, Navyug Colony, Opp. Gujarat Vidyapith, Ashram Road, Ahmedabad
2. Reliance Textile Industries Limited, a Joint Stock Company registered under The Companies Act, 1956 having its Registered Office situated at Court House, Dhobi Talao, Tilak Marg, Bombay 400002 ... Respondents

ORDER ON PETITION

UPON the above petition coming up for hearing on the 13th day of February, 1981 and UPON READING the said petition, the order dated 16th day of July, 1979 whereby the said company was ordered to convene separate meeting of equity shareholders, unsecured creditors, statutory creditors, secured creditors and workers and employees of Sidhpur Mills Limited (SML) for the purpose of considering and if thought fit, approving, with or without modifications, the scheme of amalgamation and compromise proposed to be made between SML and Reliance Textile Industries Limited (Reliance) and annexed to the affidavit of Shri Maneklal D Shah, Director of the Petitioner Company dated 5th Day of July 1979 AND UPON PERUSING of the 'Sandesh' dated 13th day of August, 1979 and Gujarat Samachar dated 13th/20th day of August, 1979 and Indian Express dated 13th day of August, 1979 each containing the advertisements of the said notice convening the said meetings directed to be held by the said order dated 16th day of July, 1979 and upon reading the affidavit dated 1st day of September, 1979 of the Chairman Shri VD Vakharkar showing the publication and despatch of the notice convening the said meetings and the report of Shri V.D. Vakharkar, Chairman of the said meetings dated 4th day of October, 1979 as to the result of the said meetings and it appearing from the said report that the proposed scheme of amalgamation and compromise has been approved by majority of not less than 3/4th in value of creditors or class of creditors or members, present and voting in person or by proxy AND UPON PERUSING the report of the Official Liquidator attached to this Honorable court dated 21st day of April, 1980 under Section of 394(1)(iv) of The Companies Act, 1956 with the attached report of M/s. Arvind A. Thakkar & Co., Chartered Accountants dated 18th April 1980 AND UPON PERUSING the affidavit of Shri Anandrao Gururao Sirsi, Regional Director, Company Law Board, Western Region, dated 25th day of January 1980 and the further affidavit of Smt. Saraswathi Achyutan, the Regional Director, Company Law Board, Western Region, dated 17th day of June, 1980 and the further affidavit of Smt. Saraswathi Achyuthan, Regional Director, Company Law Board, Western Region, dated 12th day of February, 1981 AND UPON PERUSING the report of the Registrar of Companies, Gujarat, Ahmedabad under 1st proviso to Sub-Section 1 of Section 394 of the Companies Act, 1956 dated 5th February, 1981 AND UPON PERUSING the order passed by the Government of India dated 29th July, 1980 granting its approval to the proposed scheme of amalgamation and compromise under section 23(2) of the MRTP Act and the letter of the specified authority under section 72A of the Income Tax Act dated 29th September, 1980 stating interalia that the specified authority is satisfied that the conditions laid down in section 72A of the Income tax Act will be fulfilled if the amalgamation is effected in accordance with the proposed scheme AND UPON PERUSING the Gujarat Government Gazette dated 6th day of December, 1979, Indian Express dated 30th November, 1979 and Gujarat Samachar dated 30th November, 1979 each containing the notice of petition AND UPON HEARING Shri Ashok C Gandhi, Advocate for the Petitioner, Shri K.H. Kazi, Advocate with Shri R.P. Bhatt, Advocate for the Official Liquidator, Shri P.M. Rawal, Advocate for Majoor Mahajan Sangh, Sidhpur, Shri N.J. Mehta, Advocate for Sidhpur Mills Kamdar Mandal, Shri R.M. Desai, Advocate for Bank of Baroda, Shri A.P. Ravani, Advocate for the Central Government and for the reasons stated in the separate –CAV- orders dated 14th day of May, 1981. THIS COURT DOTH HEREBY sanction the scheme of amalgamation as modified and set forth at Annexure "G" to the petition and as finally modified as mentioned in the Schedule hereto and doth declare the same to be binding on all the creditors and members of SML and also on Reliance.

That the parties to this amalgamation and compromise or any other person interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to the working of the scheme of amalgamation or compromise and that Reliance do file with the Registrar of Companies a certified copy of this order within 14 days from the date on which the certified copy of this order is ready for delivery.

SCHEDULE

Scheme of amalgamation and compromise as finally sanction by the Court is annexed hereto

WITNESS B.J. DIVAN, ESQUIRE, CHIEF JUSTICE AT AHMEDABAD, dated this 14th day of May, One Thousand Nine Hundred and Eighty-one.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

Company Petition No. 541 of 1979

connected with

Company application No. 730 of 1979.

Coram : Bharucha J

Dated 16th April 1980

In the matter of Companies Act, 1956;

And

In the matter of the Reliance Textile Industries Limited

The Reliance Textile Industries Limited,
a company incorporated under the provisions
of the Companies Act, 1956 and having
its Registered Office at Court House, Tilak Marg,
Dhobi Talao, Bombay 400 002... Petitioners

UPON the Petition of The Reliance Textile Industries Limited, the Company abovenamed presented to this Court on the 15th day of December 1979 for sanction of a Compromise or Arrangement embodied in the proposed Scheme of Amalgamation of Sidhpur Mills Company Limited (In Liquidation) (hereinafter referred to as "the Transferor Company") with The Reliance Textile Industries Limited (hereinafter referred to as "the Transferee Company") and other consequential reliefs as in the Petition mentioned AND the said Petition being this day called on for hearing and final disposal AND UPON READING the said Petition and the Affidavits mentioned in the list hereto AND UPON READING the Affidavit of Fakira Kondaji Ahire, dated the 16th day of April 1980 proving publication and dispatch of the Notice to the Creditors in the sum of Rs. 1,00,000/- (Rupees one lac only) as on the 31st day of September 1979 of the Transferee Company of the date of hearing of the said Petition AND UPON READING the Order dated the 3rd day of October 1979 in Company Application No. 730 of 1979 whereby the Transferee Company was ordered to convene a Meeting of its Equity and Preference Shareholders for the purpose of considering and if thought fit approving with or without modification, the Compromise or Arrangement embodied in the said Scheme of Amalgamation proposed to be made between the Transferor company and the Transferee Company and annexed as Exhibit "B" to the Affidavit of Vinod Mansukhlal Ambani dated the 18th day of September 1979 in support of the said Company Application AND UPON PERUSING the issue of Maharashtra Government Gazette dated the 25th day of October 1979 and of 'Indian Express' dated the 26th day of October 1979 and of "Bombay Samachar" dated the 25th day of October 1979 each containing advertisement of the said Notice convening the said meeting directed to be held by the said Order dated the 3rd day of October 1979 AND UPON READING the Affidavit of Dhirubhai Hirachand Ambani dated the 4th day of December 1979 showing the publication and dispatch of the Notice convening the said Meetings AND UPON READING the two Reports both dated the 4th day of December 1979 of Dhirubhai Hirachand Ambani Chairman of the said two Meetings as to the result of the said Meetings AND UPON READING the two Affidavits of Dhirubhai Hirachand Ambani both dated the 4th day of December 1979 verifying the said Reports AND at this stage Shri A.P. Talati, Advocate for the Central Government applying for adjournment AND UPON HEARING Shri R.J. Bhatt, Advocate for the Petitioners and Shri S.D. Parekh, Advocate for Industrial Credit and Investment Corporation of India Limited, who both oppose the said application THIS COURT DOTH HEREBY ORDER that the said application for adjournment be and it is hereby rejected AND UPON HEARING Shri R.J. Bhatt, Advocate for the Transferee Company in support of the said petition and Shri A.P. Talati, Advocate for the Regional Director, Company Law Board, Bombay, who appears in pursuance of the Notice dated the 28th day of January 1980 under section 394-A of the Companies Act, 1956, and Shri S.D. Parekh, Advocate for the Industrial Credit and Investment Corporation of India Ltd., a Creditor in support of the said Petition AND IT APPEARING from the said two Reports of the Chairman of the said Meetings of the Equity and Preference Shareholders of the Transferee Company that the Compromise or Arrangement embodied in the proposed Scheme of Amalgamation has been approved by a majority of not less than three-fourths in value of the Equity and of Preference Shareholders of the Transferee Company present and voting in person or by proxy And save and except the said Industrial Credit and Investment Corporation of India Ltd., the secured Creditors no other person entitled to appear at the hearing of the said petition-appearing this day either in support of the said petition or to show cause against the same. THIS COURT DOTH HEREBY SANCTION the compromise or Arrangement embodied in the Scheme of Amalgamation of the Sidhpur Mills Company Limited (In Liquidation) the Transferor Company with the Reliance Textile Industries Limited, the Transferee Company as set forth in Exhibit "D" to the said Petition with modification in terms of Ex. "E" to the said Petition and which modified Scheme is set forth in the Schedule hereto AND DOTH HEREBY DECLARE the same to be binding on the Equity and Preference Shareholders of the Transferee Company and the members of the Transferor Company and also on the Transferee Company and the Transferor Company AND THIS COURT DOTH FURTHER ORDER that with effect from the Effective date as mentioned in Para 12 of the said Scheme the undertakings and all properties, rights, and powers of every kind and description including all the assets and interest of the Transferor Company be transferred without further act or deed to the Transferee Company and the same shall pursuant to Section 394(2) of the Companies Act, 1956, be transferred to and do vest in the Transferee Company free from all estate and interest of the Transferor Company therein subject nevertheless to all charges, if any, now effecting the same AND THIS COURT DOTH FURTHER ORDER that all liabilities, duties and obligations of the Transferor Company be transferred without further act or deed to the transferee company with effect from the said effective date and the same shall pursuant to Section 394(2) of the Companies Act 1956, be transferred to and do become the liabilities, duties and obligations of the transferee Company AND THIS COURT DOTH FURTHER ORDER that all legal proceedings now

pending by or against the Transferee Company be continued and be enforced by or against the Transferee Company AND THIS COURT DOTH FURTHER ORDER that the Transferee Company do within thirty days after the date of the sealing of this order cause a certified copy of this Order to be delivered to the Registrar of Companies, Maharashtra, Bombay, for registration and after receipt of the documents relating to the Transferor Company from the Registrar of Companies, Gujarat Ahmedabad by the Registrar of Companies, Maharashtra, Bombay, the Registrar of Companies, Maharashtra, Bombay, shall place all the documents relating to the Transferor Company so received by him as aforesaid on the file kept by him in relation to the transferee Company and the files relating to the said two Companies shall be consolidated accordingly AND THIS COURT DOTH FURTHER ORDER that the parties to the said Scheme of Amalgamation sanctioned herein, and any other person or persons interested herein, shall be at liberty to apply to this Honourable Court for any directors that may be necessary in regard to the working of the Scheme of Amalgamation sanctioned herein and in the above matter AND THIS COURT DOTH LASTLY ORDER that the Petitioners do pay the sum of Rs. 300/- (Rupees Three Hundred only) to the Regional Director, Company Law Board, Bombay, towards the costs of the said Petition WITNESS SHRI BALKRISHNA NARHAR DESHMUKH, Chief Justice at Bombay, aforesaid, this 16th day of April 1980.

By the Court,
Sd/-
S. P. Jog

For Prothonotary and Senior Master

Order sanctioning the Scheme of
Amalgamation under Sections 391
and 394 of the Companies Act, 1956
drawn on this 21st day of August 1981.

LIST OF AFFIDAVITS

1. Affidavit of Subramanian Natarajan, dated the 18th December 1980 in support.

2. Affidavit of Shri Prabhu Shankar Mathur, Joint Director, Company Law Board, Western Region, dated the 26th March 1980 in Reply.

SCHEDULE HEREINABOVE REFERRED TO

SCHEME OF COMPROMISE AND ARRANGEMENT WITH THE SHAREHOLDERS CREDITORS - SECURED AND UNSECURED AND THE EMPLOYEES OF THE SIDHPUR MILLS COMPANY LIMITED.

1. SOMETHING ABOUT THE SPONSOR COMPANY:

1.1 The Reliance Textile Industries Limited (hereinafter for brevity's sake referred to as "Reliance") is an existing Company under the provisions of the Companies Act 1, 1956 having its Registered Office at Court House, Tilak Marg, Dhobi Talao, Bombay 400002. Reliance is inter alia, engaged in manufacture of textile/polyester fabrics. The Authorised Share Capital of Reliance is Rs. 20,00,00,000/- divided into 1,80,00,000 Equity Shares of Rs. 10/- each and 1,00,000 - 11% Cumulative Redeemable Preference Shares of Rs. 100/- each and 10,00,000 unclassified shares of Rs.10/- each. The Issued, Subscribed and Paid-up Share Capital of Reliance is Rs. 6,25,11,000/- divided into 59,51,100 Equity Shares of Rs. 10/- each fully paid-up and 30,000 11% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid-up.

1.2 The financial position of Reliance for the last 5 years i.e. from 1974 to 1978 is as under:

(Rs. in Lakhs)

	1974	1975	1976	1977	1978
Paid-up Capital					
Equity	80	170	595	595	595
Pref.	—	—	—	30	30
Reserves & Surplus	423	381	125	329	819
Company's Net Worth (Share holders fund)	503	551	720	954	1444
Sales etc.	3162	4893	6634	7077	12566
Gross Profit	200	92	173	433	1016
Depreciation	28	42	114	135	340
Development Rebate/ (Investment Allowance)	12	18	—	75	240
Tax Provision	—	10	—	5	20
Gratuity Provision	3	4	6	10	16
Net Profit	160	22	59	218	416
Gross Block	694	974	1279	1700	3091
Net Block	602	840	1165	1451	2503
Dividend	9%	9%	3%	15%	27.5%
Dividend paid in Rs.	7	15	18	89	166
Excise Duty paid	39	120	207	209	376

1.3 The authorised share capital of the Sidhpur Mills Ltd. is Rs. 75,00,000/- divided into 50,000 Equity Shares of Rs. 100/- each and 25,000, 4% (tax free) Cumulative Redeemable Preference Shares of Rs. 100/- each and the issued, subscribed and paid-up capital is Rs. 35,02,350/- divided into 35,000 Equity Shares of Rs. 100/- each and forfeited shares.

2. PURPOSE OF THE SCHEME:

The Scheme proposed by Reliance is in the nature of a compromise or arrangement between The Sidhpur Mills Company Limited (hereinafter for brevity's sake referred to as "Sidhpur") and its creditors, secured, unsecured and its employees as also between Sidhpur and its shareholders. Reliance has proposed a scheme with the object of reviving, revitalising and rehabilitating the textile mills of Sidhpur and for the purpose of exonerating the approximately 1800 employees of Sidhpur from its present state of despondence and unemployment. The Scheme also proposes the amalgamation of the undertaking, property and liabilities of Sidhpur as the Transferor Company to Reliance as the Transferee Company subject to the provisions of Sections 391, 392, 393 and 394 of the Companies Act, 1956.

3. BASIS OF THE SCHEME:

3.1 The Scheme is subject to the various sanctions, and/or approvals and/or consents mentioned in paragraph 9.1 hereinafter including the requisite declaration of the Central Government under Section 72A of the Income Tax Act 1961 so that the accumulated loss and the unabsorbed depreciation of Sidhpur is allowed to Reliance.

3.2 Reliance reserves the liberty to withdraw from the Scheme if either of the sanctions and/or approvals and/or consents mentioned in paragraph 9.1 hereinafter is not obtained including the declaration as contemplated under Section 72A of the Income-tax Act 1961 by the Central Government for any reason.

3.3 The Scheme is presented on the basis of the financial position of Sidhpur as appearing in the proforma balance sheet of Sidhpur as on 31st January 1979 which is hereto annexed and marked "A".

3.4 The undertaking and all properties, rights and powers, Industrial and other licenses, quota rights, trade marks and other industrial rights and benefits of Sidhpur shall without further act or deed be and the same shall stand transferred to and vest in Reliance with effect from the specified date pursuant to and in terms of Section 394 of the Companies Act, 1956 for all the estates and interest of Sidhpur therein, but subject nevertheless to the charges, if any, now affecting the same.

3.5 All the liabilities, duties and obligations of Sidhpur shall also stand transferred without further act or deed to Reliance with effect from the specified date pursuant to and in terms of the said Section 394 of the Companies Act, 1956 so as to become as from that day the liabilities, duties and obligations of Reliance and such liabilities, duties and obligation shall be discharged by Reliance in the manner hereinafter provided.

4. ARRANGEMENT PROPOSED WITH THE MEMBERS OF SIDHPUR

4.1 For every one Equity Share of Sidhpur, Reliance shall issue and allot two Equity Shares of Rs. 10/- each and one bond of Rs. 8/- repayable after three years from the effective date with interest thereon at the rate of 11% per annum to the shareholders of the Sidhpur whose names appear in the Register of Members of Sidhpur on such date as the Board of Directors of Reliance may determine.

4.2 The Equity Shares of Reliance allotted to the Shareholders of Sidhpur shall rank pari passu in all respects with the existing shares of Reliance and shall be entitled to proportionate dividend thereon for the year 1979 to be reckoned from the effective date.

4.3 Upon the Scheme being sanctioned by the Court the requisite sanctions and/or approvals being obtained as mentioned in paragraph 9.1 hereinafter the Shareholders of Sidhpur shall surrender to Reliance for cancellation their share certificates in respect of the equity shares held in Sidhpur and thereupon Reliance shall issue its share certificates and bond to the shareholders of Sidhpur on the basis as such shareholders would be entitled to, in terms of the sanctioned scheme.

4.4 Reliance proposes to issue right shares of the aggregate face value Rs. 64 lakhs as per the permission already granted by the "Controller of Capital Issue". The shareholders of Sidhpur however shall not be entitled to any allotment from the said right shares.

4.5 If in future Reliance issues bonus shares then the shareholders of Sidhpur shall be entitled to the allotment of such bonus shares as if the shareholders of Sidhpur were shareholders of Reliance in terms of the Scheme.

5. AGREEMENT PROPOSED WITH LABOUR & OTHER EMPLOYEES OF SIDHPUR

5.1 All employees of Sidhpur shall be continued in employment without any break in their service on the terms and conditions not less favourable to them than on which they were employed as on the date of the closure of the Mills of Sidhpur i.e. 12th February 1979 or on such terms and conditions as may be mutually settled between Reliance and Majoor Mahajan Sangh which is the representative Union of the employees of Sidhpur.

5.2 All persons in the employment of the textile undertaking of Sidhpur shall be paid their arrears of wages/salaries in full upto 17th January 1979 which is the date on which the process of closure of the Mills started and thereafter full wages/salaries for those employees who were actually in the employment upto 12th February 1979. The amount representing such arrears shall be paid within one month from the date the textile undertaking of Sidhpur is re-started. Arrears of Gratuity/bonus, if any, shall also be paid within one month from such restarting. However, no interest will be paid on such arrears.

5.3 No wages nor any lay off or any other compensation shall be paid to the employees of Sidhpur for the period commencing 12th February 1979 being the date of closure of the textile undertaking of Sidhpur till the re-start of the mills.

6. ARRANGEMENT PROPOSED WITH THE SECURED CREDITORS OF SIDHPUR:

Bank of Baroda is the only secured creditor of Sidhpur.

6.1 The uncovered portion of debts, including non-moving goods, cloth, stores, spares non-usable materials for future production etc. and non-saleable finished goods will be converted by Bank of Baroda, into a term loan.

6.2 Bank of Baroda shall also provide a term loan of Rs. 25 lakhs for start up expenses

6.3 The amount which will be ascertained and will be converted into a term loan as provided in clause 6.1 as also the amount mentioned in 6.2 above will be repaid to the said Bank as under:

i) There shall be a moratorium of two years from the effective date after which the principal amount of the term loan shall be re-paid to the Bank in 20 equal quarterly installments;

ii) Interest from 12th January 1979 to the date of starting the mill, shall be waived by the said Bank;

iii) Simple interest on the said principal amount at the rate of 12-1/2% per annum shall be paid every quarter, subject to what is stated in sub-clause (ii) above;

6.4 The amounts mentioned in paragraphs 6.1, 6.2 and 6.3 will be properly and adequately secured to the Bank by way of Mortgage, Hypothecation and Guarantees and on such terms and conditions as may be mutually agreed between BANK and RELIANCE TEXTILE INDUSTRIES LIMITED.

6.5 In addition to the above, the Bank shall also make available further working capital which would be mutually decided by Bank and RELIANCE TEXTILE INDUSTRIES LIMITED on such terms and conditions as may be sanctioned by the Board of Directors of the Bank and approved wherever necessary by RESERVE BANK OF INDIA and any other authority.

6.6 It is made clear that the Bank is approving the Scheme subject to the condition that the amount paid or to be paid by the Liquidator to the BANK out of the Sale proceeds of the cloth as per directions of the Hon'ble Court will not form part of the Scheme and the total amount due and payable to the BANK shall be calculated after deducting the amount so paid by the Liquidator to the Bank.

6.7 The Bank's costs, charges and expenses incurred and/or to be incurred including the fees of its legal advisors may be provided for.

7. ARRANGEMENT PROPOSED WITH THE UNSECURED CREDITORS SUCH AS DEPOSITORS LOAN HOLDERS AND TRADE CREDITORS (SUPPLIERS OF GOODS) OF SIDHPUR:

7.1 It is estimated that the unsecured creditors of Sidhpur as on 31st January 1979 are of the value of approximately Rs. 99.50 lakhs.

7.2 The unsecured creditors are divided into three categories -

(a) Upto Rs. 10,000/- ;

(b) Between Rs. 10,000/- and Rs. 25,000/- and

(c) Over Rs. 25,000/-

The unsecured creditors shall be repaid their claims in the following manners:

7.3 (a) Unsecured Creditors falling in category (a) shall be paid their dues within one month from the effective date, such payment shall not carry any interest;

(b) Unsecured Creditors falling in category (b) shall be paid 30% of their claim within three months from the effective date and the balance 70% shall be paid in two years time after first 12 months from the effective date in four equal installments with simple interest at the rate of 6% per annum on reducing balances to be computed from the effective date.

(c) Unsecured creditors falling in category (c) shall be paid as under:

(i) 30% within three months from the effective date; and

(ii) Balance 70% by eight equal half yearly installments after the expiry of one year from the effective date with simple interest at the rate of 6% per annum on reducing balances to be computed from the effective date.

8. ARRANGEMENT PROPOSED WITH STATUTORY CREDITORS OF SIDHPUR INCLUDING THE GUJARAT STATE ELECTRICITY BOARD PROVIDENT FUND COMMISSIONER EMPLOYEES STATE INSURANCE, SIDHPUR MUNICIPALITY, ETC.

8.1 Statutory liabilities and arrears of charges in respect of the supply of electricity to Sidhpur before the closure of the undertaking on 12th February 1979 Income-tax, Sales-tax, Provident Funds, Central Excise, E.S.I.C., Sidhpur Municipality charges etc. shall be paid in full after a period of six months from the effective date in such manner as may be mutually agreed between Reliance and the said statutory creditors and Sidhpur Municipality and the Gujarat State Electricity Board.

8.2 No payment whatsoever on account of interest or penal interest, penalty, fine or damages shall be paid to the statutory creditors including Sidhpur Municipality and the Gujarat State Electricity Board provided however that in respect of Provident Fund and ESI arrears Reliance shall abide by the final result of adjudication of interest/penalty, if any.

9. CONDITIONS FOR THE SCHEME TO BE OPERATIVE:

9.1 The Scheme is subject to the following and shall become operative and effective as soon as but not before -

(a) The sanction of the High Court of Gujarat at Ahmedabad so far as Sidhpur is concerned and the High Court of Judicature at Bombay so far as Reliance is concerned, as provided in Section 391 to 394 of the Companies 1956, is obtained. The Scheme will be subject to such modifications as the said High Courts of Gujarat and Bombay, while sanctioning such amalgamations on behalf of Sidhpur and Reliance may direct and the Directors of Sidhpur and Reliance are authorised to consent and agree to such modifications;

(b) The requisite declaration of the Central Government under Section 72A of the Income-tax Act, 1961 is made;

(c) Approval of the Scheme by the requisite majorities of the members and creditors of Sidhpur and the members of Reliance is granted;

(d) All necessary resolutions have been passed by Reliance for issuing the necessary share capital required for the purpose of carrying into effect this amalgamation of Sidhpur with Reliance;

(e) the consent of the Controller of Capital Issues for the purpose of such issue is obtained;

(f) the approval of the Central Government is obtained from the Central Government under the Monopolies & Restrictive Trade Practices Act;

(g) Consent of the Banks and financial institutions is obtained by Reliance.

9.2 The Court shall at the time of passing the order sanctioning the compromise or arrangement make provisions for the following matters:

(i) The Transfer to Reliance of the whole undertaking, property and liabilities of Sidhpur without any further act or deed;

(ii) The continuation by or against Reliance any legal proceedings pending by or against Sidhpur;

(iii) Dissolution of Sidhpur without winding-up;

(iv) Provision in respect of any person who, within such time in such manner as the Court directs, dissents from the Compromise or arrangement; and

(v) such incidental, consequential and supplemental matters as may be necessary to secure the reconstruction and the amalgamation proposed shall be fully and effectively carried out.

10. CONSEQUENTIALS:

(a) Upon the Scheme being sanctioned by the Court and the Scheme becoming operative, Sidhpur shall stand dissolved without winding-up;

(b) With effect from the specified date, Sidhpur shall be deemed to have been holding and to hold the whole undertaking for and on behalf of Reliance until the said undertaking of Sidhpur is transferred to and vested in Reliance and till then Sidhpur shall not without the order of Court alienate, charge or otherwise deal with the undertaking in any manner not warranted by the provisions of this Scheme;

(c) Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, other instruments and benefits of whatsoever nature to which Sidhpur is a party subsisting or having effect immediately before the Scheme becomes finally effective shall remain in full force and effect in favour of Reliance and may be enforced by and/or against Reliance as fully and effectively as if instead of Sidhpur, Reliance had been a party thereto;

(d) If any suit or proceedings instituted or commenced by or against Sidhpur are pending, the same shall not abate, discontinue or in any way prejudicially affect by reason of the transfer of the Undertaking of Sidhpur, or of anything contained in this Scheme, but such suit or proceedings, may be continued, prosecuted and enforced by and/or against Reliance in the same manner and to the same extent as it would have been continued, prosecuted and enforced by and/or against Sidhpur and notwithstanding anything contained in this Scheme and any suit, appeal or other proceedings of whatsoever nature against Sidhpur shall be pending, the same shall be defended or settled on such terms and conditions as Reliance may deem fit and proper;

11. SPECIFIED DATE:

The Specified date for the purpose of this Scheme shall be the date of presentation of this Scheme.

12. EFFECTIVE DATE:

The effective date shall be the date of the order of the High Court of Gujarat at Ahmedabad and the Order of the High Court of Judicature at Bombay, whichever is later, subject to the requisite declaration being made under Section 72A of the Income-tax Act, 1961.

13. For the purpose of giving effect to this Scheme, the Directors of Reliance are authorised to give such directions as they may consider to be necessary or desirable and to settle any question or doubt or difficulty whatsoever including any question of doubt or difficulty that may arise with regard to the issue and allotment of the shares and/or Fractional certificates of Reliance as they may think fit.

14. All costs charges and expenses of Reliance and Sidhpur respectively in relation to or in connection with the negotiations leading to this Scheme and to the Agreement between the parties in respect thereof and of carrying out and completing the terms and provisions of this Scheme and of the agreement between the parties relating thereto and incidental to the completion of amalgamation of Sidhpur in pursuance of this Scheme shall be borne and paid by Reliance.

15. In case this Scheme is not sanctioned by the Court for any reason whatsoever or for any other reason, this Scheme cannot be implemented, the parties to this Scheme shall bear and pay their respective costs and expenses in connection with the Scheme of Amalgamation.

PROFORMA BALANCE SHEET AS ON 31-1-1979 (ESTIMATE)

(Rs. in lakhs)

LIABILITIES	**AMOUNT**	**ASSETS**	**AMOUNT**
Capital	35.00	Fixed Assets as per B/s. as at 31-03-78	36.18
Development Rebate herein	9.50	Investments as per B/s. as at 31-3-78	1.50
Book borrowing excluding 2 IDBI rediscounting scheme Guarantee, L.C. Guarantee, Foreign local guarantees	164.00	Current Assets as per statement & based on estimate as per separate statement	131.00
Public Deposits	7.00	Loss	190.82
Deferred payment Credits	5.50		
Current Liabilities	138.50		
Under the following heads			
i) Creditors for paid materials (Approx. 77.55 lacs)			
ii) Creditors for stores etc. (Approx. Rs. 22.00 lacs)			
iii) Labour dues as on 31-1-79 but not including Postal Savings dues of Rs. 11,500/- for January 1979, Societies's dues for Sept., Oct., 1978 (Rs. 84,983) & Provident Fund etc. for Jan. 1979 (Rs. 1,00,000) all which have been paid after 31-1-1979 (Rs. 22.50 lacs).			
iv) Municipal dues (estimated at Rs. 90,000).			
v) Advance against supplies (estimated at Rs. 8,00,000)			
vi) Electricity dues (Approx. Rs. 3.50 lacs)			
vii) Sundries (Approx. Rs. 4.05 lacs)			
	359.50		359.50

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

Company Application No. 168 of 1981

in

Company Petition No. 541 of 1979.

Coram : Parekh J.

1st July 1981

In the matter of Sections 391 and 392
Of the Companies Act, 1956;

And

In the matter of the Reliance Textile Industries Limited.

The Reliance Textile Industries Limited
a Company incorporated under the provisions
of the Companies Act, 1956 and having its
Registered Office at Court House, Tilak Marg,
Dhobi Talao, Bombay 400 002. ...Applicants.

UPON the Application by Judge's Summons herein dated the 19th day of June 1981, taken out by the Applicants abovenamed AND UPON READING the said Judge's Summons and the Affidavit of Mahendra M. Shah, solemnly affirmed on the 17th day of June 1981 in support thereof, AND UPON HEARING Shri J.J. Bhatt, Advocate for the Applicants abovenamed in support of the said Judge's Summons IT IS ORDERED that the Scheme of Amalgamation between Sidhpur Mills Company Limited and the Applicants Company being Exhibit "D" to the Company Petition No. 541 of 1979 as modified in terms of Ex.E to the said Petition and annexed as Schedule to the Order of this Hon'ble Court Sanctioning Scheme of Amalgamation dated the 16th day of April 1980 in the said Company Petition be and it is hereby modified in terms of Schedule to the said Judge's Summons and the Schedule hereto WITNESS SHRI VENKATSRINIVAS DESHPANDE, Chief Justice at Bombay, aforesaid, this 1st day of July, 1981.

By the court

Sd/-
S.P. Jog
For Prothonotary & Senior Master

Order on Applicant's Judge's Summons
Dated the 19th day of June 1981, drawn
On 25th day of August, 1981

SCHEDULE HEREINABOVE REFERRED TO

1. Delete the figure “11%” from clause 4.1 and in its place and stead substitute the figure “10%”.

2. Delete the figure “1979” from clause 4.2 and in its place and stead substitute the figure “1981”.

3. Add the words “as additional shares” after the words “such bonus shares” and before the words “as if” in clause 4.5.

4. i) Delete last sentence of clauses 5.2 and in its place and stead substitute the following.

   “ It is accepted that entire salary and other claimable amount is to be paid to the workers and employees with the interest at the rate as may be fixed by Hon’ble Court within the time limit as may be fixed by the Hon’ble Court."

   ii) Delete the existing clause 5.3 and in its place and stead, substitute the following as clause 5.3

   “ It is accepted that the entire amount of salary and/or amount of compensation is to be paid to the workers and employees for the entire period of employment that means from the time the Mill close -down till the Mill reopens with interest at the rate as may be fixed by Honourable Court and within the time limit as may be fixed by Honourable Court or else it is accepted that the amount in connection with the said compensation as may be fixed by the Honourable Court is to be paid together with interest thereon, but it is accepted that in case the provisions regarding compensation, interest and time-limit of all the parties to the scheme are similar then the parties have to be abide by the said decision given by the Honourable Court.”

5. Delete clause 11 and in its place and stead substitute the following as clause 11.

   “ The specified date for the purpose of this Scheme shall be 31st January 1979”.

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ANNEXURE (iii)

AMALGAMATION

OF

RELIANCE PETROCHEMICALS LIMITED
WITH

RELIANCE INDUSTRIES LIMITED

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
COMPANY PETITION NO. 75 OF 1992

CONNECTED WITH

COMPANY APPLICATION NO. 93 OF 1992

In the matter of Companies Act, 1956
And

In the matter of section 391 to 394 of the Companies Act, 1956

And

In the matter of Reliance Petrochemicals Limited a Company incorporated under the Companies Act, 1956 and having its Registered Office at Village Mora Bhatha, P.O. Surat, Hazira Road, Dist. Surat - 394510 Gujarat.

And

In the matter of a Scheme of Amalgamation of Reliance Petrochemicals Limited with Reliance Industries Limited

Reliance Petrochemicals Limited
a Company incorporated under the Companies Act, 1956 and
having its Registered office at Village
Mora Bhatha, P.O. Surat, Hazira Road,
Dist. Surat-394510 Gujarat .... Petitioner

Coram : C.K. Thakkar J.
Date : 11th August, 1992.

UPON the Petition of Reliance Petrochemicals Limited the Petitioner Company abovenamed solemnly declared on 7th May, 1992 and presented to this Hon'ble Court on 7th May, 1992 for sanctioning of an Arrangement embodied in the Scheme of Amalgamation of Reliance Petrochemicals Limited, (hereinafter called "the Transferor Company") with Reliance Industries Limited, (hereinafter called "The Transferee Company") so as to be binding on all the parties concerned including the Equity Shareholders, Secured Creditors (including Debenture Holders), Unsecured Creditors of the Transferor Company and all classes of Shareholders and Creditors of the Transferee Company and for other consequential reliefs as mentioned in the said Petition and the said Petition being this day called for hearing and final disposal AND UPON READING the said Petition and an Affidavit of Mr. P.M. Rao, the Deputy Company Secretary of the Petitioner Company, solemnly affirmed on the 7th May, 1992 verifying the said Petition and upon perusing the issue of Times of India, Ahmedabad, Gujarat Samachar (Ahmedabad & Surat) all dated 6th June, 1992 all containing advertisements of the date of hearing of the said petition, and upon reading the Affidavit, of Shri P.M. Rao, solemnly affirmed on the 30th day of July 1992 proving publication of the said notice in the said newspapers and upon reading the Order dated 18th March, 1992 passed in Company Application No. 93 of 1992 convening the meetings of the Equity Shareholders, Secured Creditors (including Debenture Holders), Unsecured Creditors, of the Transferor Company including notice to be advertised in the newspapers filing of Chairman's Report. Explanatory Statements under Section 393 of the Companies Act, 1956 and upon reading the report of Chairman Shri D.H. Ambani filed on 5th May, 1992 and UPON HEARING Mr. S.B. Vakil, Advocate instructed by M/s. Amarchand & Mangaldas & Hiralal Shroff & Co., Advocates for the Transferor Company and Mr. B.B. Naik, Advocate for the Regional Director, Company Law Board, Bombay, who appeared in pursuance of the notice dated 7th May, 1992, of the Petition under section 391 to 394 of the Companies Act, 1956 (hereinafter called the said Act) THIS COURT DOTH HEREBY sanction the Arrangement embodied in the Scheme of Amalgamation of Reliance Petrochemicals Limited, the Transferor Company with Reliance Industries Limited, the Transferee Company as setforth in the Exhibit "C" to the Petition and as annexed hereto AND THIS COURT DOTH HEREBY FURTHER ORDER that the Transferor Company do within 30 days of the sealing of this order, cause a certified copy of this order to be delivered to the Registrar of Companies, Gujarat, Ahmedabad for registration and on such certified copy being so delivered, the Transferee Company shall be dissolved and the Registrar of Companies, Gujarat, Ahmedabad, shall place all the documents relating to the Transferor Company and registered with him on the file kept by him in relation to the Transferor Company and the files will be sent to the Registrar of Companies Maharashtra, Bombay and the files relating to the said two companies shall be consolidated, immediately upo the receipt of the Certified copy of the order dated 29th July, 1992 passed by the Bombay High Court accordingly, AND THIS COURT

DOTH FURTHER ORDER THAT the parties to the Scheme of Amalgamation and any other person or persons interested therein shall be at liberty to apply to this Hon'ble Court for any direction that may be necessary in regard to the working of the Scheme of Amalgamation as sanctioned herein and annexed to this order AND THIS COURT DOTH HEREBY LASTLY ORDER that the Transferee Company do pay a sum of Rs. 5000/- (Rupees Five Thousand Only) to the Regional Director, Company Law Board towards the cost of the said petition.

Witness : Shri S. Nainar Sundaram, the Chief Justice of the High Court of Gujarat at Ahmedabad aforesaid this 11th day of August, 1992

By the Court

Sd/- 4.9.92
Additional Registrar
High Court Ahmedabad

Order sanctioning the Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956 drawn on the Application of M/s. Amarchand & Mangaldas & Hiralal Shroff & Co., Advocates & Solicitors, having their Office at Apartment 48 Premchand House, Annexe High Court Way, Ashram Road, Ahmedabad- 380 009

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO. 231 OF 1992
CONNECTED WITH
COMPANY APPLICATION NO. 136 OF 1992

In the matter of Companies Act, 1956

And

In the matter of section 391 to 394 of the Companies Act, 1956.

And

In the matter of Reliance Industries Limited a Company incorporated under the Companies Act., 1956 and having its Registered Office at 3rd Floor, Maker Chambers IV, 222 Nariman Point, Bombay - 400 021

And

In the matter of a Scheme of Amalgamation of Reliance Petrochemicals Limited with Reliance Industries Limited

Reliance Industries Limited a Company incorporated under the Companies Act, 1956 and having its Registered office at 3rd Floor, Maker Chambers IV, 222 Nariman Point, Bombay - 400 021 ..... Petitioner

Coram : Shrikrishna J.
Date : 29th July, 1992

UPON the Petition of Reliance Industries Limited, the Petitioner Company abovenamed solemnly declared on 20th May, 1992 and presented to this Hon'ble Court on 20th May, 1992 for sanctioning of an Arrangement embodied in the Scheme of Amalgamation of Reliance Petrochemicals Limited, (hereinafter called "the Transferor Company") with Reliance Industries Limited, (hereinafter called the "Transferee Company") so as to be binding on all the parties concerned including the Equity Shareholders, Secured Creditors (including Debentureholders), Unsecured Creditors, 11% Cumulative Redeemable Preference Shareholders and 15% Cumulative Redeemable Preference Shareholders of the Transferee Company and all classes of Shareholders and Creditors of the Transferor Company and for other consequential reliefs as mentioned in the said Petition and the said Petition being this day called for hearing and final disposal AND UPON READING the said Petition and an Affidavit of Mr. Rohit C. Shah, the Deputy Company Secretary of the Petitioner Company, solemnly affirmed on the 20th May, 1992 verifying the said Petition and upon perusing the issue of Times of India, Observer of Business and Politics and Maharashtra Times all dated 27th June, 1992 all containing advertisements of the date of hearing of the said Petition, and upon perusing the Maharashtra Government Gazette, Part II under serial 271 dated 18th June 1992 containing the notice of the date of the hearing of the said petition and upon reading the order dated 17th March, 1992 passed in Company Application No. 136 of 1992 directing for convening the meetings of the Equity Shareholders, Secured Creditors (including Debentureholders) Unsecured Creditors, 11% Cumulative Redeemable Preference Shareholders and 15% Cumulative Redeemable Preference Shareholders of the Transferee Company including notice to be advertised in the newspapers, filing of Chairman's Report, Explanatory Statements under Section 393 of the Companies Act, 1956 and UPON HEARING Mr. K.S. Cooper, Advocate instructed by M/s. Amarchand & Mangaldas & Hiralal Shroff & Co., Advocates for the Transferee Company and Ms. Poornima Kantharia, Panel Counsel, Advocate for the Regional Director, Department of Company Affairs, Bombay, who appeared in pursuance of the notice dated 11th June, 1992, of the Petition under section 391 to 394 of the Companies Act, 1956 (hereinafter called the said Act) THIS COURT DOTH HEREBY sanction the Arrangement embodied in the Scheme of Amalgamation of Reliance Petrochemicals Limited, the Transferor Company with Reliance Industries Limited, the Transferee Company as setforth in the Exhibit "C" to the Petition as annexed hereto AND THIS COURT DOTH HEREBY FURTHER ORDER that the Transferee Company do within 30 days of the sealing of this Order, cause a certified copy of this order to be delivered to the Registrar of Companies, Maharashtra, Bombay, for registration and on such certified copy being so delivered, and the Registrar of Companies, Gujarat, Ahmedabad, shall immediately upon receipt of the certified copy of the order passed by the Hon'ble Gujarat High Court place all the documents relating to the Transferor Company and registered with him on the file kept by him in relation to the Transferor Company and the files will be sent to the Registrar of Companies Maharashtra, Bombay and the files relating to the said two companies shall be consolidated, accordingly, AND THIS COURT DOTH FURTHER ORDER that the parties to the Scheme of Amalgamation and any other person or persons interested therein shall be at liberty to apply to this Hon'ble Court for any direction that may be necessary in regard to the working of the Scheme of Amalgamation as sanctioned herein and annexed to this Order AND THIS COURT DOTH HEREBY LASTLY ORDER that the Transferee Company do pay a sum of Rs. 500/- (Rupees Five Hundred Only) to the Regional Director, Department of Company Affairs Bombay, towards the cost of the said Petition. Witness : Shri Prabodh Dinkarrao Desai, Chief Justice at Bombay aforesaid this 29th day of July, 1992

By the Court
Sd/-
R.G. Deorukhkar
For Prothonotary & Senior Master.

Order sanctioning the Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956 drawn on the Application of M/s. Amarchand & Mangaldas & Hiralal Shroff & Co. Advocates & Solicitors, having their Office at Lentin Chambers, 3rd Floor, Dalal Street, Fort, Bombay

SCHEDULE

SCHEME OF AMALGAMATION OF RELIANCE PETROCHEMICALS LIMITED WITH RELIANCE INDUSTRIES LIMITED

1. This Scheme of Amalgamation provides for the Amalgamation of **RELIANCE PETROCHEMICALS LIMITED** having its Registered Office at Village Mora, Bhatha P.O. Surat Hazira Road, District Surat - 394 510 in the State of Gujarat (hereinafter called "the Transferor Company") with **RELIANCE INDUSTRIES LIMITED** having its Registered Office at 3rd Floor, Maker Chambers IV, 222 Nariman Point, Bombay-400 021 (hereinafter called "the Transferee Company"), pursuant to the relevant provisions of the Companies Act, 1956 (hereinafter called "the said Act").

2. (a) With effect from commencement of 1st March, 1992 (hereinafter called "the Appointed Date") and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, the undertaking and the entire business and all the properties, assets, capital work-in-progress, current assets, investment, powers, authorities, allotments, approvals and consents, licenses, registration, contracts, engagements, arrangement, rights, titles, interest, benefits 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 Company, including but without being limited to all patents, trademarks, trade names and other industrial rights of any nature whatsoever and licenses in respect thereof, privileges, liberties, easements, advantages, benefits, leases, tenancy rights, ownership flats, quota rights, permits, approvals, authorisations, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefit of all agreements and all other interests arising to the Transferor Company (hereinafter collectively referred to as "the said assets") shall be transferred to and vested in and/or deemed to be transferred and vested in the Transferee Company pursuant to the provisions of Section 394 of the said Act for all the estate, right, title and interest of the Transferor Company therein.

   (b) The transfer/vesting as aforesaid shall be subject to existing charges/hypothecation/mortgage (if any as may be subsisting) over or in respect of the said assets or any part thereof. **Provided however**, any reference in any security documents or arrangements to which the Transferor Company is a party to the assets of the Transferor Company offered or agreed to be offered as security for any Financial Assistance, or obligations, to the secured creditors of the Transferor Company shall be construed as reference only to the assets pertaining to the undertaking of the Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clause, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend, to any of the assets or to any of the other units or divisions of the Transferee Company, unless specifically agreed to by the Transferee Company with such secured creditors and subject to the consents and approvals of the existing secured creditors of the Transferee Company.

   (c) It is expressly provided that in respect of such of the said assets as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company, and shall become the property of the Transferee Company in pursuance of the provisions of Section 394 of the said Act, as an integral part of the undertaking.

   (d) In respect of such of the said assets other than those referred to in sub-para (c) above, the same shall as more particularly provided in sub-clause (a) above, without any further act instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Section 394 of the said Act. The vesting of all such assets, shall by virtue of the provisions of this Scheme and the effect of the provisions of Section 394 of the said Act, be deemed to have taken place at the place of the Registered Office of the Transferor Company i.e. in the State of Gujarat.

   (e) The Transferee Company may at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

3. With effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferor Company (hereinafter referred to as "the said liabilities") shall also be and stand transferred or deemed to be transferred, without further act, instrument or deed to the Transferee Company, pursuant to the provisions of Section 394 of the said Act so as to become as and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any 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.

4. This Scheme, though effective from the Appointed Date shall be operative from the last of the following dates or such other dates as the Court may direct, namely:

   (a) the date on which the last of all the consents, approvals, permissions, resolutions, sanctions and orders as are hereinafter referred to have been obtained or passed, and

   (b) the date on which certified copies of the Order of the Court under Section 391, 392 and 394 of the said Act are filed with the Registrar of Companies; and such date shall be hereinafter referred to as "the Effective Date".

5. With effect from the Appointed Date upto the date on which this Scheme finally takes effect (viz., the Effective Date):

   (a) the Transferor Company shall carry on and be deemed to have carried on all its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all the said Assets for and on account of and in trust for the Transferee Company;

   (b) all the profits or incomes accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company shall for all purposes be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of the Transferee Company, as the case may be;

   (c) the Transferor Company shall carry on its business activities with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or otherwise deal with the said Assets or any part thereof, except in the ordinary course of business, or without the prior consent of the Transferee Company or pursuant to any pre- existing obligation undertaken by the Transferor Company prior to the Appointed Date;

   (d) save as specifically provided in this Scheme, neither the Transferor Company nor the Transferee Company shall make any change in their capital structure (Paid-up Capital) either by any increase, (by a fresh issue of rights shares, equity or preference shares, bonus shares, convertible debentures or otherwise) by decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may in any way effect the share exchange ratio prescribed in Clause 10, except by mutual consent of the Board of Directors (hereinafter referred to as "the Board") of both the companies. The Transferee Company may however and is hereby permitted to take steps for increase of its Authorised Capital, as needs to be enhanced by the provisions of this Scheme or any existing obligation or provisions of the Transferee Company or any other proposal as may be undertaken after consent of the Board of Directors of the Transferor Company. In particular it is further provided that the Transferee Company shall be entitled, without affecting the share exchange ratio, to proceed further to make an issue of Euro Convertible Bonds/Equity by an Offering in international markets. It is further provided that the Transferee Company shall be entitled without affecting the share exchange ratio to proceed with the issue of shares arising out of the exercise or right by the holders of detachable warrants proposed to be issued on extension of the redemption period of Non-Convertible Debentures of Series 'F'.

   (e) provided that as far as the obligations in sub-clause (c) and (d) above are concerned, the restrictions thereunder shall be applicable from the date of the acceptance of the present Scheme by the respective Boards of the two Companies even if the same be prior to the Appointed Date.

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

7. (a) Subject to the provisions of this Scheme all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date shall be in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or novations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Clause, if so required or becomes necessary.

   (b) Every Debenture issued or allotted by the Transferor Company prior to the Appointed Date, shall on and from the Effective Date and without any further act or deed be deemed to be a debenture of the same amount issued or allotted by the Transferee Company having attached to such debentures the same rights, privileges, terms and conditions including the same rights to receive interest and redemption of principal and convertibility of the whole or part of the Debenture into equity and any reference to the Transferor Company in the Debenture, Debenture Trust Deed, Letter of Offer or other document, evidencing the rights, privileges, terms and conditions of the Debenture shall be construed for these purposes as a reference to the Transferee Company. Nothing contained in this Scheme should be construed as having altered or affected the terms of issue, redemption or conversion or otherwise of any series of Debentures issued by the Transferee Company. **Provided that** any reference in such documents to the assets of the Transferor Company offered as mortgage, charge or security for redemption of debentures and interest thereon shall be construed for this purpose as a reference to the assets of the unit(s) or division(s) pertaining to those undertakings of the Transferor Company as are vested in the Transferee Company by virtue of Clause 2 and 3 hereof, and the same shall not extend or be applicable to any other assets, units, undertakings or properties of the Transferee Company.

8. The transfer of the said assets and the said liabilities of the Transferor Company to the Transferee Company and the continuance of all the contracts or proceedings by or against the Transferee Company shall not affect any contract or proceedings relating to the said assets or the said liabilities already concluded by the Transferor Company on or after the Appointed Date.

9. (a) The authorised share capital of the Transferor Company as on 29th February, 1992 is Rs.1,000 Crores (Rupees One Thousand Crores only) divided into 100,00,00,000 Equity Shares of Rs.10/- each. The issued, subscribed and paid-up capital of the Transferor Company as on 29th February, 1992, is Rs.749,29,52,430/- (Rupees Seven Hundred Forty Nine Crores Twenty Nine Lacs Fifty Two Thousand Four Hundred Thirty Only) divided into 74,92,95,243 Equity Shares of Rs.10/- each fully paid.

   (b) The Authorised Capital of the Transferee Company as on 29th February,1992 is Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores) divided into 20,00,00,000 (Twenty Crores) Equity Shares of Rs.10/- (Rupees Ten) each, 30,000 (Thirty Thousand) 11% Cumulative Redeemable Preference Shares of Rs.100 (Rupees One Hundred) each, 5,50,000 (Five Lacs Fifty Thousand) 15% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each and 4,42,00,000 (Four Crores Forty Two Lacs) Unclassified Shares of Rs.10/- (Rupees Ten) each. The issued, subscribed and paid-up capital

of the Transferee Company as on 29th February, 1992 is Rs.157.94 Crores (Rupees One Hundred Fifty Seven Crores Ninety Four Lacs only) divided into 15,21,40,973 Equity Shares of Rs.10/- each, 30,000 - 11% Cumulative Redeemable Preference Shares of Rs.100/- each and 5,50,000 - 15% Cumulative Redeemable Preference Shares of Rs.100/- each.

(c) Upon the Scheme becoming effective, and subject to such consents as may be necessary, and subject to the provisions of the said Act, the issued subscribed and paid-up Share Capital of the Transferee Company shall stand increased approximately by Rs.75,00,00,000/- (Rupees Seventy Five Crores only) divided into 7,50,00,000 Shares (approx.) of Rs.10/- (Rupees Ten only) each.

10. (a) Upon the Scheme becoming finally effective, in consideration of the transfer of and as per vesting of the said assets and said liabilities of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall without any further application or deed, issue and allot 1 (one) Equity Share of the Transferee Company of Rs.10/- each, credited as fully paid-up, to the shareholders of the Transferor Company whose names are recorded in its Register of Members, on a date ('Record Date'), to be fixed by the Board of Directors of the Transferee Company for every 10 (Ten) Equity Shares of the face value of Rs.10/-(Rupees Ten only) each in the Transferor Company.

(b) No Fractional Certificates shall be issued by the Transferee Company in respect of the fractional entitlements, if any, to which the members of the Transferor Company may be entitled on issue and allotment of the shares of the Transferee Company as aforesaid. The Directors of the Transferee Company shall instead consolidate all such fractional entitlements to which the members of the Transferor Company may be entitled on issue and allotment of the shares of the Transferee Company as aforesaid and there upon issue and allot shares in lieu thereof to a Director or an Officer of the Transferee Company with the express understanding that such Director or Officer to whom such shares be allotted, shall sell the same in the market at the best available price in one or more lots and by private sale/placement or by public sale/auction as deemed fit (the decision of such Director or Officer as the case may be as to the timing and method of the sale and the price at which such sale has been given effect to, in that behalf shall be final) and pay to the Transferee Company, the net sale proceeds thereof, whereupon, the Transferee Company shall distribute such net sale proceeds to the members of the Transferor Company in proportion to their fractional entitlements. Holders of less than 10 Equity Shares in the Transferor Company shall not be entitled to any share in the Transferee Company, but shall only be entitled to receive the net sale proceeds in respect of their fractional entitlements as above.

(c) For the purpose as aforesaid, the Transferee Company shall, if and to the extent required, apply for and obtain any approvals including that of the Reserve Bank of India and other concerned authorities, for the issue and allotment by the Transferee Company to the respective members of the Transferor Company, the Equity Shares in the said reorganised share capital of the Transferee Company in the ratio as aforesaid.

11. Upon this Scheme becoming finally effective, all shareholders of the Transferor Company if so required by the Transferee Company shall surrender their share certificates for cancellation thereof to the Transferee Company. Notwithstanding anything to the contrary, upon the new shares in the Transferee Company being issued and allotted by it to the shareholders of the Transferor Company whose names shall appear on the Register of Members of the Transferor Company on such Record Date fixed as aforesaid, the share certificates in relation to the shares held by them in the Transferor Company shall be deemed to have been automatically cancelled and be of no effect, on and from such Record Date, and the Transferee Company may instead of requiring the surrender of the share certificates, as above, directly issue and despatch the new share certificates of the Transferee Company in lieu thereof.

12. (a) The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends to their respective shareholders **prior to** the Effective Date. Both the Transferor Company and the Transferee Company shall declare dividend only out of disposable profit earned by respective companies during the relevant financial year and shall not transfer any amount from the reserves for the purposes of payment of dividend. The dividend shall be declared by both the companies only by mutual agreement between the Board of Directors of both the companies.

(b) The Equity Shares of the Transferee Company to be issued and allotted to the shareholders of the Transferor Company as provided in Clause 10 hereof shall rank pari passu in all respects with the equity shares of the Transferee Company including proportionate entitlements to dividend in respect of all dividends declared **after** the Effective Date. The holders of the shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their **existing rights** under their respective Articles of Association including the right to receive dividends from the respective companies of which they are members **till the date** this Scheme finally takes effect i.e. the **Effective Date.**

(c) Notwithstanding anything to the contrary in the Articles of Association of the Transferee Company, members of the Transferor Company, upon becoming members of the Transferee Company as envisaged in Clause 10 of the Scheme, shall be entitled to pro-rata dividend for the period commencing the day succeeding the last date (which shall in no event be prior to the Appointed Date) upto which the dividend had been declared by the Transferor Company till the Effective Date in addition to such dividend if any that may be declared after the Effective Date as provided above. In case the Transferor Company has not declared dividend for the year ended 31st March, 1992, the shares of the Transferee Company issued in accordance with Clause 10 of this Scheme, shall also carry the eligibility to pro-rata dividend for the period commencing from the Appointed Date. Such dividend shall become due and payable simultaneously with the dividend declared after the **Effective Date**, as stated in Clause (b) above.

(d) It is clarified, however, that the aforesaid provisions in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company or Transferee Company to demand or claim or be entitled to any dividend which subject to the provisions of the said Act, shall be entirely in the discretion of the Board of Directors and the approval of the Shareholders of the respective companies.

13. (a) All employees of the Transferor Company in service on the date immediately preceding the date on which this Scheme finally takes effect i.e. the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on the basis of continuity of service and on the terms and conditions not less favourable than those subsisting with reference to the Transferor Company as on the said date. The position, rank and designation of the employees would be decided by the Transferee Company.

(b) It is expressly provided that as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund created or existing for the benefit of the employees of the Transferor Company are concerned upon the Scheme becoming finally effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever related to the administration or operation of such Schemes or Funds or in relation to the obligation to make contributions to the said Funds in accordance with provisions of such Schemes or Funds as per the terms provided in the respective Trust Deeds. It is the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continued for the purpose of the aforesaid Funds or Schemes.

14. It is further provided that upon the Scheme coming into effect, the debit balance appearing under the head "Miscellaneous Expenditure" (Preliminary Expenses to the extent not written off) in the books of the Transferor Company shall be debited by the Transferee Company to "Miscellaneous Expenditure (Preliminary Expenses to the extent not written off) - RPL Account" and the same shall thereafter be dealt with in the same manner as they would have been, had they been created by the Transferee Company in its own books. Similarly the debit balance if any appearing under the head "Net pre-operative Expenditure on implementation of Projects pending allocation" shall be debited by the Transferee Company to "Net pre-operative Expenditure on implementation of RPL projects pending allocation" Account. The same shall be allocated by the Transferee Company in accordance with law after the projects are implemented and in such manner and at such stage as Transferee Company may be entitled as if the same was created in the books of the Transferee Company.

15. Subject to the provisions of Clause 14 above, the excess of the value of the net assets of the Transferor Company (which shall include the balance under the head (a) "Miscellaneous Expenditure" mentioned in Clause 14 above and (b) the balance from the head "Net preoperative expenditure on Implementation of RPL Projects pending allocation account") as appearing in the books of account of the Transferor Company, over the paid-up value of the shares to be issued and allotted pursuant to the terms of Clause 10 above, shall be accounted for and dealt with in the books of the Transferee Company as follows:-

(i) An amount equal to the balance lying to the credit of the General Reserve in the books of the Transferor Company shall be credited by the Transferee Company to its General Reserve and shall constitute the Transferee Company's free reserve as effectively as if the same was created by the Transferee Company out of its own earned and distributable profits.

(ii) An amount if any equal to the balance lying to the credit of "Profit and Loss Account" in the books of the Transferor Company shall be credited by the Transferee Company to its General Reserve and shall constitute the Transferee Company's free reserve as effectively as if the same was created by the Transferee Company out of its own earned and distributable profits.

(iii) The balance shall be credited by the Transferee Company to an account to be styled as "Amalgamation Reserve Account". The said account shall be considered as a free reserve and shall form part of the net worth of the Transferee Company.

16. The Transferor Company shall with all reasonable despatch, make applications/petitions under Sections 391 and 394 and other applicable provisions of the said Act to the High Court of Gujarat at Ahmedabad for sanctioning of this Scheme and for dissolution of the Transferor Company without winding up under the provisions of law.

17. The Transferee Company shall also with all reasonable despatch make applications/petitions under Sections 391 and 394 and other applicable provisions of the said Act to the High Court of Judicature at Bombay for sanctioning of this Scheme under the provisions of law.

18. The Transferor Company (by its Directors) and the Transferee Company (by its Directors) are hereby empowered and authorised to assent from time to time to any modifications or amendments of this Scheme or of any conditions or limitations which the Court and/or any authorities under law may deem fit to approve of or impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary for putting the Scheme into effect.

19. For the purpose of giving effect to this Scheme or to any modifications or amendments thereof, the Directors of the Transferee Company may give and are authorised to give all such directions as are necessary including directions for settling any question of doubt or difficulty that may arise.

20. This Scheme is specifically conditional upon and subject to:

(a) the sanction or approval under any law or of the Central Government or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required;

(b) the approval of and agreement to the Scheme by the requisite majorities of such classes of persons of the Transferor Company and the Transferee Company as may be directed by the High Court of Gujarat at Ahmedabad and the High Court of Judicature at Bombay respectively on the applications made for directions under Section 391 of the said Act for calling meetings and necessary resolutions being passed under the said Act for the purpose;

(c) the requisite Resolutions under the applicable provisions of the said Act being passed by the Shareholders of the Transferee Company under the applicable provisions of the said Act, for any of the matters provided for or relating to the Scheme as may be required or be necessary;

(d) the sanction of the High Court of Gujarat at Ahmedabad being obtained under Sections 391 and 394 and other applicable provisions of the said Act if so required on behalf of the Transferor Company;

(e) the sanction of the High Court of Judicature at Bombay being obtained under Sections 391 and 394 and other applicable provisions of the said Act if so required on behalf of the Transferee Company;

(f) the requisite approval of the Reserve Bank of India under the provisions of Foreign Exchange Regulation Act, 1973 for the issue of shares in the Transferee Company to the non-resident shareholders of the Transferor Company in accordance with the provisions of the Scheme being obtained.

21. There will not be any change in the name of the Transferee Company merely by reason of the Scheme coming into effect.

22. In the event of any of the said sanctions and approvals referred to in the preceding Clause above not being obtained and/or the Scheme not being sanctioned by the High Courts and/or the order or orders not being passed as aforesaid before 31st March, 1993 or within such further period or periods as may be agreed upon between the Transferor Company by its Directors and the Transferee Company by its Directors (and which the Board of Directors of both the Companies are hereby empowered and authorised to agree to and extend from time to time without any limitations), the scheme of amalgamation shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as may otherwise arise in law.

23. All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the said undertaking of the Transferor Company in pursuance of this Scheme shall be borne and paid by the respective Companies.

CERTIFIED TO BE A TRUE COPY

This 11th day of Sept., 1992

Sd/-

for Prothonotary & Senior Master

AMALGAMATION
OF
RELIANCE POLYPROPYLENE LIMITED
AND
RELIANCE POLYETHYLENE LIMITED
WITH
RELIANCE INDUSTRIES LIMITED

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO.495 OF 1994
CONNECTED WITH
COMPANY APPLICATION NO.381 OF 1994

In the matter of Companies Act, 1956;

-And-

In the matter of Section 391 to 394 of the Companies Act, 1956.

-And-

In the matter of Reliance Polypropylene Limited a Company Registered under the Companies Act, 1956 having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Bombay - 400 021.

-And-

In the matter of Scheme of Amalgamation of Reliance Polypropylene Limited (RPPL) and Reliance Polyethylene Limited (RPEL) with Reliance Industries Limited (RIL).

Reliance Polypropylene Limited a Company egistered under the Companies Act, 1956 having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Bombay - 400 021.... ....

Petitioner.

Coram: Justice P.S.Patankar
Date : 11th January, 1995.

UPON the Petition of Reliance Polypropylene Limited, the Petitioner Company abovenamed, solemnly declared on 12th day of December, 1994 and presented to this Hon'ble Court on 12th day of December, 1994 for sanctioning of the Scheme of Arrangement embodied in the Scheme of Amalgamation of Reliance Polypropylene Limited (hereinafter called "the First Transferor Company" or "RPPL" as the context may admit) and Reliance Polyethylene Limited (hereinafter called "the Second Transferor Company" or "RPEL" as the context may admit) with Reliance Industries Limited (hereinafter called "the Transferee Company" or "RIL" as the context may admit) so as to be binding on the members, creditors and employees of the Petitioner Company and also on the Transferee Company and for other consequential reliefs as mentioned in the said Petition **AND** the said Petition being this day called on for hearing and final disposal **AND UPON READING** the said Petition and an Affidavit of Mr.Balai Lal Chatterjee, the Authorised Signatory of the Petitioner Company, solemnly affirmed on 12th day of December, 1994 verifying the said Petition **AND UPON READING** the Order dated 10th day of November, 1994 passed by this Hon'ble Court in Company Application No.381 of 1994 directing the Petitioner Company to convene meeting of the Equity Shareholders of the Petitioner Company for the purpose of considering and if thought fit 76 approving with or without modification the Scheme of Arrangement embodied in the Scheme of Amalgamation of Reliance Polypropylene Limited and Reliance Polyethylene Limited with Reliance Industries Limited **AND** pursuant to the said order dated 10th day of November, 1994, convening the meetings of the secured Creditors and unsecured Creditors were dispensed with **AND UPON READING** the Chairman's Report dated 12th day of December, 1994 as to the result of the said meeting **AND UPON HEARING** Mr.Virag V. Tulzapurkar Counsel instructed by M/s.Amarchand & Mangaldas & Hiralal Shroff & Co., Advocates for the Petitioner Company and Mr.R.C.Master, Panel Counsel, for the Regional Director, Department of Company Affairs, Maharashtra, Bombay, who appears in pursuance of the Notice dated 14th day of December, 1994 of the Petition under Section 394-A of the Companies Act, 1956 and submits to the orders of the Court and Shri E. Silvaraj, Deputy Official Liquidator, High Court, Bombay, who submits the Official Liquidator's Report dated 6th day of January, 1995 in pursuance of the Notice dated 14th day of December, 1994 of the Petition under Section 394(1) of the Companies Act, 1956 and also submits to the orders of the Court **AND** no other person entitled to appear at the hearing of the said Petition appearing this day either in support of the Petition or to show cause against the same **THIS COURT DOTH HEREBY** sanction the Scheme of Arrangement embodied in the Scheme of Amalgamation of Reliance Polypropylene Limited and Reliance Polyethylene Limited with Reliance Industries Limited as per the Scheme of Amalgamation being Exhibit "C" to the Petition and annexed as schedule hereto **AND THIS COURT DOTH FURTHER ORDER** that the said Scheme shall be binding on the members, creditors and employees of the Petitioner Company of the First Transferor Company and also on the Transferee Company with effect from 1st day of January, 1995 **AND THIS COURT DOTH FURTHER ORDER THAT** all the legal proceedings now pending by or against the First Transferor Company be continued by or against the Transferee Company **AND THIS COURT DOTH FURTHER ORDER THAT** the First Transferor Company do within 30 days of the sealing of the Order cause a certified copy of this Order to be delivered to

the Registrar of Companies, Maharashtra, Bombay for registration and on such certified copy of the order being so delivered, the First Transferor Company shall stand dissolved and the Registrar of Companies, Maharashtra, Bombay shall place all the documents relating to the First Transferor Company and registered with him on the file kept by him in relation to the Transferee Company and the files relating to the said two Companies shall be consolidated accordingly **AND THIS COURT DOTH FURTHER ORDER** that the parties to the Scheme of Amalgamation and any other person or persons interested therein shall be at liberty to apply to this Hon'ble Court for any direction that may be necessary in regard to the working of the Scheme of Amalgamation as sanctioned hereunder and annexed as schedule hereto **AND THIS COURT DOTH HEREBY LASTLY ORDER** that the Petitioner Company do pay a sum of Rs.500/- (Rupees Five Hundred Only) each to the Regional Director, Department of Company Affairs, Bombay and to the Official Liquidator, High Court, Bombay towards the costs of the said Petition. Witness Shri ANANDAMOY BHATTACHARJEE, Chief Justice at Bombay, aforesaid this 11th day of January, 1995.

By the Court
For Prothonotary & Senior Master,
High Court, Bombay.

Order sanctioning the Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956 drawn on the application of M/s.Amarchand & Mangaldas & Hiralal Shroff & Co., Advocates & Solicitors, for the Petitioner having their Bombay Office at Lentin Chambers, 3rd Floor, Dalal Street, Fort, Bombay - 400 023.

.... SCHEDULE

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO. 496 OF 1994
CONNECTED WITH
COMPANY APPLICATION NO. 382 OF 1994

In the matter of Companies Act, 1956;

-And-

In the matter of Section 391 to 394 of the Companies Act, 1956.

-And-

In the matter of Reliance Polyethylene Limited a Company Incorporated under the Companies Act, 1956 and having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Bombay - 400 021.

-And-

In the matter of Scheme of Amalgamation of Reliance Polypropylene Limited (RPPL) and Reliance Polyethylene Limited (RPEL) with Reliance Industries Limited (RIL). Reliance Polyethylene Limited a Company

Registered under the Companies Act, 1956 having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Bombay - 400 021.

....

Petitioner.

Coram : Justice P.S.Patankar

Date : 11th January, 1995

UPON the Petition of Reliance Polyethylene Limited, the Petitioner Company abovenamed, solemnly declared on 12th day of December, 1994 and presented to this Hon'ble Court on 12th day of December, 1994 for sanctioning of the Scheme of Arrangement embodied in the Scheme of Amalgamation of Reliance Polypropylene Limited (hereinafter called "the First Transferor Company" or "RPPL" as the context may admit) and Reliance Polyethylene Limited (hereinafter called "the Second Transferor Company" or "RPEL" as the context may admit) with Reliance Industries Limited (hereinafter called "the Transferee Company" or "RIL" as the context may admit) so as to be binding on the members, creditors and employees of the Petitioner Company and also on the Transferee Company and for other consequential reliefs as mentioned in the said petition **AND** the said Petition being this day called on for hearing and final disposal **AND UPON READING** the said Petition and an Affidavit of Mr.Balai Lal Chatterjee, the Authorised Signatory of the Petitioner Company, solemnly affirmed on 12th day of December, 1994 verifying the said Petition **AND UPON READING** the Order dated 10th day of November, 1994 passed by this Hon'ble Court in Company Application No.382 of 1994 directing the Petitioner Company to convene meeting of the Equity Shareholders of the Petitioner Company for the purpose of considering and if thought fit approving with or without modification the Scheme of Arrangement embodied in the Scheme of Amalgamation of Reliance Polypropylene Limited and Reliance Polyethylene Limited with Reliance Industries Limited **AND** pursuant to the said order dated 10th day of November 1994 convening the meetings of the secured Creditors and unsecured Creditors were dispensed with **AND UPON READING** the Chairman's Report dated 12th day of December, 1994 as to the result of the said meeting **AND UPON HEARING** Mr. Virag V. Tulzapurkar Counsel instructed by M/s.Amarchand & Mangaldas & Hiralal Shroff & Co., Advocates for the Petitioner Company and Mr.R.C. Master, Panel Counsel for the Regional Director, Department of Company Affairs, Maharashtra, Bombay, who appeared in pursuance of the Notice dated 14th day of December, 1994 of the Petition under Section 394-A of the Companies Act, 1956 and submits to the order of the Court and Shri E. Silvaraj, Deputy Official Liquidator, High Court, Bombay, who submits the Official Liquidator's Report dated 6th day of January, 1995 in pursuance of the Notice dated 14th day of December, 1994 of the Petition under Section 394(1) of the Companies Act, 1956 and also submits to the orders of the Court **AND** no other person entitled to appear at the hearing of the said Petition appearing this day either in support of the Petition or to show cause against the same **THIS COURT DOTH HEREBY** sanction the Scheme of Arrangement embodied in the Scheme of Amalgamation of Reliance Polypropylene Limited and Reliance Polyethylene Limited with Reliance Industries Limited as per the Scheme of Amalgamation being Exhibit "C" to the Petition and annexed as schedule hereto **AND THIS COURT DOTH FURTHER ORDER** that the said Scheme shall be binding on the members, creditors and employees of the Petitioner Company and also on the Transferee Company with effect from 1st day of January, 1995 **AND THIS COURT DOTH FURTHER ORDER THAT** all the legal proceedings now pending by or against the Second Transferor Company be continued by or against the Transferee Company **AND THIS COURT DOTH FURTHER ORDER THAT** the Second Transferor Company do within 30 days of the sealing of the Order cause a certified copy of this Order to be delivered to the Registrar of Companies, Maharashtra, Bombay for registration and on such certified copy of the order being so delivered, the Second Transferor Company shall stand dissolved and the Registrar of Companies, Maharashtra, Bombay shall place all the documents relating to the Second Transferor Company and registered with him on the files kept by him in relation to the Transferee Company and the files relating to the said two Companies shall be

consolidated accordingly **AND THIS COURT DOTH FURTHER ORDER** that the parties to the Scheme of Amalgamation and any other person or persons interested therein shall be at liberty to apply to this Hon'ble Court for any direction that may be necessary in regard to the working of the Scheme of Amalgamation as sanctioned hereunder and annexed as schedule hereto **AND THIS COURT DOTH HEREBY LASTLY ORDER** that the Petitioner Company do pay a sum of Rs.500/- (Rupees Five Hundred Only) each to the Regional Director, Department of Company Affairs, Bombay and to the Official Liquidator, High Court, Bombay towards the costs of the said Petition. Witness Shri ANANDAMOY BHATTACHARJEE, Chief Justice at Bombay, aforesaid this 11th day of January, 1995.

By the Court
Sd/-
For Prothonotary & Senior Master,
High Court, Bombay

Order sanctioning the Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956 drawn on the application of M/s.Amarchand & Mangaldas & Hiralal Shroff & Co., Advocates & Solicitors, for the Petitioner having their Bombay Office at Lentin Chambers, 3rd Floor, Dalal Street, Fort, Bombay - 400 023.

.... SCHEDULE

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO. 497 OF 1994
CONNECTED WITH
COMPANY APPLICATION NO. 383 OF 1994

In the matter of Companies Act, 1956;

-And-

In the matter of Section 391 to 394 of the Companies Act, 1956.

-And-

In the matter of Reliance Industries Limited a Company Registered under the Companies Act, 1956 having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Bombay - 400 021.

-And-

In the matter of Scheme of Amalgamation of Reliance Polypropylene Limited (RPPL) and Reliance Polyethylene Limited (RPEL) with Reliance Industries Limited (RIL).

Reliance Industries Limited a Company Registered under the Companies Act, 1956 having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Bombay - 400 021 .... Petitioner.

Coram: Justice P. S. Patankar
Date : 11th January, 1995.

UPON the Petition of Reliance Industries Limited, the Petitioner Company abovenamed, solemnly declared on 12th day of December, 1994 and presented to this Hon'ble Court on 12th day of December, 1994 for sanctioning of the Scheme of Arrangement embodied in the Scheme of Amalgamation of Reliance Polypropylene Limited (hereinafter called "the First Transferor Company" or "RPPL" as the context may admit) and Reliance Polyethylene Limited (hereinafter called "the Second Transferor Company" or "RPEL" as the context may admit) with Reliance Industries Limite (hereinafter called "the Transferee Company" or "RIL" as the context may admit) so as to be binding on the members, creditors and employees of the Petitioner Company, the members, creditors and employees of the First Transferor Company and the members, creditors and employees of the Second Transferor Company and for other consequential reliefs as mentioned in the said Petition **AND** the said Petition being this day called on for hearing and final disposal **AND UPON READING** the said Petition and an Affidavit of Mr. Balai Lal Chatterjee, the Constituted Attorney of the Petitioner Company, solemnly affirmed on 12th day of December, 1994 verifying the said Petition **AND UPON READING** the Order dated 10th day of November, 1994 passed by this Hon'ble Court in Company Application No. 383 of 1994 directing the Petitioner Company to convene separate meetings of the Equity Shareholders, Preference Shareholders, Secured Creditors (including Debenture holders) and Unsecured Creditors of the Petitioner Company for the purpose of considering and if thought fit approving with or without modification the Scheme of Arrangement embodied in the Scheme of Amalgamation of Reliance Polypropylene Limited and Reliance Polyethylene Limited with Reliance Industries Limited **AND UPON READING** the Chairman's Report dated 12th day of December, 1994 as to the result of the said meetings **AND UPON HEARING** Mr. Virag V. Tulzapurkar, Counsel instructed by M/s.Amarchand & Mangaldas & Hiralal Shroff & Co., Advocate for the Petitioner Company and Mr. R.C. Master, Panel Counsel for the Regional Director, Department of Company Affairs, Maharashtra, Bombay, who appears in pursuance of the Notice dated 14th day of December, 1994 of the Petition under Section 394-A of the Companies Act, 1956 and submits to the order of the court, **AND** no other person entitled to appear at the hearing of the said Petition appearing this day either in support of the Petition or to show cause against the same **THIS COURT DOTH HEREBY** sanction the Scheme of Arrangement embodied in the Scheme of Amalgamation of Reliance Polypropylene Limited and Reliance Polyethylene Limited with Reliance Industries Limited as per the Scheme of Amalgamation being Exhibit "C" to the Petition and annexed as schedule hereto **AND THIS COURT DOTH FURTHER ORDER** that the said Scheme shall be binding on members, creditors and employees of the Petitioner Company, all the members, creditors and employees of the First Transferor Company and the members, creditors and employees of the Second Transferor Company with effect from 1st day of January, 1995 **AND THIS COURT DOTH FURTHER ORDER THAT** all the legal proceedings now pending by or against the First Transferor Company and the Second Transferor Company be continued by or against the Transferee Company **AND THIS COURT DOTH FURTHER ORDER THAT** the Transferee Company do within 30 days of the sealing of the Order cause a certified copy of this Order to be delivered to the Registrar of Companies, Maharashtra, Bombay for registration and on such certified copy of the order being so delivered, the First Transferor Company and the Second Transferor Company shall stand dissolved and the Registrar of Companies, Maharashtra, Bombay shall place all the documents relating to the First Transferor Company and the

Second Transferor Company and registered with him on the files kept by him in relation to the Transferee Company and the files relating to the said three Companies shall be consolidated accordingly **AND THIS COURT DOTH FURTHER ORDER** that the parties to the Scheme of Amalgamation and any other person or persons interested therein shall be at liberty to apply to this Hon'ble Court for any direction that may be necessary in regard to the working of the Scheme of Amalgamation as sanctioned hereunder and annexed as schedule hereto **AND THIS COURT DOTH HEREBY LASTLY ORDER** that the Petitioner Company do pay a sum of Rs.500/- (Rupees Five Hundred Only) to the Regional Director, Department of Company Affairs, Bombay towards the costs of the said Petition. Witness Shri ANANDAMOY BHATTACHARJEE, Chief Justice at Bombay, aforesaid this 11th day of January, 1995.

By the Court
Sd/-
For Prothonotary & Senior Master,
High Court, Bombay.

Order sanctioning the Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956 drawn on the application of M/s.Amarchand & Mangaldas & Hiralal Shroff & Co., Advocates & Solicitors, for the Petitioner having their Bombay Office at Lentin Chambers, 3rd Floor, Dalal Street, Fort, Bombay - 400 023. .... SCHEDULE

SCHEDULE

SCHEME OF AMALGAMATION

OF

RELIANCE POLYPROPYLENE LIMITED ("RPPL")

AND

RELIANCE POLYETHYLENE LIMITED ("RPEL")

WITH

RELIANCE INDUSTRIES LIMITED ("RIL")

1. This Scheme of Amalgamation is presented as an integrated and composite Scheme of Amalgamation amongst Firstly **RELIANCE POLYPROPYLENE LIMITED** having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Bombay-400 021 (RPPL), **RELIANCE POLYETHYLENE LIMITED** having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Bombay-400 021 (RPEL) and **RELIANCE INDUSTRIES LIMITED** having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Bombay-400 021 (RIL), pursuant to the relevant provisions of the Companies Act, 1956 (hereinafter called "the said Act"). RPPL is hereinafter called the First Transferor Company. RPEL is hereinafter called the Second Transferor Company. The First and Second Transferor Companies are hereinafter collectively called the Transferor Companies, as the context may admit, and RIL is hereinafter called the Transferee Company. Provisions in this Scheme which are set out in relation to the Transferor Companies shall, even in the absence of any indication to the contrary, be applicable to each of the Transferor Companies separately.

2. (a) With effect from commencement of 1st January 1995 (hereinafter called "the Appointed Date") and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, the undertaking and the entire business and all the properties, assets, capital, work-in-progress, current assets, investments, powers, authorities, allotments, approvals and consents, licenses, registration, contracts, engagements, arrangements, rights, titles, interest, benefits 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, including but without being limited to all patents, trade marks, trade names and other industrial rights of any nature whatsoever and licenses in respect thereof, privileges, liberties, easements, advantages, benefits, leases, tenancy rights, ownership flats, quota rights, permits, approvals, authorisations, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefit of all agreements and all other interests arising to the Transferor Companies (hereinafter collectively referred to as "the said assets") shall be simultaneously transferred to and vested in and/or deemed to be transferred and vested in the Transferee Company pursuant to the provisions of Section 394 of the said Act for all the estate, right, title and interest of the Transferor Companies therein.

   (b) The transfer/vesting as aforesaid shall be subject to existing charges/ hypothecation/ mortgage (if any as may be subsisting) over or in respect of the said assets or any part thereof. Provided however, that any reference in any security documents or arrangements, to which the Transferor Companies are party, to the assets of the Transferor Companies which they have offered or agreed to be offered as security for any Financial Assistance or obligations, to the secured creditors of the Transferor Companies, shall be construed as reference only to the assets pertaining to the undertaking of the relevant Transferor Company as are vested in the Transferee Company by virtue of the aforesaid clause, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend, to any of the assets or to any of the other units or divisions of the Transferee Company, unless specifically agreed to by the Transferee Company with such secured creditors and subject to the consents and approvals of the existing secured creditors of the Transferee Company.

   (c) It is expressly provided that in respect of such of the said assets as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Companies, and shall become the property of the Transferee Company in pursuance of the provisions of Section 394 of the said Act.

   (d) In respect of such of the said assets other than those referred to in sub-para (c) above, the same shall as more particularly provided in sub-clause (a) above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Section 394 of the said Act.

   (e) The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Companies or in favour of any other party to any contract or arrangement to which the Transferor Companies as the case may be are party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Companies as the case may be and to implement or carry out all such formalities or compliances referred to above on the part of the Transferor Companies to be carried out or performed.

3. With effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferor Companies (hereinafter referred to as "the said liabilities") shall also be and stand transferred or deemed to be transferred, without further act, instrument or deed, to the Transferee Company, pursuant to the provisions of Section 394 of the said Act so as to become as and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any 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.

4. This Scheme, though effective from the Appointed Date, shall be operative from the last of the following dates or such other dates as the Court may direct, namely:

   (a) the date on which the last of all the consents, approvals, permissions, resolutions, sanctions and orders as are hereinafter referred to have been obtained or passed, and

(b) the date on which certified copies of the Order of the Court under Section 391, 392 and 394 of the said Act are filed with the Registrar of Companies;

and such date shall be hereinafter referred to as "the Effective Date".

5. With effect from the Appointed Date upto the date on which this Scheme finally takes effect (viz., the Effective Date):

(a) the Transferor Companies shall carry on and be deemed to have carried on all businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all the said assets for and on account of and in trust for the Transferee Company;

(b) all the profits or incomes accruing or arising to the Transferor Companies or expenditure or losses arising or incurred by the Transferor Companies shall for all purposes be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of the Transferee Company, as the case may be;

(c) the Transferor Companies shall carry on their business activities with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or otherwise deal with the said assets or any part thereof, except in the ordinary course of business, or without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Companies prior to the Appointed Date;

(d) Neither of the Transferor Companies nor the Transferee Company shall make any change in their capital structure (paid-up capital), other than changes pursuant to commitments, obligations or arrangements subsisting prior to the Appointed Date either by any increase, (by a fresh issue of rights shares, equity or preference shares, bonus shares, convertible debentures or otherwise) or by any decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner, which may in any way affect the share exchange ratio prescribed hereunder, except by mutual consent of the Board of Directors (hereinafter referred to as "the Board") of the Transferor Companies. The Transferee Company is hereby permitted to take steps for increase of its Authorised Capital, as needs to be enhanced by the provisions of this Scheme or pursuant to any existing obligation of the Transferee Company without the consent of the Transferor Companies and in case of any other proposal as may be undertaken after consent of the Board of Directors of the Transferor Companies;

(e) provided that as far as the obligations in sub-clause (c) and (d) above are concerned, the restrictions thereunder shall be applicable from the date of acceptance of the present Scheme by the respective Boards of the three Companies even if the same be prior to the Appointed Date.

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

7. (a) Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or novations to which the Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or if it becomes necessary.

(b) Debentures, if any, issued or allotted by the Transferor Companies prior to the Appointed Date, shall on and from the Effective Date and without any further act or deed be deemed to be a debenture of the same amount issued or allotted by the Transferee Company having attached to such debentures the same rights, privileges, terms and conditions including the same rights to receive interest and redemption of principal and any reference to the Transferor Companies in the Debenture, Debenture Trust Deed, Letter of Offer, prospectus or other document, evidencing the rights, privileges, terms and conditions of such Debenture shall be construed for these purposes as a reference to the Transferee Company. Nothing contained in this Scheme should be construed as having altered or affected the terms of issue, redemption or conversion or otherwise of any series of Debentures issued by the Transferor Companies. Provided that any reference in such documents to the assets of the Transferor Companies offered as mortgage, charge or security for redemption of debentures and interest thereon shall be construed for this purpose as a reference to the assets of the unit(s) or division(s) pertaining to those undertakings of the Transferor Companies as are vested in the Transferee Company by virtue of Clause 2 and 3 hereof, and the same shall not extend or be applicable to any other assets, units, undertakings or properties of the Transferee Company.

8. The transfer of the said assets and the said liabilities of the Transferor Companies to the Transferee Company and the continuance of all the contracts or proceedings by or against the Transferee Company shall not affect any contract or proceedings relating to the said assets or the said liabilities already concluded by the Transferor Companies on or after the Appointed Date.

9. (a) The Authorised, Issued and Subscribed Share Capital of the First Transferor Company (RPPL) as at 31st October, 1994, is as under:-

Authorised	(Rs. in crores)
25,00,00,000 Equity Shares of Rs.10/- each	250.00
Issued and Subscribed	
18,22,47,800 Equity Shares of Rs.10/- each.	182.25

Note:

The Company will be recovering the calls-in-arrears in respect of such shares out of the above which are not fully paid-up. As and when the calls are recovered such Equity Shares shall stand fully paid-up. This is without prejudice to the rights of the Company in relation to forfeiture of the equity shares or any other rights or such other remedies in respect of the equity shares on which there are calls-in-arrears.

(b) The Authorised, Issued and Subscribed Share Capital of the Second Transferor Company (RPEL) as at 31st October, 1994 is as under:

Authorised	(Rs. in crores)
25,00,00,000 Equity Shares of Rs.10/- each	250.00
Issued and subscribed	
17,96,06,300 Equity Shares of Rs.10/- each.	179.61

Note:

The Company will be recovering the calls-in-arrears in respect of such shares out of the above which are not fully paid-up. As and when the calls are recovered such Equity Shares shall stand fully paid-up. This is without prejudice to the rights of the Company in relation to forfeiture of the equity shares or any other rights or such other remedies in respect of the equity shares on which there are calls-in-arrears.

(c) The Authorised, Issued and Subscribed Share Capital of the Transferee Company (RIL) as at 31st October, 1994, is as under:-

Authorised		(Rs. in Crores)
45,00,00,000 Equity Shares of Rs.10/- each	450.00	
5,50,000 15% Cumulative Redeemable		
Preference Shares of Rs.100/- each	5.50	
3,00,00,000 Preference Shares of Rs.100/- each	300.00	
24,45,00,000 Unclassified Shares of Rs.10/- each.	244.50	1000.00
Issued and Subscribed: Equity		
35,32,38,415 Equity Shares of Rs.10/- each.	353.24	
Issued and Subscribed: Preference		
5,50,000 15% Cumulative Redeemable		
Preference Shares of Rs.100/- each fully paid-up (Redeemable at any time after 31st December, 1994		
but not later than 31st December, 1997)	5.50	358.74

Note:

The Company will be recovering the calls-in-arrears in respect of such shares out of the above which are not fully paid-up. As and when the calls are recovered such Equity Shares shall stand fully paid-up. This is without prejudice to the rights of the Company in relation to forfeiture of the equity shares or any other rights or such other remedies in respect of the equity shares on which there are calls-in-arrears.

10. (a) Upon the Scheme finally coming into effect and in consideration of the transfer of all the assets and liabilities of the First Transferor Company in the Transferee Company in terms of Clauses 2 and 3 of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot 30 equity shares of the Transferee Company of the face value of Rs.10/- each, credited as fully paid-up, to the shareholders of the First Transferor Company whose names are recorded in its Register of Members on a date (Record Date), to be fixed by the Board of Directors of the Transferee Company for every 100 equity shares of Rs.10/- each, of the First Transferor Company.

(b) Upon the Scheme finally coming into effect and in consideration of the transfer of all the assets and liabilities of the Second Transferor Company in the Transferee Company in terms of Clauses 2 and 3 of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot 25 equity shares of the Transferee Company of the face value of Rs.10/- each, credited as fully paid-up, to the shareholders of the Second Transferor Company whose names are recorded in its Register of Members on a date (Record Date), to be fixed by the Board of Directors of the Transferee Company for every 100 equity shares of Rs.10/- each, of the Second Transferor Company.

(c) For the purpose as aforesaid, the Transferee Company shall, if and to the extent required, apply for and obtain any approval of regulatory authorities as needed.

11. Upon this Scheme becoming finally effective, all the shareholders of the Transferor Companies if so required by the Transferee Company shall surrender their share certificates for cancellation thereof to the Transferee Company. Notwithstanding anything to the contrary, upon the new shares in the Transferee Company being issued and allotted by it to the shareholders of the Transferor Companies whose names shall appear on the Register of Members of the Transferor Companies on such Record Date fixed as aforesaid, the share certificates in relation to the shares held by them in the Transferor Companies shall be deemed to have been automatically cancelled and be of no effect, on and from such Record Date, and the Transferee Company may instead of requiring the surrender of the share certificates, as above, directly issue and despatch the new share certificates of the Transferee Company in lieu thereof.

12. (a) The Transferor Companies and the Transferee Company shall be entitled to declare and pay dividends to their respective shareholders for any Financial Year or any period prior to the Effective Date. The Transferor Companies shall obtain the consent of the Transferee Company before declaration of any dividend. The Transferor Companies and the Transferee Company shall declare dividends only out of disposable profits, earned by the respective companies during that year and shall not transfer any amount from the reserves for the purpose of payment of dividend.

(b) Notwithstanding anything in the Articles of Association to the contrary, the Equity Shares of the Transferee Company to be issued and allotted to the shareholders of the Transferor Companies as the case may be as provided in Clause 10 hereof shall rank pari passu in all respects with the then existing equity shares of the Transferee Company and shall also carry proportionate entitlement to dividend for the period from 1st January 1995 to 31st March, 1995 and thereafter on the same basis as the existing shareholders of the Transferee Company are entitled to. The holders of the shares of the Transferor Companies and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective companies of which they are members till the date this Scheme finally takes effect i.e. the Effective Date.

(c) It is clarified, however, that the aforesaid provisions in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Companies or the Transferee Company to demand or claim any dividend which subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Directors and the approval of the Shareholders of the respective companies.

13. The calls-in-arrears in respect of the shares issued by the Transferor Companies shall upon the Scheme being finally effective, continue to be outstanding obligations from the respective members of the Transferor Companies to the Transferee Company to the full extent of all the amount in arrears together with any interest which is payable thereon in accordance with the provisions of the Articles of Association of the Transferee Company as if they were the Articles of Association of the Transferor Companies. The Transferee Company shall be entitled to reserve the allotment in respect of such shares and/or keep in abeyance the issuance of the share certificates in the Transferee Company to be issued in exchange of the share certificates in the Transferor Companies where such calls are in arrears. During the period that such shares are reserved and/or kept in abeyance as aforesaid, the holder of such shares in the Transferor Company shall not be regarded as a member of the Transferee Company in any respect and consequently not entitled to any dividends, rights, bonus or other benefits declared or paid during the period prior to such holder becoming a member of the Transferee Company in respect of such shares. For the removal of doubt, it is clarified that the Transferee Company shall also be entitled to forfeit such shares in respect of which such calls are in arrears in accordance with the provisions of the Articles of Association of the Transferee Company as if they were the Articles of Association of the Transferor Companies.

14. (a) All employees of the Transferor Companies in service on the date immediately preceding the date on which this Scheme finally takes effect i.e. the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on the terms and conditions not less favourable than those subsisting with reference to the Transferor Companies as the case may be on the said date. The position, rank and designation of the employees of the Transferor Companies would be decided by the Transferee Company.

(b) It is expressly provided that as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund created or existing for the benefit of the employees of the Transferor Companies are concerned, upon the Scheme becoming finally effective, the Transferee Company shall stand substituted for the Transferor Companies for all purposes whatsoever related to the administration or operation of such Schemes or Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions of such Schemes, Funds as per the terms provided in the respective Trust Deeds. It is the end and intent that all the rights, duties, powers and obligations of the Transferor Companies in relation to such Funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Companies will be treated as having been continued for the purpose of the aforesaid Funds or provisions.

15. It is further provided that upon the Scheme coming into effect, the respective balance/s appearing under the head “Miscellaneous Expenditure (to the extent not written off or adjusted)” in the books of the Transferor Companies shall be debited by the Transferee Company to “Miscellaneous Expenditure (to the extent not written off or adjusted) - RPPL Account” and “Miscellaneous Expenditure (to the extent not written off or adjusted) - RPEL Account” respectively and the same shall thereafter be dealt with in the same manner as they would have been, had they been incurred by the Transferee Company.

16. (a) Subject to the provisions of Clause 15 above, the excess of the value of the net assets of the Transferor Companies and (which shall include the balance under the heads of “Miscellaneous Expenditure” mentioned in Clause 15 above) as appearing in the books of account of both the First Transferor Company and the Second Transferor Company over the paid-up value of the shares to be issued and allotted pursuant to the terms of Clause 10 above, shall be accounted for and dealt with in the books of the Transferee Company as follows:-

(i) An amount equal to the combined balance lying to the credit of the Share Premium Account in the books of account of the First Transferor Company and the Second Transferor Company respectively shall be credited by the Transferee Company to an account styled as “Share Premium Account”. The said account shall be considered as a free reserve and shall form part of the net worth of the Transferee Company.

(ii) An amount equal to the combined balance lying to the credit of the General Reserve in the books of account of the First Transferor Company and the Second Transferor Company respectively shall be credited by the Transferee Company to its General Reserve and shall constitute the Transferee Company’s free reserve as effectively as if the same were created by the Transferee Company out of its own earned and distributable profits.

(iii) An amount equal to the combined balance lying to the credit of Revaluation Reserve in the books of account of the Transferor Companies respectively shall be credited by the Transferee Company to an account to be styled as Revaluation Reserve Account. The said account shall be considered as a free reserve and shall form part of the net worth of the Transferee Company.

(iv) An amount equal to the combined balance lying to the credit of “Profit and Loss Account” in the books of account of the Transferor Companies respectively shall be credited by the Transferee Company to its Profit and Loss Account and shall constitute the Transferee Company’s free reserve as effectively as if the same were created by the Transferee Company out of its own earned and distributable profits.

(v) The balance shall be credited by the Transferee Company to an account to be styled as “Amalgamation Reserve Account”. The said account shall be considered as a free reserve and shall form part of the net worth of the Transferee Company.

(b) Equity shareholding, if any, of the Transferee Company in the Transferor Companies and to the extent that there are inter-company loans, deposits or balances as between the Transferor Companies and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of any assets or liabilities as the case may be. For the removal of doubt, it is clarified that in view of the above there would be no accrual of interest or other charges in respect of any such inter-company loans, deposits or balances.

(c) Notwithstanding the above, the Board of Directors of the Transferee Company, in consultation with its Auditors, is authorised to account any of these balances in any manner whatsoever as may be deemed fit.

17. The Transferor Companies shall with all reasonable despatch, make applications/ petitions under Sections 391 and 394 and other applicable provisions of the said Act to the High Court of Judicature at Bombay for sanctioning of this Scheme and for dissolution of the Transferor Companies without winding-up under the provisions of law.

18. The Transferee Company shall also with all reasonable despatch, make applications/ petitions under Sections 391 and 394 and other applicable provisions of the said Act to the High Court of Judicature at Bombay for sanctioning of this Scheme under the provisions of law.

19. The First Transferor Company (by its Directors), the Second Transferor Company (by its Directors), and the Transferee Company (by its Directors) may make or assent from time to time on behalf of all persons concerned to any modifications or amendments of this Scheme or of any conditions or limitations which the Court and/or any authorities under law may deem fit to approve of or impose and to resolve all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary for putting the Scheme into effect.

20. For the purpose of giving effect to this Scheme or to any modifications or amendments thereof, the Directors of the Transferee Company may give and are authorised to give all such directions as are necessary including directions for settling any question or doubt or difficulty that may arise.

21. This Scheme is specifically conditional upon and subject to:

(a) The sanction or approval under any law or of the Central Government or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required;

(b) the approval of and agreement to the Scheme by the requisite majorities of such classes of persons of the Transferor Companies and the Transferee Company as may be directed by the High Court of Judicature at Bombay on the applications made for directions under Section 391 of the said Act for calling meetings and necessary resolutions being passed under the said Act for the purpose;

(c) the requisite Resolutions under the applicable provisions of the said Act being passed by the Shareholders of the Transferor Companies and the Transferee Company under the applicable provisions of the said Act, for any of the matters provided for or relating to the Scheme as may be required or be necessary;

(d) the sanction of the High Court of Judicature at Bombay being obtained under Sections 391 and 394 and other applicable provisions by the Transferor Companies and the Transferee Company;

(e) the requisite approval of the Reserve Bank of India under the provisions of Foreign Exchange Regulation Act, 1973 for the issue of shares in the Transferee Company to the non-resident shareholders of the Transferor Companies in accordance with the provisions of the Scheme being obtained.

22. There will not be any change in the name of the Transferee Company merely by reason of the Scheme coming into effect.

23. In the event of any of the said sanctions and approvals referred to in the preceding Clause above not being obtained and/or the Scheme not being sanctioned by the High Court and/or the order or orders not being passed as aforesaid before 31st March, 1996 or within such further period or periods as may be agreed upon between the First Transferor Company by its Directors, the Second Transferor Company by its Directors and the Transferee Company by its Directors (and which the Board of Directors of each of the Companies are hereby empowered and authorised to agree to and extend from time to time without any limitations), the Scheme of Amalgamation shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as may otherwise arise in law.

24. All costs, charges and expenses of the Transferor Companies and the Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the said undertakings of the Transferor Companies with the Transferee Company in pursuance of this Scheme, shall be borne and paid by the Transferee Company.

AMALGAMATION

OF

RELIANCE PETROLEUM LIMITED

WITH

RELIANCE INDUSTRIES LIMITED

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION NO. 391 OF 2002

CONNECTED WITH COMPANY APPLICATION NO. 133 OF 2002

In the matter of the Companies Act, 1956;

-And-

In the matter of Sections 391 to 394 of the Companies Act, 1956;

-And -

In the matter of Reliance Industries Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai - 400 021. India;

-And-

In the matter of Scheme of Amalgamation of Reliance Petroleum Limited with Reliance Industries Limited.

Reliance Industries Limited, a Company
Incorporated under the Companies Act, 1956 and
having its registered office at 3rd Floor, Maker Chambers IV, 222,
Nariman Point, Mumbai 400 021, India

……Petitioner Company

CORAM: F. I. Rebello J.

Dated 7th June, 2002

Upon the Petition of Reliance Industries Limited, the Petitioner Company abovenamed, presented to this Hon'ble Court on the 10th day of April, 2002 for sanctioning the arrangement embodied in the Scheme of Amalgamation of Reliance Petroleum Limited (hereinafter referred the "Transferor Company") with Reliance industries Limited (hereinafter referred the "Transferee Company" or the "Petitioner Company" as the context may admit) and for other consequential reliefs as mentioned in the said Petition and the Petition being called on this day for hearing and final disposal **AND UPON READING** the affidavit of Mr. Vinod Ambani, President and Company Secretary of the Petitioner Company, solemnly affirmed on the 10th day of April, 2002 verifying the Petition **AND UPON READING** the affidavit of Mr. Sanjay Pulekar, a clerk in the office of the Petitioner's Advocates, dated 14th day of May, 2002, proving, publication of notice of hearing of the Petition in the issue of newspapers, Times of India (Mumbai edition) and Marathi translation thereof in Maharashtra Times both dated 7th day of May, 2002, in compliance of the Order dated 19th day of April, 2002 passed in Company Petition No. 391 of 2002 **AND UPON READING** the affidavit of Mr. Sanjay Pulekar, a Clerk in the office of the Petitioner's Advocates, dated 26th day of April, 2002, proving, service of notice of hearing of the Petition upon the Regional Director, Department of Company Affairs, Maharashtra, Mumbai **AND UPON READING** the Order dated 19th April, 2002 passed in the above Petition, whereby individual notice of hearing of the Petition to the Creditors of the Petitioner Company was dispensed with **AND UPON READING** the Order dated 8th day of March, 2002, passed by this Hon'ble Court in Company Application No. 133 of 2002, whereby the Petitioner Company was directed to convene the meeting of the Equity Shareholders of the Petitioner Company for the purpose of considering, and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of the Transferor Company with the Petitioner Company being Exhibit "E" to the Petition **AND UPON READING** the order dated 8th day of March, 2002, whereby the holding of the meeting of the creditors of the Petitioner Company to seek their approval to the Scheme of Amalgamation of the Transferor Company with the Petitioner Company was dispensed with in view of the averments made in paragraph 35 of the Affidavit in Support of the Petition **AND UPON READING** the affidavit dated 20th March, 2002 of Mr. Anil Ambani, Managing Director of the Petitioner Company, proving service of individual notice convening meeting upon the Equity Shareholders of the Petitioner Company and also proving the publication of the notice convening the meeting of the Equity Shareholders of the Petitioner Company in the issue of newspaper, Times of India (Mumbai Edition) and Marathi translation thereof in Maharshtra Times both dated 15th day of March, 2002 **AND UPON READING** the Report dated 10th day of April, 2002 of Mr. Dhirubhai H. Ambani, Chairman appointed for the meeting of the Equity Shareholders of the Petitioner Company as to the result of the said meeting **AND UPON READING** the affidavit dated 10th day of April, 2002 of Mr. Dhirubhai H. Ambani verifying the said Chairman's Report **AND IT APPEARS** from the said Report of the Chairman of the meeting of the Equity Shareholders of the Petitioner Company that the arrangement embodied been approved by the requisite majority in number of the Equity Shareholders of the Petitioner Company representing 97.70% in number of Equity Shareholders and 99.95% in the value of the Equity Shares, present and voting at the said meeting **AND UPON PERUSING** the affidavits of objectors: [1] Mrs. Vanita Ravindra Dandekar, [2] Mr. Ravindra Madhav Dandekar and [3] Mr. Sanjay Purshottam Vaidya all dated 5th June, 2002 opposing the Scheme of Amalgamation **AND UPON HEARING**, Mr. J.J. Bhatt alongwith Mr. R.M. Kadam, Counsel instructed by M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co., Advocates for the

Petitioner Company, and Mrs. Rohini Dandekar, Advocate instructed by M/s Berarwalla & Co., Advocates for the objectors and Mr. C.J. Joy with Mr. M.M. Goswami and Mr. D.A. Dube Panel Counsel, instructed by Mr. R.P. Singh, Company Prosecutor for the Regional Director, Department of Company Affairs, Maharashtra, Mumbai, who submits to the Order of the Court, **AND** no other person or persons entitled to appear at the hearing of the Petition appearing this day, either in support or to show cause against the said Petition **THIS COURT DOTH HEREBY** sanction the arrangement embodied in the Scheme of Amalgamation of Reliance Petroleum Limited, the Transferor Company with Reliance Industries Limited, the Petitioner Company, as set forth in the Scheme being Exhibit "E" to the Petition and in the Schedule annexed hereto **AND THIS COURT DOTH HEREBY DECLARE** that the Scheme of Amalgamation with effect from the 1st day of April, 2001 (hereinafter referred to as the "Appointed Date") shall be binding on the Petitioner Company and all its members and all persons concerned under the Scheme of Amalgamation **AND THIS COURT DOTH ORDER** that with effect from the Appointed Date the Assets/ Undertakings of the Transferor Company (as defined in the Scheme of Amalgamation being Exhibit "E" to the Petition and in the Schedule hereto) shall without any further act, instrument or deed stand transferred to and vested in or deemed to have been transferred to and vested in the Petitioner Company pursuant to the provision of Section 391 to 394 of the Companies Act, 1956 so as to become the properties and assets of the Petitioner Company **AND THIS COURT DOTH FURTHER ORDER** that all debts, liabilities, duties and obligations of the Transferor Company as set forth in the Scheme of Amalgamation and in the Schedule hereto shall without any further act, instrument or deed stand transferred to and vested in or deemed to have been transferred to and vested in the Petitioner Company pursuant to the provision of Sections 391 to 394 of the Companies Act, 1956 so as to become the debts, liabilities, duties and obligations of the Petitioner Company **AND THIS COURT DOTH FURTHER ORDER** that all suits, claims, actions and legal and other proceedings by or against the Transferor Company pending and /or arising on or before the Appointed Date, shall be continued and be enforced by and against the Petitioner Company as effectually and in the same manner and to the same extent as if the same had been pending and / or arising by or against the Petitioner Company **AND THIS COURT DOTH FURTHER ORDER** that all the employees of the Transferor 91 Company who are in service on the Appointed Date shall become the employees of the Petitioner Company on such date without any break or interruption in service and on terms and condition as to remuneration not less favorable than those subsisting with reference to the Transferor Company as on the said date **AND THIS COURT DOTH FURTHER ORDER** that upon the Scheme of Amalgamation becoming finally effective and in consideration of the transfer and vesting of the Assets/Undertaking and the liabilities, of the Transferor Company in the Petitioner Company in terms of the Scheme of Amalgamation, the Petitioner Company shall, subject to the provisions of the Scheme of Amalgamation and without further application, act, instrument or deed, issue and allot to the Equity Shareholders of the Transferor Company whose names are recorded in the Register of Members of the Transferor Company, on a date ("Record Date") to be fixed by the Board of Directors of the Petitioner Company or a committee of such Board of Directors, equity shares of Rs. 10/- (Rupee Ten only) each, credited as fully paid-up, in the ratio of 1 (one) equity share of the face value of Rs. 10/- (Rupee Ten only) each in the Petitioner Company for every 11 (eleven) equity share of the face value of Rs.10/- (Rupee Ten Only) each held in the Transferor Company **AND THIS COURT DOTH FURTHER ORDER** that the Petitioner Company do within 30 days of the sealing of this Order, cause a certified copy of this Order to be delivered to the Registrar of Companies, Maharashtra, Mumbai for registration **And** upon such certified copy of order being so delivered to the Registrar of Companies, Maharashtra, Mumbai **And** upon receipt of the order sanctioning the Scheme of Amalgamation by the High Court of Gujarat at Ahmedabad and upon receipt of the files and documents in respect of Transferor Company from the Registrar of Companies, Gujarat, the Registrar of Companies, Maharashtra, Mumbai shall place and register with him on the files and documents kept by him in relation to the Petitioner Company And shall consolidate the files of the Transferor Company and the Petitioner Company accordingly **AND THIS COURT DOTH FURTHER ORDER** that the parties to the Scheme of Amalgamation and/or any other person or persons interested therein, shall be at liberty to apply to this Hon'ble Court for any directions that may be necessary in regard to the working of the arrangement embodied in the Scheme of Amalgamation sanctioned herein and annexed as Schedule hereto **AND THIS COURT DOTH LASTLY ORDER** that the Petitioner Company do pay a sum of Rs. 1,500/- (Rupees One Thousand Five Hundred Only) to the Regional Director, Department of Company Affairs, Maharashtra, Mumbai towards the cost of the Petition **WITNESS SHRI CHUNILAL KARSANDAS THAKKER** Chief Justice of High Court at Bombay aforesaid this 7th day of June, 2002.

By the Court,
Sd/-
For Prothonotary and Senior Master
Dated this 17th day of September, 2002

Order sanctioning the Arrangement Embodied
in the Scheme of Amalgamation Under Section 391 to 394
of the Companies Act, 1956 drawn on the Application of
M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co.
Advocates for the Petitioner Company having their office at
Peninsula Chambers, Peninsula Corporate Park, Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013.

SCHEDULE ....

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

COMPANY PETITION NO. 75 OF 2002

CONNECTED WITH

COMPANY APPLICATION NO. 76 OF 2002

In the matter of the Companies Act, 1956;

-And-

In the matter of Sections 391 to 394 of the Companies Act, 1956;

-And-

In the matter of Reliance Petroleum Limited a company incorporated under the Companies Act, 1956 and having its registered office at Village Motikhavdi, P.O. Digvijay Gram, Dist. Jamnagar, Gujarat-361 140;

-And-

In the matter of Scheme of Amalgamation of Reliance Petroleum Limited with Reliance Industries Limited.

Reliance Petroleum Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Village Motikhavdi, P.O. Digvijay Gram, Dist. Jamnagar, Gujarat 361 140.

..... Petitioner Company.

CORAM: D.A. Mehta, J.
DATED: 13th September, 2002

ORDER UNDER PETITION

UPON the Petition of Reliance Petroleum Limited, the Petitioner Company abovenamed, presented to this Hon'ble Court on the 16th day of April, 2002 for sanctioning the arrangement embodied in the Scheme of Amalgamation of Reliance Petroleum Limited (hereinafter referred to as the "Transferor Company" or the "Petitioner Company", as the context may admit) with Reliance Industries Limited (hereinafter referred to as the "Transferee Company") and for other consequential reliefs as mentioned in the Petition and the said Petition called on for hearing and final disposal **AND UPON READING** the affidavit of Mr. Kiran H. Tagdiwala, Vice President, Corporate Affairs, solemnly affirmed on the 16th day of April, 2002 verifying the said Petition **AND UPON READING** the affidavit of Mr. Anil C. Dave, a clerk at the office of the Advocates of the Petitioner Company, dated 6th day of May, 2002, proving, publication of notice of hearing of the Petition in the issue of newspapers, Times of India (all editions) and Gujarati translation thereof in Gujarat Samachar (all editions) all dated 20th day of April, 2002, in compliance of the Order dated 16th April, 2002 passed in Company Petition No. 75 of 2002 **AND UPON READING** the affidavit of Mr. Sanjay Pulekar, a clerk in the office of the Advocates of the Petitioner Company at Mumbai dated 19th day of April, 2002 proving service of notice of hearing of the Petition upon the Regional Director, Department of Company Affairs, Maharashtra, Mumbai **AND UPON READING** the affidavit of said Mr. Anil C. Dave, dated 6th day of May, 2002 proving service of notice of hearing of the Petition upon the Official Liquidator, attached to the High Court of Gujarat at Ahmedabad **AND UPON READING** the Order dated 11th day of March, 2002, passed by this Hon'ble Court in Company Application No.76 of 2002, whereby the Petitioner Company was directed to convene the meeting of the Equity Shareholders of the Petitioner Company for the purpose of considering, and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of the Petitioner Company with the Transferee Company being Exhibit "E" to the Petition **AND UPON READING** the order dated 11th day of March, 2002 dispensing with the holding of meeting of the creditors of the Petitioner Company to seek their approval to the Scheme of Amalgamation, in view of the averments made in paragraph 33 of the affidavit in support of the Summons for Direction, **AND UPON READING** the affidavit dated 5th April, 2002 of Mr. Anil Ambani, Managing Director of the Petitioner Company, proving service of individual notice convening meeting upon the Equity Shareholders of the Petitioner Company and also proving the publication of the notice convening the meeting of the Equity Shareholders of the Petitioner Company in the issue of newspapers, Times of India (all editions) and Gujarati translation thereof in Gujarat Samachar (all editions) all dated 19th day of March, 2002 **AND UPON READING** the Report dated 15th day of April, 2002 of Mr. Dhirubhai H. Ambani, the then Chairman of the Petitioner Company and Chairman appointed for the meeting of the Equity Shareholders of the Petitioner Company as to the result of the said meeting **AND UPON READING** the affidavit of Mr. Dhirubhai H. Ambani dated 15th day of April, 2002 verifying the said Report **AND IT APPEARS** from the said Report of the Chairman of the meeting of the Equity Shareholders of the Petitioner Company that the arrangement embodied in the Scheme of Amalgamation of the Petitioner Company with the Transferee Company has been approved by the requisite majority in number of the Equity Shareholders of the Petitioner Company representing 97.47% in number of Equity Shareholders and 99.99% in the value of the Equity Shares, present and voting at the said meeting **AND UPON PERUSING** the Official Liquidator's Report dated 3rd day of May, 2002 whereby it was recorded that the affairs of the Petitioner Company have not been conducted in a manner prejudicial to the interest of its members or to public interest **AND UPON PERUSING** the affidavits of objectors: (1) Mrs. Vanita Dandekar (2) Mr. Bhupendra Shah (3) Mr. Rajesh C. Shah, opposing the Scheme of Amalgamation **AND UPON HEARING**, Mr. J.J.Bhatt, Mr. Mihir J.Thakore, Sr. Advocates, alongwith Mr. Darshan Parikh, Advocate instructed by M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co., Advocates for the Petitioner Company, Mr. S.N. Soparkar, Sr. Advocate instructed by Shri S.S. Belsare Advocate, Advocates for the objectors, Shri Rajesh C. Shah and Mr. Bhupendra P. Shah, Mrs. P.J. Davawala, the Additional Central Government Standing Counsel appearing pursuant to the notice dated 17th day of April 2002, to the Regional Director, Department of Company Affairs, Maharashtra, Mumbai, who submits to the Order of the Court, **AND** Mr. Mahesh Kuwadia, the Official Liquidator, attached to the High Court of Gujarat at Ahmedabad, who also submits to the order of the Court, **AND** no other person or persons entitled to appear at the hearing of the said Petition appearing this day, either in support or to show cause against the Petition **THIS COURT DOTH HEREBY** sanction the arrangement embodied in the Scheme of Amalgamation of Reliance Petroleum Limited, the Petitioner Company, with Reliance Industries Limited, the Transferee Company, as set forth in the Scheme A being Exhibit "E" to the Petition and in the Schedule annexed hereto **AND THIS COURT DOTH HEREBY DECLARE** that the Scheme of Amalgamation with effect from the 1st Day of April, 2001, which is the Appointed Date (hereinafter referred to as the "Appointed Date") shall be binding on the Petitioner Company and all its members and all persons concerned under the Scheme of Amalgamation **AND THIS COURT DOTH ORDER** that with effect from the Appointed Date the Assets/Undertakings of the Petitioner Company (as defined in the Scheme of Amalgamation) including immovable properties and Licenses permission approvals etc. from various statutory authorities given in the Schedule B hereto shall without any further act, instrument or deed, stand transferred to and vested in and/or deemed to have been transferred to and vested in the Transferee Company pursuant to the

provision of Sections 391 to 394 of the Companies Act, 1956 so as to become the properties and assets of the Transferee Company **AND THIS COURT DOTH FURTHER ORDER** that all debts, liabilities, duties and obligations of the Petitioner Company as set forth in the Scheme of Amalgamation and in the Schedule hereto shall without any further act, instrument or deed stand transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company pursuant to the provision of Sections 391 to 394 of the Companies Act, 1956 so as to become the debts, liabilities, duties and obligations of the Transferee Company **AND THIS COURT DOTH FURTHER ORDER** that all suits, claims, actions and legal and other proceedings by or against the Petitioner Company pending and/or arising on or before the Appointed Date shall be continued and be enforced by/or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been pending by/or arisen by or against the Transferee Company **AND THIS COURT DOTH FURTHER ORDER** that all the employees of the Petitioner Company who are in service on the Appointed Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and condition as to remuneration not less favourable than those subsisting with reference to the Petitioner Company as on the said date **AND THIS COURT DOTH FURTHER ORDER** that upon the Scheme of Amalgamation becoming finally effective and in consideration of the transfer and vesting of the Assets/Undertaking and the liabilities, of the Petitioner Company in the Transferee Company in terms of the Scheme of Amalgamation, the Transferee Company shall, subject to the provisions of the Scheme of Amalgamation and without further application, act, instrument or deed issue and allot to the Equity Shareholders of the Petitioner Company whose names are recorded in the Register of Members of the Petitioner Company, on a date ("Record Date") to be fixed by the Board of Directors of the Transferee Company or a committee of such Board of Directors, equity shares of Rs. 10/- (Rupee Ten only) each, credited as fully paid-up, in the ratio of 1 (one) equity share of the face value of Rs. 10/- (Rupee Ten only) each in the Transferee Company for every 11 (eleven) equity shares of the face value of Rs. 10/- (Rupee Ten Only) each held in the Petitioner Company **AND THIS COURT DOTH FURTHER ORDER** that upon the Scheme of Amalgamation becoming effective the Petitioner Company shall stand dissolved without winding up **AND THIS COURT DOTH FURTHER ORDER** that the Petitioner Company do within 30 days of the sealing of this Order, cause a certified copy of this Order to be delivered to the Registrar of Companies, Ahmedabad for registration and upon such certified copy of the order being so delivered the Petitioner Company shall stand dissolved without winding up and the Registrar of Companies, Ahmedabad shall place all the files and records of the Petitioner Company and transfer it to the Registrar of Companies, Maharashtra, Mumbai and the Registrar of Companies, Maharashtra, Mumbai shall register the said file and record of the Petitioner Company on the file kept by him in relation to the Transferee Company and files of the Petitioner Company and the Transferee Company shall be consolidated accordingly **AND THIS COURT DOTH FURTHER ORDER** that the parties to the Scheme of Amalgamation and/or any other person or persons interested therein, shall be at liberty to apply to this Hon'ble Court for any directions that may be necessary in regard to the working of the arrangement embodied in the Scheme of Amalgamation as sanctioned herein and annexed as Schedule hereto **AND THIS COURT DOTH LASTLY ORDER** that the Petitioner Company do pay a sum of Rs. 1,500/- (Rupees One Thousand Five Hundred Only) each to Mrs. P.J. Davawala, the Additional Central Government Standing Counsel appearing for the Regional Director, Department of Company Affairs, Maharashtra, Mumbai towards the costs of the Petition.

Dated this day of September, 2002

SCHEDULE

Being the Scheme of Amalgamation of Reliance Petroleum Limited with Reliance Industries Limited.

SCHEDULE

Scheme of amalgamation of

Reliance Petroleum Limited

the TRANSFEROR COMPANY

with

Reliance Industries Limited

the TRANSFEREE COMPANY

PART I - GENERAL

1. This Scheme of Amalgamation (hereinafter referred to as the **"Scheme"**) provides for the amalgamation of Reliance Petroleum Limited with Reliance Industries Limited, pursuant to Sections 391 to 394 and other relevant provisions of the Act.

2. In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:
"Act" means the Companies Act, 1956 including any statutory modification(s) or reenactment(s) thereof;

"Appointed Date" means April 1, 2001;

"Assets" or **"Undertaking"** means and includes all the undertakings, the entire business, all the properties (whether movable or immovable, tangible or intangible), plant and machinery, buildings and structures, offices, residential and other premises, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, power lines, railway sidings, depots, deposits, all stocks, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stock, units or pass through certificates), cash balances with banks, loans, advances, contingent rights or benefits, receivables, benefit of any deposits, financial assets, leases (including lease rights, prospecting leases and mining leases, if any), and hire purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, permits and consents, quotas, rights, entitlements, contracts, licenses (industrial and otherwise), municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, leases, licenses, fixed and other assets, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, loans, title, interests, other benefits (including tax benefits) 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 Company, including but without being limited to trade and service names and marks, patents, copyrights, and other intellectualproperty rights of any nature whatsoever, authorisations, permits, approvals, 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 all agreements, 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 in connection with or relating to the Transferor Company 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, whether in India or abroad.

"Effective Date" or **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** means the last of the dates on which all the orders, approvals, consents, conditions, matters or filings referred to in Clause 27 hereof have been obtained or fulfilled;

"GDRs" means global depositary receipts issued pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 96 1993 as modified up to date and other applicable laws, and where relevant shall include the underlying equity shares relating thereto;

"RIL or **Transferee Company"** means Reliance Industries Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, India;

"RIIHL" means Reliance Industrial Investments and Holdings Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, India, at present a wholly owned subsidiary of RIL;

"RPL" or **"Transferor Company"** means Reliance Petroleum Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Village Motikhavdi, P.O. Digvijay Gram, Dist. Jamnagar, Gujarat 361 140;

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or reenactment thereof from time to time.

PART II - SHARE CAPITAL

3. (a) The share capital of the Transferor Company as of December 31, 2001 is as under:

Authorised	**(Rs. in Crores)**
600,00,00,000 equity shares of Rs. 10/- each	6000.00
30,00,00,000 preference shares of Rs. 10/- each	300.00
70,00,00,000 unclassified shares of Rs. 10/- each	700.00
	7000.00
Issued Share Capital	
520,30,47,100 equity shares of Rs. 10/- each	5,203.05
Nil 12.56% preference shares of Rs. 10/- each	—
Subscribed and Paid-up Share Capital	
520,16,66,900 equity shares of Rs. 10/- each fully paid-up	5201.67
Less : Calls in arrears by others	2.41
Add: Forfeited Shares-Amount originally paid-up	0.44
	5199.70

Notes:

(1) 390,51,43,600 equity shares were allotted on conversion of Debentures/Bonds and exercise of Warrants.

(2) GDRs representing 5,34,75,010 underlying equity shares are outstanding

(b) The share capital of the Transferee Company as of December 31, 2001 is as under:

Authorised	**(Rs. in Crores)**
120,00,00,000 Equity Shares of Rs. 10/- each	1200.00
10,00,00,000 Preference Shares of Rs. 100/- each	1000.00
	2200.00
Issued, Subscribed and Paid-up	
105,37,57,027 Equity Shares of Rs. 10/- each fully paid-up	1053.76
Less: Calls in arrears by others (approx)	0.20
	1053.56

Notes:

1. (i) 48,17,70,552 shares were allotted as Bonus Shares by capitalisation of Share Premium and Reserves.
   (ii) 18,05,78,290 shares were allotted pursuant to Schemes of Amalgamation without payments being received in cash.
   (iii) 33,04,27,345 shares were allotted on conversion/surrender of Debentures and Bonds, conversion of Term Loans, exercise of warrants, against Global Depository Shares and re-issue of forfeited equity shares.
2. The Company has reserved issuance of 5,26,87,851 Equity Shares of Rs. 10 each for offering to employees under Employees Stock Option (ESOP).

PART III - TRANSFER AND VESTING

4. (a) Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the Undertaking shall, pursuant to Section 394(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, title and interests and authorities of the Transferee Company.

   (b) Without prejudice to sub-clause (a) above, in respect of such of the assets of the Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same may be so transferred by the Transferor Company, and shall, upon such transfer, become the property, estate, assets, rights, title, interest and authorities of the Transferee Company.

   (c) All the licenses, permits, quotas, approvals, permissions, incentives, sales tax deferrals, loans, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued, which may accrue to the Transferor Company shall, pursuant to the provisions of Section 394(2) of the Act, 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 and be available to the Transferee Company so as to become as and from the Appointed Date the licenses, permits, quotas, approvals, permissions, incentives, sales tax deferrals, loans , subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law. It is hereby clarified that all inter party transactions between the Transferor Company and the Transferee Company shall be considered as intra party transactions for all purposes from the Appointed Date.

   (d) All Assets, estate, rights, title, interest, licenses and authorities acquired by or permits, quotas, approvals, permissions, incentives, sales tax deferrals, loans or benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes and other assets, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and/or all rights and benefits that have accrued or which may accrue to the Transferor Company after the Appointed Date and prior to the Effective Date in connection or in relation to the operation of the Undertaking shall, pursuant to the provisions of Section 394(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested or deemed to have been transferred to and vested in the Transferee Company.

5. Upon the coming into effect of this Scheme and with effect from the Appointed Date:

   (a) All secured and unsecured debts, (whether in rupees or in foreign currency), all liabilities, duties and obligations of the Transferor Company along with any charge, encumbrance, lien or security thereon (hereinafter referred to as the **"said Liabilities"**) shall, pursuant to the provisions of Section 394(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to have been transferred to and vested in, 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 the Transferor Company and the Transferee Company are party, and consistent with the joint obligations assumed by them under such arrangement.

   (b) (i) All debentures, bonds, notes or other debt securities of the Transferor Company, whether convertible into equity or otherwise, (the **"Transferor Company's Securities"**), shall, pursuant to the provisions of Section 394(2) of the Act, without any further act, instrument or deed become securities of the Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or deemed to have been transferred to and vested in and shall be exercised by or against the Transferee Company as if it were the Transferor Company in respect of the Transferor Company's Securities so transferred. If the Transferor Company's Securities are listed on any stock exchange, the same shall, subject to applicable regulations, be listed on the relevant stock exchange/s whether in India or abroad, where the Transferor Company's Securities were listed on the same terms and conditions unless otherwise modified in accordance with the provisions hereof.

   (ii) Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf on either party.

(iii) Any debentures or notes, or other debt securities, if any, issued by the Transferor Company and held by the Transferee Company, and vice versa, shall, unless sold or transferred by the Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall be of no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation in that behalf.

(c) (i) Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

(ii) All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company in relation to or in connection with the Undertaking 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, pursuant to the provisions of Section 394(2) of the Act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

(iii) All estates, assets, rights, title, interests and authorities accrued to and/or acquired by the Transferor Company in relation to or in connection with the Undertaking after the Appointed Date and prior to the Effective Date shall have been deemed to have been accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon the coming into effect of this Scheme, pursuant to the provisions of Section 394(2) of the Act, 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 estates, assets, right, title, interests and authorities of the Transferee Company.

6. (a) With effect from Appointed Date and up to the Effective Date:

i) The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hither to and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company;

(ii) All the profits or incomes accruing or arising to the Transferor Company, or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses or taxes of the Transferee Company, as the case may be.

(b) With effect from the date of filing of this Scheme with the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad (whichever is earlier) and upto and including the Effective Date:

(i) The Transferor Company shall carry on its business and activities with reasonable diligence and business prudence and shall not, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its subsidiaries or group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking save and except in each case in the following circumstances:

(ia) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad; or

(ib) if the same is expressly permitted by this Scheme; or

(ic) if written consent of the Transferee Company has been obtained.

(ii) The Transferee Company shall carry on its business and activities with reasonable diligence and business prudence and shall not, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its subsidiaries or group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking save and except in each case in the following circumstances:

(iia) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad; or

(iib) if the same is expressly permitted by this Scheme; or

(iic) if written consent of the Transferor Company has been obtained.

(iii) The Transferor Company and the Transferee Company shall not make any change in their respective capital structure either by any increase, (by issue of equity or shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Exchange Ratio (as defined in Clause 10(a) below), except by mutual consent of the respective Boards of Directors of the Transferor Company and the Transferee Company or except as may be expressly permitted under this Scheme.

7. (a) Upon the coming into effect of this Scheme, all suits, actions and proceedings by or against the Transferor Company pending and/or arising on or before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been pending and/or arising by or against the Transferee Company.

(b) The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in sub-clause (a) above transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company.

8. (a) Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all tenancies, leases, licenses and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto. The Transferee Company shall, at any time prior to the Effective Date, wherever necessary, enter into, and/or issue and/or execute deeds, writings, confirmations, any tripartite arrangements or novations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Clause.

(b) 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, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, be deemed to be authorised to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company.

9. Upon the coming into effect of this Scheme:

(a) All the 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 as to remuneration not less favourable than those subsisting with reference to the Transferor Company as on the said date. It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies, and shall not be entitled to avail of any schemes and benefits that are applicable and available to any of the employees of the Transferee Company, unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Transferor Company with any union/ employee of the Transferor Company.

(b) The existing provident fund, gratuity fund, and pension and/or superannuation fund or trusts created by the Transferor Company or any other special funds created or existing for the benefit of the employees of the Transferor Company shall at an appropriate stage be transferred to the relevant funds of the Transferee Company and till such time shall be maintained separately. In the event that the Transferee Company does not have its own fund with respect to any such matters, the Transferee Company shall create its own funds to which the contributions pertaining to the employees of Transferor Company shall be transferred.

PART IV - REORGANISATION OF CAPITAL

10. (a) Upon the coming into effect of this Scheme, and in consideration of the transfer of and vesting of the Undertaking and the Liabilities of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company whose names are recorded in the Register of Members (the **"Members"**), on a date (hereinafter referred to as the **"Record Date"**) to be fixed by the Board of Directors of the Transferee Company or a committee of such Board of Directors, equity shares of Rs. 10/- (Rupees ten only) each, credited as fully paid-up, in the ratio of 1 (one) equity share of the face value of Rs. 10/- (Rupees ten only) in the Transferee Company for every 11 (eleven) equity shares of the face value of Rs. 10/- (Rupees ten only) each held in Transferor Company. (the above ratio in which the shares of the Transferee Company are to be allotted to the shareholders of the Transferor Company by the Transferee Company is hereinafter referred to as the **"Share Exchange Ratio"**).

(b) The shares or the share certificates of the Transferor Company in relation to the shares held by its Members (and the GDRs that have been issued representing the underlying shares in the Transferor Company) shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and be of no effect on and from the Record Date. In so far as the issue of shares pursuant to sub-clause (a) above is concerned, each of the Members holding shares in physical form shall have the option, exercisable by notice in writing by them to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee of such Board of Directors, to receive, either in certificate form or in dematerialised form, the shares of the Transferee Company in lieu thereof in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the Members, the shares of the Transferee Company shall be issued to such members in certificate form. Those of the Members exercising the option to receive the shares in dematerialised form shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Transferee Company shall issue and directly credit the demat/dematerialised securities account of such member with the shares of the Transferee Company. It is clarified that each of the Members holding shares in dematerialised form shall be issued the shares of the Transferee Company in dematerialised form as per the records maintained by the National Securities Depository Limited and/or Central Depository Services Limited on the Record Date.

11. (a) Equity shares of the Transferor Company, if any, held by the Transferee Company on the Record Date shall be cancelled and shall be deemed to have been cancelled without any further act or deed, and no shares of the Transferee Company are required to be issued in lieu thereof.

(b) Equity shares of the Transferee Company, if any, held by the Transferor Company on the Record Date shall be cancelled without any further act or deed, and no shares of the Transferee Company are required to be issued in lieu thereof.

(c) In respect of equity shares of the Transferor Company where calls are in arrears, without prejudice to any remedies that the Transferor Company or the Transferee Company, as the case may be, shall have in this behalf, the Transferee Company shall not be bound to issue any shares of the Transferee Company (whether partly paid or otherwise) nor to confirm any entitlement to such holder until such time as the calls-in-arrears are paid.

(d) In so far as the forfeited shares of the Transferor Company is concerned, no shares shall be issued by the Transferee Company in lieu thereof.

(e) Shares of the Transferee Company to be issued in accordance with this Scheme, in relation to the shares of the Transferor Company held by RIIHL shall, without any further application, act, instrument or deed be issued and allotted directly to individual trustee or a board of trustees (including the survivors or survivor of any of the trustees comprising such board of trustees) or a corporate trustee (the **"Trustee"**), who shall hold such shares with all additions or accretions thereto in trust for the benefit of RIIHL and its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the instrument (the **"Trust Deed"**) establishing the aforesaid trust (the **"Trust"**) for a period of 5(five) years (the **"Term"**). The Trustees shall have the sole discretion, if it is deemed necessary, to vary the Term in accordance with the provisions of the Trust Deed. During the Term or such varied Term as may be determined by the Trustee, the Trustee may realise value in relation to such shares and in such manner as is appropriate in accordance with the provisions of the Trust Deed and act in the best interest of the beneficiary(ies). The constitution of the Trust, and the functions and powers of the Trustee shall be set forth in the Trust Deed. The obligations of the Trustee shall stand discharged and the Trust shall stand terminated in accordance with the provisions of the Trust Deed.

12. No certificate(s) shall be issued in respect of fractional entitlements, if any, by the Transferee Company, to which the Members may be entitled on issue and allotment of shares of the Transferee Company as aforesaid in Clause 10(a). The Board of Directors of the Transferee Company shall, instead consolidate all such fractional entitlements and thereupon issue and allot equity shares in

lieu thereof to a director or an officer of the Transferee Company or such other person as the Board of Directors of the Transferee Company shall appoint in this behalf who shall hold the shares in trust on behalf of the Members entitled to fractional entitlements with the express understanding that such director(s) or officer(s) or person(s) shall sell the same in the market at such time or times and at such price or prices in the market and to such person or persons, as it/he/they deem fit, and pay to the Transferee Company, the net sale proceeds thereof, whereupon the Transferee Company shall distribute such net sale proceeds to the Members in proportion to their respective fractional entitlements.

13. Equity shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank pari passu in all respects with the then existing equity shares of the Transferee Company, including in respect of dividends, if any, that may be declared by the Transferee Company, on or after the Effective Date.

14. Equity shares of the Transferee Company issued in terms of this Scheme shall be listed on the relevant stock exchange/s in India, only where the existing equity shares of the Transferee Company are presently listed.

15. Upon the coming into effect of this Scheme, and the issue of shares in the Share Exchange Ratio by the Transferee Company pursuant to the provisions of this Scheme, the Transferee Company shall instruct its depository (the **"Depository"**) in respect of the existing global depository receipts (the **"GDRs"**) of the Transferee Company to issue GDRs of the Transferee Company to the existing GDR holders of the Transferor Company in an appropriate manner, in accordance with the terms of the deposit agreement entered into amongst the Transferee Company, the Bank of New York and all registered holders of and beneficial owners from time to time of the GDRs of the Transferee Company (the **"Deposit Agreement"**). The Transferee Company and the Depository shall enter into such further documents as may be necessary and appropriate in this behalf, which shall contain all detailed terms and conditions of such issue.

16. The Transferee Company shall take all such steps and do all such acts, deeds and things as may be necessary for the issue of GDRs pursuant to Clause 15, for listing the GDRs on the Luxembourg Stock Exchange and, if deemed necessary, for the registration of the GDRs under the Securities Act of 1933, as amended, of the United States of America (the **"Securities Act"**) on Form F-6.

17. The GDRs issued to the existing GDR holders of the Transferor Company pursuant to Clause 15 shall be similar in all material respects with the existing GDRs of the Transferee Company.

18. The equity shares underlying the GDRs issued to the existing GDR holders of the Transferor Company will not be registered under the Securities Act in reliance upon the exemption from registration contained in Section 3(a)(10) of the Securities Act. To obtain this exemption, the Transferee Company will rely on the approval of the Scheme by the High Court of Gujarat at Ahmedabad and the High Court of Maharashtra at Mumbai following the hearing by each court. However the GDRs to be issued will be, if deemed necessary, registered on Form F-6, as required by the Securities Act.

19. If, on account of the Share Exchange Ratio, fractional GDRs of the Transferee Company have to be issued, then, in accordance with Section 4.03 of the Deposit Agreement, in lieu of delivering receipts for fractional GDRs the Depository may, in its discretion, sell the shares represented by the aggregate of such fractions, at public or private sale, at such place or places and at such price or prices as it may deem proper, and distribute the net proceeds of any such sale in accordance with the terms of the Deposit Agreement.

PART V - GENERAL TERMS AND CONDITIONS

20. (a) With effect from the date of filing of this Scheme with the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad (whichever is earlier) and upto and including the Effective Date, the Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date, provided that the Transferor Company shall not make any such declaration, except with the prior approval of the Board of Directors of the Transferee Company.

(b) Until the coming into effect of this Scheme, the holder of equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective articles of association including the right to receive dividends.

(c) It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of any of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective boards of directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

21. (a) Upon the coming into effect of this Scheme and with effect from the Appointed Date, for the purpose of accounting for and dealing with the value of the assets and liabilities of the Transferor Company in the books of the Transferee Company, the fair value of the assets and liabilities of the Transferor Company shall be determined as of the Appointed Date, and accounted appropriately.

(b) Any excess of the fair value of the net assets (determined as per sub-clause (a) above) of the Transferor Company over the paid-up value of the shares to be issued and allotted pursuant to this Scheme (including in terms of Clauses 10 and 11 hereof), shall be accounted for and dealt with in the books of the Transferee Company as follows:

(i) The balances in "Debenture Redemption Reserve", "Capital Reserve" and the "Profit and Loss Account" of the Transferor Company shall be transferred and aggregated to the corresponding Debenture Redemption Reserve, Capital Reserve and the Profit and Loss Account, as the case may be, in the books of the Transferee Company;

(ii) The net balance thereof shall be credited by the Transferee Company to its "Securities Premium Account".

(c) If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Company and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in the General Reserve of the Transferee Company.

22. Upon the coming into effect of this Scheme:

(a) the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall be continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

(b) the borrowing limits of the Transferee Company in terms of Section 293(1)(d) of the Act shall, without any further act, instrument or deed, stand enhanced by an amount equivalent to 50% of the aggregate value of the paid-up share capital and free reserves of the Transferee Company (apart from temporary loans obtained from the bankers in the ordinary course of business) over and above the value of the paid-up share capital and free reserves of the Transferee Company.

23. The Transferor Company shall with all reasonable despatch, make all applications/petitions under Sections 391 and 394 and other applicable provisions of the Act to the High Court of Gujarat at Ahmedabad for sanctioning of this Scheme and for its dissolution without winding up under the provisions of law, and obtain all approvals as may be required under law.

24. The Transferee Company shall also with all reasonable despatch, make all applications/petitions under Sections 391 and 394 and other applicable provisions of the Act to the High Court of Judicature at Bombay for sanctioning of this Scheme under the provisions of law, and obtain all approvals as may be required under law.

25. Upon the coming in to effect of this Scheme:

    (a) Clause V of the Memorandum of Association and Article 5(a) of the Articles of Association of the Transferee Company (relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

    "The authorised share capital of the Company is Rs. 3000,00,00,000 (Rupees Three Thousand Crores only) consisting of 250,00,00,000 (Two Hundred and Fifty Crore) equity shares of Rs. 10/- (Rupees Ten Only) each and 50,00,00,000 (Fifty Crore) preference shares of Rs. 10/- (Rupees Ten Only) each, with power to increase or 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 respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by/or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being be provided by the Articles of Association of the Company."

    (b) The Board of Directors, (or any committee thereof) of the Transferor Company shall without any further, act, instrument or deed be and stand dissolved.

26. (a) The Transferor Company and the Transferee Company may assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to this Scheme or to any conditions or limitations which either the Boards of Directors or a committee or committees of the concerned Board or any Director authorised in that behalf by the concerned Board of Directors (hereinafter referred to as the **"Delegates"**) of the Transferor Company and the Transferee Company deem fit, or which the High Court of Judicature at Bombay and/ or the High Court of Gujarat at Ahmedabad or any other authorities under law may deem fit to approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or to review the position relating to the satisfaction of the conditions to this Scheme and if necessary, to waive any of those (to the extent permissible under law) for bringing this Scheme into effect. In the event that any of the conditions may be imposed by the Courts or other authorities which the Transferor Company or the Transferee Company may find unacceptable for any reason, then the Transferor Company and the Transferee Company are at liberty to withdraw the Scheme. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by the Delegates of the respective Companies.

    (b) For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegate of the Transferor Company and Transferee Company may give and are authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

    (c) In the event of there being any pending share transfers with respect to any application lodged for transfer by any shareholder of the Transferor Company, the Board of Directors or any committee thereof of the Transferor Company if in existence, or failing which the Board of Directors or any committee thereof of the Transferee Company shall be empowered in appropriate cases, even subsequent to the Record Date to effectuate such a transfer in the Transferor Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in the Transferee Company and in relation to the new shares after the Scheme becomes effective.

27. This Scheme is conditional upon and subject to:

    (a) The Scheme being agreed to by the requisite majority of the members of the Transferor Company and the Transferee Company as required under the Act and the requisite orders of the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad referred to in Clauses 23 and 24 above being obtained;

    (b) Such other sanctions and approvals including sanctions of any governmental or regulatory authority, creditor, lessor, or contracting party as may be required by law or contract in respect of the Scheme being obtained; and

    (c) The certified copies of the court orders referred to in this Scheme being filed with the Registrar of Companies, Maharashtra and the Registrar of Companies, Gujarat.

28. In the event of this Scheme failing to take effect finally by December 31, 2002 or by such later date as may be agreed by the respective Boards of Directors of the Transferor Company and the Transferee Company, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case each Company shall bear its own costs or as may be mutually agreed.

29. All costs, charges and expenses, including any taxes and duties of the Transferor Company and Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.

ANNEXURE (vi)

ARRANGEMENT
BETWEEN
RELIANCE INDUSTRIES LIMITED
RELIANCE ENERGY VENTURES LIMITED
GLOBAL FUEL MANAGEMENT SERVICES LIMITED
RELIANCE CAPITAL VENTURES LIMITED
RELIANCE COMMUNICATION VENTURES LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO.731 OF 2005
CONNECTED WITH
COMPANY APLICATION NO.563 OF 2005

In the matter of the Companies Act, 1956;

AND

In the matter of Petition under Sections 391 to 394 of the Companies Act,1956;

AND

In the matter of Reliance Industries Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021;

AND

In the matter of the Scheme of Arrangement between Reliance Industries Limited, Reliance Energy Ventures Limited, Global Fuel Management Services Limited, Reliance Capital Ventures Limited and Reliance Communication Ventures Limited and their respective shareholders and creditors.

Reliance Industries Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 3rd Floor, Maker Chamber IV, 222, Nariman Point, Mumbai 400 021 ..... PETITIONER

Mr. I.M. Chagla, Senior Counsel, with Dr. Virendra Tulzapurkar, Senior Counsel, Mr. Virag Tulzapurkar and Mr. Arif Doctor i/b. Amarchand Mangaldas & Suresh A. Shroff & Co. for the Petititoner.

Mr. C.J. Joy with Mr. R.C. Master and Mr. M.M. Goswami i/b. Dr. T.C. Kaushik for the Regional Director.

Mr. Jal S. Onwalla with Mr. Shailesh More for the Intervener.

Mr. Ghanshyam R. Mehta with Mr. Bavesh R. Mehta, Objectors, present in person.

CORAM : SMT. NISHITA MHATRE, J.
DATED : 9TH DECEMBER 2005.

P.C.:

1. This Company Petition has been filed for sanction of the Scheme of Arrangement between Reliance Industries Limited - the Petitioner Company and four other Companies, namely (1) Reliance Energy Ventures Limited, (2) Global Fuel Management Services Limited, (3) Reliance Capital Ventures Limited and (4) Reliance Communication Ventures Limited.

2. The Petitioner Company is engaged in various businesses including (i) petrochemicals; (ii) refining; (iii) oil and gas; (iv) textiles; (v) coal based power generation; (vi) gas based power generation; (vii) financial services business including insurance business and (viii) telecommunications. The Petitioner Company has proposed a Scheme of Arrangement whereby the share capital and the Assets of the Company relatable to the Divisions dealing with (i) coal based power generation i.e. Coal Based Energy Undertaking; (ii) Gas based power generation i.e. Gas Based Energy Undertaking; (iii) Financial services including Insurance i.e. Financial Services Undertaking and (iv) Wireless & Wireline Telecommunication Services i.e. Telecommunication Undertaking will be diverted to the aforesaid four Companies which are the Resulting Companies. These Companies are presently wholly owned subsidiaries of the Petitioner Company. The Petitioner Company has proposed a Scheme of Arrangement whereby each resulting Company would issue shares after which the resulting Companies will cease to be subsidiaries of the Petitioner Company. The Petitioner Company has proposed the demerger of its Coal Based Energy Undertaking, Gas Based Energy Undertaking, Financial Services Undertaking and Telecommunication Undertaking under the Scheme of Arrangement to be effected under Sections 391 to 394 of the Companies Act, 1956. According to the Petitioner Company, the demerger complies with the provisions of Section 2(19AA) of the Income Tax Act, 1961. The salient features of the Scheme are as follows:

   (i) All the properties of the Demerged Undertakings transferred by the Petitioner Company immediately before the demerger become the properties of the respective Resulting Companies by virtue of the demerger;

   (ii) All the liabilities relatable to the Demerged Undertakings being transferred by the Petitioner Company, immediately before the demerger becomes the liabilities of the respective Resulting Companies by virtue of the demerger;

(iii) The properties and liabilities, if any, relatable to the Demerged Undertakings being transferred by the Petitioner Company are transferred to the respective Resulting Companies at the values appearing in the books of account of the Petitioner Company immediately before the demerger;

(iv) Each of the Resulting Companies issues shares to the shareholders of the Petitioner Company (except certain Specified Shareholders) in consideration of the demerger on a proportionate basis;

(v) All shareholders of the Petitioner Company (except certain Specified Shareholders) shall become the shareholders of each of the Resulting Companies by virtue of the demerger; and

(vi) The transfer of the Demerged Undertakings will be on a going concern basis.

3. By an Order of 16th September 2005 passed in the Company Application No.563 of 2005, requisite directions were issued by this Court to convene separate meetings of its equity shareholders (except certain Specified Shareholders), secured Creditors (including debenture holders) and unsecured creditors. These meetings were to be convened under the Chairmanship of an independent person. Separate meetings of the equity shareholders, secured creditors and unsecured creditors were accordingly held on 21st October 2005. The Chairman's Reports of the meetings are annexed to the Petition. The Resolution accepting the Scheme of Arrangement between the Petitioner Company and its four wholly owned subsidiaries i.e. the aforesaid Undertakings into four separate companies was approved by equity shareholders constituting 99.81% of the members present and voting. These members who voted in favour of the Scheme hold 99.9998% of the shareholding. The Scheme was, therefore, approved with an overwhelming majority by the equity shareholders. Fifteen members holding 1657 shares i.e. .0002% have voted against the Scheme. 587 votes representing 2118 equity shares were declared invalid. Similarly, an overwhelmingly large majority of secured creditors and unsecured creditors accepted the Scheme at their respective meetings held on 21st October 2005. The Chairman's Reports indicate that Objectors to the Scheme were given an opportunity to express their views at the meetings;

4. After filing the present petition, notice of hearing of the Petition under Section 394A of the Companies Act, 1956 was advertised in two local newspapers. Objections have been received from Bharat Gunvantrai Mankad and Kalpesh Bharatkumar Mankad (hereinafter for the sake of brevity referred to as "the Mankads") who have raised objections at the meeting convened for shareholders. Objections have also been filed by Ghanshyam R. Mehta and Bhavesh R. Mehta (hereinafter for the sake of brevity referred to as "the Mehtas") to the Scheme of Arrangement.

5. The Mehtas have claimed that their interests would be vitally affected in the Suit filed by them against Reliance Telecom Ltd. for the recovery of Rs.50,00,00,000/- (Rupees fifty Crores) before the Court of Civil Judge, Senior Division, Rajkot being Special Civil Suit No.34 of 2001. They are not the shareholders of Reliance Industries Limited-the Petitioner Company nor are they creditors of Reliance Industries Limited. Reliance Telecom Limited is an independent Company and not a subsidiary of the Petitioner Company. In my view, the objections raised by the Mehtas need not be considered at all since they are neither shareholders nor creditors of the Petitioner Company.

6. Many objections have been raised by the Mankads in their joint affidavit in reply to the Petition. However, when the petition was heard, Mr. Unwalla appearing for them confined the objections to the following:

(i) Discrepancies in the Scheme of Arrangement circulated to the members and the one annexed to the present Petition.

(ii) Non-disclosure of material particulars regarding the assets of the Petitioner Company and disclosures which are made in the Scheme are vague.

(iii) The latest financial position has not been disclosed to the Court which is a requirement of law.

7. The Apex Court in the case of Miheer H. Mafatlal vs. Mafatlal Industries Ltd., **AIR 1997 SC 506**, dealt with the fairness of a Scheme of Amalgamation passed by a majority of the shareholders. One of the shareholders who was also a Director of the transferor Company had raised several objections to the Scheme. While considering the provisions of Sections, 391, 392 and 393, the Apex Court observed thus in paragraphs 28 and 28A:

"...On a conjoint reading of the relevant provisions of Sections 391 and 393 it becomes at once clear that the Company Court which is called upon to sanction such a scheme has not merely to go by the *ipse dixit* of the majority of the shareholders or creditors or their respective classes who might have voted in favour of the scheme by requisite majority but the Court has to consider the pros and cons of the scheme with a view to finding out whether the scheme is fair, just and reasonable and is not contrary to any provisions of law and it does not violate any public policy. This is implicit in the very concept of compromise or arrangement which is required to receive the imprimatur of a Court of law. No Court of law would ever countenance any scheme of compromise or arrangement arrived at between the parties and which might be supported by the requisite majority if the Court finds that it is an unconscionable or an illegal scheme or is otherwise unfair or unjust to the class of shareholders or creditors for whom it is meant. Consequently it cannot be said that a Company Court before whom an application is moved for sanctioning such a scheme which might have got the requisite majority support of the creditors or members or any class of them for whom the scheme is mooted by the concerned company, has to act merely as a rubber stamp and must almost automatically put its seal of approval on such a scheme. It is trite to say that once the scheme gets sanctioned by the Court it would bind even the dissenting minority shareholders or creditors. Therefore, the fairness of the scheme qua them also has to be kept in view by the Company Court while putting its seal of approval on the concerned scheme placed for its sanction. It is, of course, true that so far as the Company Court is concerned as per the statutory provisions of Sections 391 and 393 of the Act the question of voidability of the scheme will have to be judged subject to the rider that a scheme sanctioned by a majority will remain binding to a dissenting minority of creditors or members, as the case may be, even though they have not consented to such a scheme and to that extent absence of their consent will have no effect on the scheme. It can be postulated that even in case of such a Scheme of Compromise and Arrangement put up for sanction of a Company Court it will have to be seen whether the proposed scheme is lawful and just and fair to the whole class of creditors or members including the dissenting minority to whom it is offered for approval and which has been approved by such class of persons with requisite majority vote."

"28-A. However further question remains whether the Court has jurisdiction like an appellate authority to minutely scrutinize the scheme and to arrive at an independent conclusion whether the scheme should be permitted to go through or not when the majority of the creditors or members or their respective classes have approved the scheme as required by Section 391 sub-section (2). On this aspect the nature of compromise or arrangement between the company and the creditors and members has to be kept in view. It is the commercial wisdom of the parties to the scheme who have taken an informed decision about the usefulness and propriety of

the scheme by supporting it by the requisite majority vote that has to be kept in view by the Court. The Court certainly would not act as a Court of appeal and sit in judgement over the informed view of the concerned parties to the compromise as the same would be in the realm of corporate and commercial wisdom of the concerned parties. The Court has neither the expertise nor the jurisdiction to delve deep into the commercial wisdom exercised by the creditors and members of the company who have ratified the Scheme by the requisite majority. Consequently the Company Court's jurisdiction to that extent is peripheral and supervisory and not appellate. The Court acts like an umpire in a game of cricket who has to see that both the teams play their game according to the rules and do not overstep the limits. But subject to that how best the game is to be played is left to the players and not the umpire. The supervisor jurisdiction of the Company Court can also be culled out from the provisions of Section 392 of the Act which reads as under:

"392. (1) Where a High Court makes an order under Section 391 sanctioning a compromise or an arrangement in respect of a company if—

(a) shall have power to supervise the carrying out of the compromise or arrangement; and

(b) may, at the time of making such order or at any time thereafter, give such directions in regard to any matter or make such modifications in the compromise or arrangement as it may consider necessary for the proper working of the compromise or arrangement.

(2) If the Court aforesaid is satisfied that a compromise or arrangement sanctioned under Section 391 cannot be worked satisfactorily with or without modifications, it may, either on its own motion or on the application of any person interested in the affairs of the company, make an order winding up the company, and such an order shall be deemed to be an order made under section 433 of this Act.

(3) The provisions of this section shall, so far as may be, also apply to a company in respect of which an order has been made before the commencement of this Act under section 153 of the Indian Companies Act, 1913 (7 of 1913), sanctioning a compromise or an arrangement".

Of course this Section deals with post-sanction supervision. But the said provision itself clearly earmarks the field in which the sanction of the Court operates. It is obvious that the supervisor cannot ever be treated as the author or a policy maker. Consequently the propriety and the merits of the compromise or arrangement have to be judged by the parties who as *sui juris* with their open eyes and fully informed about the pros and cons of the Scheme arrive at their own reasoned judgment and agree to be bound by such compromise or arrangement. The Court cannot, therefore, undertake the exercise of scrutinizing the scheme placed for its sanction with a view to finding out whether a better scheme could have been adopted by the parties. This exercise remains only for the parties and is in the realm of commercial democracy permeating the activities of the concerned creditors and members of the company who in their best commercial and economic interest by majority agree to give green signal to such a compromise or arrangement. The aforesaid statutory scheme which is clearly discernible from the relevant provisions of the Act, as seen above, has been subjected to a series of decisions of the different High Courts and this Court as well as by the Courts in England which had also occasion to consider Schemes under *pari materia* English Company Law."

8. The Apex court has then succintly outlined the broad framework within which the Company Court should function while sanctioning a Scheme under the aforesaid Sections. These are as follows:

(1) The sanctioning Court has to see to it that all the requisite statutory procedure for supporting such a scheme has been complied with and that the requisite meetings as contemplated by Section 391(1) have been held.

(2) That the scheme put up for sanction of the Court is backed up by the requisite majority vote as required by Section 391, sub-section (2).

(3) That the concerned meetings of the creditors or members or any class of them had the relevant material to enable the voters to arrive at an informed decision for approving the scheme in question. That the majority decision of the concerned class of voters is just and fair to the class as a whole so as to legitimately bind even the dissenting members of that class.

(4) That all necessary material indicated by Section 393(1)(a) is placed before the voters at the concerned meetings as contemplated by Section 391, sub-section (1).

(5) That all the requisite material contemplated by the proviso to sub-section (2) of Section 391 of the Act is placed before the Court by the concerned applicant seeking sanction for such a scheme and the Court gets satisfied about the same.

(6) That the proposed scheme of compromise and arrangement is not found to be violative of any provision of law and is not contrary to public policy. For ascertaining the real purpose underlying the Scheme with a view to be satisfied on this aspect, the Court, if necessary, can pierce the veil of apparent corporate purpose underlying the scheme and can judiciously X-ray the same.

(7) That the Company Court has also to satisfy itself that members or class of members or creditors or class of creditors, as the case may be, were acting bona fide and in good faith and were not coercing the minority in order to promote any interest adverse to that of the latter comprising of the same class whom they purported to represent.

(8) That the scheme as a whole is also found to be just, fair and reasonable from the point of view of prudent men of business taking a commercial decision beneficial to the class represented by them for whom the scheme is meant.

(9) Once the aforesaid broad parameters about the requirement of a scheme for getting sanction of the Court are found to have been met, the Court will have no further jurisdiction to sit in appeal over the commercial wisdom of the majority of the class of persons who with their open eyes have given their approval to the scheme even if in the view of the Court there would be a better scheme for the company and its members or creditors for whom the scheme is framed. The Court cannot refuse to sanction such a scheme on that ground as it would otherwise amount to the Court exercising appellate jurisdiction over the scheme rather than its supervisory jurisdiction.

However, the Court has cautioned that the aforesaid parameters are not exhaustive but broadly illustrative of the contours of the Company Court's jurisdiction.

9. A perusal of this judgement indicates that the role of a Company Court in sanctioning a Scheme of Arrangement is only supervisory. The Company Court does not exercise appellate jurisdiction in such matters. Therefore, while considering the objections raised to the Scheme, it would be appropriate to bear in mind the contours or parameters set by the Apex Court in the case of Mafatlal (supra).

10. As regards the first objection in respect of the discrepancy between the Scheme annexed to the Petition and the Scheme furnished to the shareholders, the learned Counsel for the Petitioner Company admits that there are certain omissions in the Scheme annexed to the Petition. However, he prays that the Petitioner Company be permitted to amend the Petition in order to insert the missing statements. He further submits that the omissions in the Scheme annexed to the Petition are not fatal to the Petition.

11. It is obvious that certain statements made in the Schedules to the Scheme have been omitted in the Scheme of Arrangement annexed at Exhibit "K" to the Petition. For instance Part "A" of Schedule I of the Scheme issued to the shareholders, contains a statement "And such other properties as may be agreed between the Demerged Company and the Coal Based Energy Resulting Company." This statement does not find place in Schedule I to the Scheme found at Exhibit "K" to the Petition. Similarly, in Schedule II, there is an omission to complete the statement "Other Fixed Assets of the Gas Based Energy Undertaking" in Exhibit "K". Further discrepancies have arisen in Schedule III and Schedule IV. These omissions in my opinion are not fatal to the Petition. The Scheme which was circulated to the shareholders and other groups did contain these statements. They have voted on the Scheme as circulated. Apart from this, the Petitioner Company has tendered draft amendments which are allowed on 8th December 2005 and accordingly amendments have been carried out.

12. The learned Counsel for the Objectors Mr. Unwalla then submitted that there is non- disclosure of material facts relating to the assets, loans and advances. According to him, such facts which are disclosed, are vague. The learned Counsel fairly accepts the book value of the assets mentioned in each of the Schedules. However, he submits that it was necessary for the Petitioner Company to indicate the methodology adopted by it to arrive at these figures. He has also stated that although certain assets of the new Companies have been mentioned in the Schedules, there is a vague statement made that other properties or assets agreed to between the demerged Company i.e. the Petitioner Company and the resulting Companies would form assets of the resulting Companies. A statement is made by Mr. Chagla, learned Counsel for the Petitioner Company, on instructions, that there has been no transfer of assets after the appointed date i.e. 1st September 2005. All assets have been transferred before that date as stated in the Schedule. There has been no addition in the assets which are transferred after 1st September 2005, according to the learned Counsel. He urges that there is sufficient disclosure of the assets as well as liabilities. In my view, the objection is untenable as all the material facts have been disclosed. Apart from this, there is no prejudice which would be caused to the Objectors. The contention that the Petitioner Company and the resulting Companies would be able to swap assets in future to the prejudice of the shareholders also is unsustainable. Once the Scheme is sanctioned by the Court, it would not be possible to transfer the assets and liabilities except by following due process of law. All transfers which have taken place prior to the appointed date have been reflected in the Schedules.

13. The third contention raised by the Objectors is that the latest financial position has not been disclosed since the unaudited segment information to the quarter/half year ended 30th September, 2005 has not been disclosed in the Petition. The learned Counsel for the Petitioner Company submits that the requirement of law is that the unaudited accounts are to be simultaneously submitted to Securities Exchange Board of India (SEBI), the Stock Exchange and released to the newspaper publications. The Petition was filed on 24th October, 2005, whereas the unaudited accounts were published on 27th October, 2005 and, therefore, it was not possible to include the unaudited accounts for the quarter year ended 30th September, 2005 in the Petition. In my view, the objection raised is unsustainable. The proviso to Section 391(2) of the Companies Act, 1956 does stipulate that the latest financial position is to be disclosed to the Court while proposing a Scheme of Arrangement. However, at the same time it is necessary for the Company to observe the rigours of other provisions of law, which necessitate the submission of the unaudited accounts simultaneously to the different authorities including SEBI and the Stock Exchange while publishing the information at the same time in the newspapers. This was done on 27th October 2005. Since, there is an embargo on the prior disclosure of unaudited accounts, it is obvious that the Company Petition filed on 24th October 2005 could not contain such information. Therefore, the submission of the learned Counsel for the Objectors on this count is unsustainable.

14. Several other Objections have been raised by the Mankads in their affidavit filed on 28th November 2005; one of the main objections being that the Scheme was a family arrangement arrived at, to the prejudice of the shareholders. However, it is unnecessary for me to deal with those objections as the Objectors confined themselves to the aforesaid three-fold contentions.

15. Having considered the Scheme, as rightly pointed out by Mr. Dwarkadas, learned Counsel for the transferee Company i.e. Global Fuel Management Services Limited, which is the resulting Company in respect of the Gas Based Energy Undertaking of the Petitioner Company, the shareholders would not only hold shares in the parent Company i.e. the Petitioner Company but also in each of the resulting Companies in the ratio of 1:1. The Scheme of Arrangement is fair and gives an opportunity to the shareholders to decide whether they wish to continue to be shareholders of one or more of the resulting Companies or of the parent Company alone.

16. In my view, keeping in mind the contours of the jurisdiction available to the Company Court while deciding a Petition under Section 391, the Scheme of Arrangement would have to be sanctioned. The objections raised are untenable. 99.81% of the shareholders have in their commercial wisdom accepted the Scheme. It is not for the Company Court to decide whether a better Scheme could have been proposed by the Company. The objectors have been unable to indicate as to how the Scheme is unfair or how they would be prejudiced by the Scheme of Arrangement. In my view, as a whole, the Scheme of Arrangement is fair and reasonable from the point of view of the commercial decision taken by an overwhelming majority of the shareholders. The Scheme cannot be said to be against public policy. In fact, the Mankads are not really objecting to the Scheme but are insisting that there should be further and better disclosure of the material particulars. In my view, all the necessary particulars have been disclosed by the Petitioner Company in the Scheme of Arrangement and, therefore, the objections are without merit and are rejected.

17. The representative for the Regional Director of Companies states that the Petitioner Company and the resulting Companies would have to comply with certain provisions of law which the Petitioner Company has undertaken to do. The Regional Director has no objection to the Scheme of Arrangement being sanctioned.

18. Hence, the Company Petition is made absolute in terms of prayer clauses (a) to (h) subject to payment of costs to Regional Director of Rs. 2,500/- (Rupees Two Thousand Five Hundred only).

19. All concerned parties including the concerned Registrar of Companies to act on the ordinary copy of the Order and Scheme annexed to the Petition, authenticated by the Company Registrar, High Court, Bombay.

20. Filing of drawn up order is dispensed with.

21. Mr. More for the Objectors-Mankads seeks a stay of this order for six weeks. Mr. Chagla, learned counsel appearing for the Petitioner Company, opposes.

22. In my view, there is no need to grant stay since the Objectors had candidly accepted the Scheme of Arrangement. Stay refused.

Prayer clauses (a) to (h) referred to in para 18 above are given below:

(a) that the arrangement emodied in the Scheme of Arrangement (Exhibit K hereto) be sanctioned by this Hon'ble Court so as to be binding with effect from 1st September 2005, the Appointed Date on the Petitioner Company, its equity shareholoders, secured creditors (including debenture holders) and unsecured creditors as also on the Resulting Companies and its equity shareholders, creditors and all concerned persons;

(b) for an order under Section 394 of the Companies Act, 1956 for transfer and vesting of the Petitioner Company's interest and strategic investments in Coal based power business - Coal Based Energy Undertaking, Gas based power business - the Gas Based Energy Undertaking, Financial servises business - the Financial Services Undertaking, and telecommunication business which comprises the Telecommunication Undertaking, as set out in the Scheme being Exhibit "K" hereto shall without further act or deed be transferred to and be vested in and/or deeemed to be transferred to and be vested in the respective Resulting Company.

(c) for an order that with effect from the Appointed Date, all the properties of the Demerged Undertakings (as defined in the Scheme) being transferred by Petitioner Company immediately before the demerger, shall without any further act or deed be transferred to 116 or deemed to be transferred so as to become the properties of the respective Resulting Company;

(d) for an order that with effect from the Appointed Date, all the debts, liabilities, duties and obligations relating to the Demerged Undertakings (as defined in the Scheme) being transferred by the Petitioner Company, immediately before the demerger become the debts, liabilities, duties and obligations of the respective Resulting Company;

(e) for an order that with effect from the Appointed Date, the properties and the debts, liabilities, duties and obligations, if any, relating to the Demerged Undertakings (as defined in the Scheme) being transferred by the Petitioner Company are transferred to the respective Resulting Company at the values appearing in the books of account of the Petitioner Company immediately before the demerger;

(f) for an order that the respective Resulting Company issues shares to the eligible shareholders of the Petitioner Company (except certain Specified Shareholders, as defined in the Scheme) whose name is recorded in the register of members of the Petitioner Company on the Record Date, in consideration of the demerger on a proportionate basis;

(g) for an order that with effect from the Appointed Date, all eligible shareholdedrs of the Petitioner Company (except certain Specified Shareholders, as defined in the Scheme) whose name is recorded in the register of members of the Petitioner Company on the Record Date, shall become the shareholders of each of the Resulting Company;

(h) for an order that the Petitioner Company shall within 30 days after the date of sealing of the Order to be made herein or within such other time as may be permitted by this Hon'ble Court cause a certified copy thereof to be delivered to the Registrar of Companies, Maharashtra at Mumbai for Registration.

SCHEME OF ARRANGEMENT

UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956

BETWEEN

Reliance Industries Limited

Demerged Company

(Transferor Company)

AND

Reliance Energy Ventures Limited

Coal Based Energy Resulting Company

(1st Transferee Company)

AND

Global Fuel Management Services Limited

Gas Based Energy Resulting Company

(2nd Transferee Company)

AND

Reliance Capital Ventures Limited

Financial Services Resulting Company

(3rd Transferee Company)

AND

Reliance Communication Ventures Limited

Telecommunication Resulting Company

(4th Transferee Company)

AND

their respective shareholders and creditors

PREAMBLE

A. **Description of Companies:**

(a) The Reliance group, which comprises the Demerged Company (Transferor Company), viz. Reliance Industries Limited **("RIL")** its subsidiaries and other affiliate companies is one of the largest business groups in India, and RIL, the flagship company of the group, is one of India's largest private sector industrial enterprises. Over the years, RIL embarked on a process of vertical integration and at the same time ventured into new areas of business.

(b) RIL was originally engaged in trading of yarn and subsequently, expanded into manufacturing and trading of textiles at its unit at Naroda, District Ahmedabad in the State of Gujarat. RIL ranks amongst the world's top 10 producers for almost all its major products. RIL's strategy has been to build leading market shares in the domestic market, pursue selective export opportunities, implement vertical integration, access leading technologies, achieve economies of scale, focus on financial management and invest in infrastructure projects. RIL has undertaken expansion, diversification and restructuring of its business by various routes including promoting new companies, investing in equity of companies, supplying equipment and manpower and acquiring rights and assuming liabilities in new ventures in order to ensure greater shareholder value.

(c) To achieve its aforesaid objectives of vertical integration, expansion and diversification, RIL set up plants at Patalganga for manufacture of polyester, fibre intermediates, and petrochemicals, followed by plants at Hazira for manufacture of petrochemicals through Reliance Petrochemicals Limited **("RPCL")** and for manufacture of polymers through Reliance Polyethylene Limited **("RPEL")** and Reliance Polypropylene Limited **("RPPL")**. RIL also set up one of the largest greenfield refineries at Jamnagar in the State of Gujarat through Reliance Petroleum Limited **("RPL")** for manufacture of petroleum products. With a view to enhance shareholder value RPCL, RPPL, RPEL and RPL were amalgamated with RIL in stages to make RIL a vibrant and economically strong corporate entity.

(d) The growth of RIL enabled RIL to consider further backward integration and RIL successfully bid for offshore oil and gas fields and is engaged in oil and gas exploration and production at its oil and gas fields. RIL has been successful in locating gas fields capable of commercial exploration and is in the process of developing the same with a view to commencing the production and sale of gas.

(e) RIL's operations capture value addition at every stage, from the production of crude oil and gas to polyester, polymers and chemical products, and finally to the production of textiles. RIL consolidated its strengths in the petrochemicals business by acquiring, through Reliance Petroinvestments Limited, from Government of India, a substantial stake in Indian Petrochemicals Corporation Limited **("IPCL")**.

(f) In order to maximize shareholder value, RIL decided to expand into financial services business and into the business of telecommunications as also to participate in the ongoing process of consolidation in the energy sector in the country, as follows:

(i) RIL's business vision clearly included its foray into the power sector, which is an important constituent of the energy sector and has tremendous synergy with the hydrocarbon sector in which RIL is one of the leading players. RIL acquired considerable experience in the energy sector by setting up captive power projects for all its manufacturing and production plants. RIL commenced its external foray in the power sector by planning to set up power plants in Jamnagar, Gujarat (Reliance Power), Orissa (Hirma Power) and Tamil Nadu (Jayamkondam Power). RIL appointed a dedicated team of executives drawn in house and from the power industry for undertaking the work of development of these projects. In pursuance of its foray in the power sector, RIL decided to make a strategic investment in Reliance Energy Limited **("REL")** (formerly BSES Limited), which is engaged in the generation of coal based power at Dahanu, Maharashtra and also in the business of transmission and distribution of power to consumers in Mumbai, Delhi, Orissa, Goa, etc. In view of the established power generation capacity and network of transmissions and distribution lines of REL, RIL decided that the investment in REL would be more prudent in a business sense, than the setting up of a greenfield project by itself,

and accordingly, RIL acquired an equity shareholding and management control of REL. The strategic investment in the equity shares of REL was made by RIL directly as well as through its wholly owned subsidiary, Reliance Power Ventures Limited **("RPVL")**. RIL made two open offers to acquire further shares of REL under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The first open offer was made in May, 2000 and the second open offer was made in December, 2002. RIL ultimately acquired management control of REL after the second open offer was concluded in March, 2003. RIL is the single largest shareholder of REL. After acquiring the business of REL, RIL consolidated its power business in REL by bringing its future power projects under REL's fold and also assigning its dedicated team of executives working on power projects to REL. RIL has powers to nominate or appoint majority directors on the Board of REL as per Articles of Association of REL. The management and employees of RIL have been actively involved in overseeing and monitoring the various aspects of the business of REL. The name of the company (viz. REL) which was undertaking the energy business was altered from BSES Limited to Reliance Energy Limited i.e. REL and the "Reliance" name and logo as well as the brand equity of "Reliance" has been used to support and promote the said power business. The abovementioned businesses as an integrated whole (other than captive power projects for RIL's manufacturing plants), constitute the Coal Based Energy Undertaking of RIL.

(ii) RIL's foray into the power business got a great boost with the discovery of gas in its exploration blocks on the eastern coast of India. This facilitated RIL to expand its activities in the gas based energy business where gas could be used as a primary fuel. This allows integration of the gas to power value chain and enables exploiting of the synergies therein. Consequently, REL has announced setting up of gas based power generation projects in India. RIL proposes to use part of its gas discoveries for the generation of power for which purpose an appropriate gas supply arrangement will be entered into between RIL and Global Fuel Management Services Limited, pursuant to which gas will be supplied to REL for their power projects, including Reliance Patalganga Power Limited, for the generation of power. The above mentioned business of supply of gas to REL for their power projects including Reliance Patalganga Power Limited, for generation of power as an integrated whole, constitute the Gas Based Energy Undertaking of RIL.

(iii) RIL made its foray into the financial services business by promoting and setting up a new company, namely, Reliance Capital Limited (formerly known as Reliance Capital and Finance Trust Limited) (hereinafter referred to as **"RCL"**) to carry on business activities in traditional finance areas of leasing, merchant banking, etc. RIL expanded its financial business into stock broking and trading by causing RCL to set up a subsidiary (known as Reliance Share and Stock Brokers Private Limited) to carry on the business of stock broking and trading in 1994. During the financial year 1995-96, RIL made a foray into the mutual fund business through RCL by sponsoring a mutual fund (viz. Reliance Mutual Fund) and by setting up an asset management company and trustee company for the purposes of carrying on mutual fund activities. As a part of its foray in the financial services business, RIL set up Reliance Life Insurance Company Limited (**"Reliance Life"**) and Reliance General Insurance Company Limited (**"Reliance General"**) for undertaking life and general insurance business respectively. At the time of promotion, RIL had provided various assurances and undertakings to concerned authorities based on which licenses have been issued. Subsequently, RIL transferred its shareholding to the extent of 75% in these companies to RCL. While the business of Reliance General has made significant progress, the business in Reliance Life has yet to start. The "Reliance" name and logo as well as the brand equity of "Reliance" were used to establish and promote various financial products launched as part of the mutual fund business and the general insurance business. Further, RIL provided the necessary infrastructure, support, expertise and experience available with it to ensure that the financial services business progressed smoothly in the nascent stage. RIL provided the initial funds required for setting up the aforesaid financial services business and the management of RIL was actively involved in the process of setting up as well as overseeing and monitoring the various aspects of its financial services business. The respective businesses were promoted in separate companies from the point of view of providing better visibility and maximizing shareholder value as well as to provide autonomy in the day-to-day functioning of the businesses. The abovementioned businesses as an integrated whole, constitute the Financial Services Undertaking of RIL.

(iv) RIL also ventured into the business of providing telecommunication services, once the Indian telecommunication sector was opened up by the Government to private sector participation. The business of telecommunication services provided an excellent business opportunity to RIL in view of the tremendous potential for growth of the business both domestically as well as in overseas markets. RIL promoted Reliance Telecom Limited **("RTL")** for providing cellular mobile telephone services using the GSM technology in East and North-East India and basic telephone services in the State of Gujarat. RIL subsequently promoted Reliance Communications Infrastructure Limited **("RCIL")** for setting up the backbone infrastructure required for its telecom operations and simultaneously also promoted and set up Reliance Infocomm Limited **("RIC")** for providing wireless services based on CDMA technology, wireline telecommunication services and broadband services in various parts of India. The "Reliance" name and logo as well as the brand equity of "Reliance" were used to establish and promote various telecom services launched by RTL, RCIL and RIC. Further, RIL provided the necessary manpower, infrastructure support, expertise and experience by assigning teams of employees to oversee the launch of its telecom services by RTL, RCIL and RIC and ensure that its telecom business progressed smoothly in the nascent stage. The support of RIL's countrywide dealer network was solicited to effectively market the telecom services. All these projects were supported by RIL initially by providing guarantees to DoT for obtaining licenses to provide such telecom services. The management of RIL was actively involved in the process of setting up as well as overseeing and monitoring the various aspects of the telecom services business. The various telecom services were promoted in separate companies from the point of view of meeting regulatory requirements, providing better visibility and maximizing shareholder value as well as to provide autonomy in the day-to-day functioning of the businesses. Apart from the above, RIL also provided several of its assets to the telecom business. In January 2004, in order to further strengthen its international telecommunication business, RIC acquired Bermuda based FLAG Telecom Group Limited which owns submarine cable systems in international waters. The abovementioned businesses carried on by RIL through RTL, RCIL and RIC, as an integrated whole, constitute the Telecommunication Undertaking of RIL.

(g) Based on the aforesaid, RIL's several businesses carried on by itself and through its subsidiaries and affiliate companies and through strategic investments in other companies can broadly be segregated into the following areas: (i) petrochemicals; (ii) refining; (iii) oil and gas; (iv) textiles; (v) coal based power generation; (vi) gas based power generation (vii) financial services business including insurance business; and (viii) telecommunications

B. **Rationale for the Scheme of Arrangement:**

(a) Each of the several businesses carried on by RIL by itself and through its subsidiaries and affiliate companies and through strategic investments in other companies including Coal Based Energy Undertaking, Gas Based Energy Undertaking, Financial Services Undertaking and Telecommunication Undertaking have significant potential for growth. The nature of risk and competition involved in each of these businesses is distinct from others and consequently each business or undertaking is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses are required to be managed.

In order to enable distinct focus of investors to invest in some of the key businesses and to lend greater focus to the operation of each of its diverse businesses, RIL proposes to re-organize and segregate, by way of a demerger, its business and undertakings engaged in:

(i) Coal based power generation, distribution and transmission - Coal Based Energy Undertaking.

(ii) Gas based power generation, distribution and transmission - Gas Based Energy Undertaking

(iii) Financial services including insurance - Financial Services Undertaking.

(iv) Wireless & Wireline telecommunication services- Telecommunication Undertaking.

(b) Each of these businesses have tremendous growth and profitability potential and are at a stage where they require focused leadership and management attention. Hence, simultaneously, with the re-organisation and segregation of businesses, RIL also intends to re-organise the management of various businesses and undertakings to provide focused management attention and leadership required by the businesses which are to be segregated and demerged. In particular, Shri Anil D. Ambani, the erstwhile Vice Chairman & Managing Director of RIL would take responsibility for providing such focused management attention and leadership to the segregated and demerged businesses whereas Shri Mukesh D. Ambani, Chairman & Managing Director of RIL would continue to lead the businesses retained by RIL including, in particular petrochemicals, refining, oil and gas exploration and production, textiles and other businesses.

(c) It is believed that the proposed segregation will create enhanced value for shareholders and allow a focused strategy in operations, which would be in the best interest of RIL, its shareholders, creditors and all persons connected with RIL. The demerger proposed by this Scheme of Arrangement will enable investors to separately hold investments in businesses with different investment characteristics thereby enabling them to select investments which best suit their investment strategies and risk profiles.

(d) The demerger will also provide scope for independent collaboration and expansion without committing the existing organization in its entirety.

(e) With the aforesaid objective, it is proposed to demerge RIL's undertakings comprising RIL's interests and strategic investments in (i) coal based power business; (ii) gas based power business; (iii) financial services business including insurance, and (iv) telecommunications business from RIL's interests in the multi-location, vertically integrated, businesses in petrochemicals, refining, oil and gas and textiles and other businesses.

(f) The Board of Directors of the Demerged Company are of the opinion that the demerger would benefit the shareholders, employees and other stakeholders of the Demerged Company.

C. **Purpose of the Scheme:**

(a) It is therefore proposed that each of RIL's undertakings comprising RIL's interests and strategic investments in (i) coal based power business; (ii) gas based power business; (iii) financial services business; and (iv) telecommunication business be segregated and demerged, pursuant to a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 and transferred to separate companies for achieving independent focus in these areas. RIL will continue its interests in the businesses of petrochemicals, refining, oil and gas exploration & production and textiles and develop new areas in the economic development of the country.

(b) With the aforesaid objective, each of the Resulting Companies is intended to give effect to the terms of this Scheme of Arrangement. The Coal Based Energy Resulting Company (1st Transferee Company) has been incorporated with one of its main objects as:

"To carry on, manage, supervise and control the business of transmitting, manufacturing, supplying, generating, distributing and dealing in electricity and all forms of energy and power generated by any source whether nuclear, steam, hydro or tidal, water, wind, solar, hydrocarbon fuel or any other form, kind or description";

the Gas Based Energy Resulting Company (2nd Transferee Company) has been incorporated with one of its main objects as:

"To carry on, manage, supervise and control the business of transmitting, manufacturing, supplying, generating, distributing and dealing in electricity and all forms of energy and power generated by any source whether nuclear, steam, hydro or tidal, water, wind, solar, hydrocarbon fuel, natural gas or any other form, kind or description";

the Financial Services Resulting Company (3rd Transferee Company) has been incorporated with one of its main objects as:

"To carry on and undertake the business of finance, investment, loan and guarantee company and to invest in, acquire, subscribe, purchase, hold, sell, divest or otherwise deal in securities, shares, stocks, equity linked securities, debentures, debenture stock, bonds, commercial papers, acknowledgements, deposits, notes, obligations, futures, calls, derivatives, currencies and securities of any kind whatsoever, whether issued or guaranteed by any person, company, firm, body, trust, entity, government, state, dominion sovereign, ruler, commissioner, public body or authority, supreme, municipal, local or otherwise, whether in India or abroad and subject to such permissions and licenses as may be necessary, carry on, manage, supervise and control business of insurance (including general insurance and life insurance). The Company will not carry on any activity as per Section 45 IA of RBI Act, 1934"; and the Telecommunication Resulting Company (4th Transferee Company) has been incorporated with one of its main objects as:

"To carry on, manage, supervise and control the business of telecommunication, infrastructure, telecommunication system, telecommunication network and telecommunication services of all kinds including and not limited to setting up telephone exchange, coaxial stations, telecommunication lines and cables of every form and description, transmission, emission, reception through various forms, maintaining and operating all types of telecommunication service and providing data programmes and data bases for telecommunication".

(c) In furtherance of the aforesaid, this Scheme of Arrangement provides for:

(i) the demerger of the Coal Based Energy Undertaking (as defined hereinafter) from RIL to the Coal Based Energy Resulting Company;

(ii) the demerger of the Gas Based Energy Undertaking (as defined hereinafter) from RIL to the Gas Based Energy Resulting Company;

(iii) the demerger of the Financial Services Undertaking (as defined hereinafter) from RIL to the Financial Services Resulting Company;

(iv) the demerger of the Telecommunication Undertaking (as defined hereinafter) from RIL to the Telecommunication Resulting Company;

(v) various other matters consequential or otherwise integrally connected herewith, including the reorganization of the capital of RIL and the Resulting Companies;

(d) The demerger of the Coal Based Energy Undertaking, Gas Based Energy Undertaking, Financial Services Undertaking and Telecommunication Undertaking of RIL under this Scheme of Arrangement will be effected under the provisions of Sections 391 to 394 of the Companies Act, 1956. The demerger complies with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:

(i) All the properties of the Demerged Undertakings (as defined hereinafter) being transferred by RIL immediately before the demerger become the properties of the respective Resulting Companies by virtue of the demerger;

(ii) All the liabilities relatable to the Demerged Undertakings being transferred by RIL, immediately before the demerger become the liabilities of the respective Resulting Companies by virtue of the demerger;

(iii) The properties and the liabilities, if any, relatable to the Demerged Undertakings being transferred by RIL are transferred to the respective Resulting Companies at the values appearing in the books of account of RIL immediately before the demerger;

(iv) Each of the Resulting Companies issue shares to the shareholders of RIL (except certain Specified Shareholders, as defined hereinafter) in consideration of the demerger on a proportionate basis;

(v) All shareholders of RIL (except certain Specified Shareholders, as defined hereinafter) shall become the shareholders of each of the Resulting Companies by virtue of the demerger; and

(vi) The transfer of the Demerged Undertakings will be on a going concern basis.

(e) Both RIL and its wholly owned subsidiary, Reliance Industrial Investments and Holdings Limited **("RIIHL")** had held shares in the erstwhile RPL. Upon the amalgamation of RPL with RIL, the shares of RIL to be issued against the shares held by RIIHL in RPL were allotted to the Trustees of the Petroleum Trust (a private trust, whose sole beneficiary is RIIHL, which is a wholly owned subsidiary of RIL) and they hold approximately 7.5% of the paid up capital of RIL. Likewise Reliance Polyolefins Private Limited, Reliance Aromatics and Petrochemicals Private Limited, Reliance Energy and Project Development Private Limited, and Reliance Chemicals Private Limited were issued shares of RIL against their shareholding in RPL which was funded by RIL for the economic benefit of the shareholders of RIL and they hold approximately 4.7% of the paid up capital of RIL. The Trustees of the Petroleum Trust and the aforesaid four companies (viz. Reliance Polyolefins Private Limited, Reliance Aromatics and Petrochemicals Private Limited, Reliance Energy and Project Development Private Limited, and Reliance Chemicals Private Limited) are collectively defined as the "Specified Shareholders" in this Scheme. The economic benefits of shares of RIL held by Petroleum Trust and by the aforesaid four companies have been for the benefit of RIL's shareholders. The intent of the said Trustees and the Board of Directors of the said four Companies is to enable RIL's shareholders to directly benefit from the shares of RIL held by the said Specified Shareholders. In furtherance of such intent and in order to ensure that the demerger of the aforesaid four undertakings of RIL is effectively achieved, the Specified Shareholders have communicated to RIL that no shares of the Resulting Companies be issued to them. Consequently, the Scheme of Arrangement provides that the shares of the Resulting Companies would not be issued to the Specified Shareholders. Though no additional shares of the Resulting Companies would be required to be issued to the shareholders of RIL as a result of the decision by the Specified Shareholders not to take up their entitlement, the proportionate value of the Shares of each Resulting Company issued and allotted to each shareholder of RIL (other than the Specified Shareholders) would have an enhanced value.

D. Parts of the Scheme:

This Scheme of Arrangement is divided into the following parts:

(i) **PART I** which deals with the definitions and share capital of the Demerged Company and each of the Resulting Companies;

(ii) **PART II** which deals with the demerger of each of the Demerged Undertakings (as defined hereinafter) to the respective Resulting Companies;

(iii) **PART III** which deals with the Remaining Undertaking (as defined hereinafter) of the Demerged Company;

(iv) **PART IV** which deals with the re-organisation of capital of the Demerged Company and each of the Resulting Companies;

(v) **PART V** which deals with accounting treatment for the demerger in the books of the Demerged Company and each of the Resulting Companies;

(vi) **PART VI** which deals with general terms and conditions applicable to this Scheme of Arrangement.

PART I

DEFINITIONS AND SHARE CAPITAL

1. Definitions

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

1.1. **"Act"** means the Companies Act, 1956 and includes any statutory re-enactment or modification thereof, or amendment thereto, from time to time;

1.2. **"Appointed Date"** means 1st September 2005 or such other date as may be approved by the High Court;

1.3. **"Coal Based Energy Resulting Company"** means Reliance Energy Ventures Limited, having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai- 400 021;

1.4. **"Coal Based Energy Undertaking"** as described in item (i) of sub-clause (f) of Clause A of the Preamble means the Demerged Company's undertaking, business, activities and operations pertaining to coal based power comprising all the assets (moveable and immoveable) and liabilities, which relate thereto or are necessary therefor and including specifically the following:

(i) All investments of the Demerged Company in Reliance Energy Limited, Hirma Power Private Limited, Reliance Thermal Energy Private Limited, Jayamkondam Power Private Limited, Reliance Power Limited and other assets

through which the Demerged Company carries on its business, activities and operations pertaining to coal based power as described in Part 'A' of Schedule I hereto;

(ii) All the debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the Demerged Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations pertaining to coal based power as described in Part 'B' of Schedule I hereto;

(iii) All agreements, rights, contracts, entitlements, permits, licences, approvals, consents, engagements, arrangements and all other privileges and benefits of every kind, nature and description whatsoever relating to the Demerged Company's business, activities and operations pertaining to coal based power;

(iv) All intellectual property rights, records, files, papers, data and documents relating to the Demerged Company's business, activities and operations pertaining to coal based power; and

(v) All employees engaged in or relating to the Demerged Company's business, activities and operations pertaining to coal based power.

1.5. **"Court"** or **"High Court"** means the High Court of Judicature at Bombay, and shall include the National Company Law Tribunal, if applicable;

1.6. **"Demerged Undertakings"** means collectively, the Coal Based Energy Undertaking, the Gas Based Energy Undertaking, the Financial Services Undertaking, and the Telecommunication Undertaking and the term **"Demerged Undertaking"** means any of the Demerged Undertakings, as the context may require.

1.7. **"Demerged Company"** or **"RIL"** means Reliance Industries Limited having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai- 400 021;

1.8. **"Effective Date"** means the last of the dates on which the conditions and matters referred to in Clause 23.1 of this Scheme occur or have been fulfilled or waived and the Order of the High Court sanctioning the Scheme of Arrangement is filed with the Registrar of Companies by the Demerged Company and each of the Resulting Companies. References in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** shall mean the Effective Date;

1.9. **"Financial Services Resulting Company"** means Reliance Capital Ventures Limited, having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai- 400 021;

1.10. **"Financial Services Undertaking"** as described in item (iii) of sub- clause (f) of Clause A of the Preamble means the Demerged Company's undertaking, business, activities and operations pertaining to financial services business (including insurance) comprising all the assets (moveable and immoveable) and liabilities, which relate thereto or are necessary therefor including specifically the following:

(i) All investments of the Demerged Company in Reliance Capital Limited, Reliance Life Insurance Company Limited and Reliance General Insurance Company Limited and other assets through which the Demerged Company carries on its business, activities and operations pertaining to financial services business (including insurance) as described in **Part 'A'** of **Schedule III** hereto;

(ii) All the debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the Demerged Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations pertaining to financial services business (including insurance) as described in **Part 'B'** of **Schedule III** hereto;

(iii) All agreements, rights, contracts, entitlements, permits, licences, approvals, consents, engagements, arrangements and all other privileges and benefits of every kind, nature and description whatsoever relating to the Demerged Company's business, activities and operations pertaining to its financial services business (including insurance);

(iv) All intellectual property rights, records, files, papers, data and documents relating to the Demerged Company's business, activities and operations pertaining to its financial services business (including insurance); and

(v) All employees engaged in or relating to the Demerged Company's business, activities, and operations pertaining to financial services business (including insurance).

1.11. **"Gas Based Energy Resulting Company"** means Global Fuel Management Services Limited having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai- 400 021;

1.12. **"Gas Based Energy Undertaking"** as described in item (ii) of sub- clause (f) of Clause A of the Preamble means the Demerged Company's undertaking, business, activities and operations pertaining to supply of gas for the generation of power by Reliance Patalganga Power Limited and REL for their power projects (hereinafter referred to as **"Gas Based Power"**) and comprising all the assets (moveable and immoveable) and liabilities, which relate thereto or are necessary therefor and including specifically the following:

(i) All investments of the Demerged Company in Reliance Patalganga Power Limited and other assets through which the Demerged Company carries on its business, activities and operations pertaining to gas based power as described in **Part 'A'** of **Schedule II** hereto;

(ii) All the debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the Demerged Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations pertaining to Gas Based Power as described in **Part 'B'** of **Schedule II** hereto;

(iii) All agreements, rights, contracts, entitlements, permits, licences, approvals, consents, engagements, arrangements and all other privileges and benefits of every kind, nature and description whatsoever relating to the Demerged Company's business, activities and operations pertaining to Gas Based Power;

(iv) All intellectual property rights, records, files, papers, data and documents relating to the Demerged Company's business, activities and operations pertaining to Gas Based Power; and

(v) All employees engaged in or relating to the Demerged Company's business, activities and operations pertaining to Gas Based Power.

1.13. **"GDRs"** means global depository receipts issued by a bank or a depository outside India representing underlying equity shares of an Indian company, pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and other applicable laws;

1.14. **"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 having jurisdiction over the territory of India;

1.15. **"Hirma Power Private Limited"** or **"Hirma"** means Hirma Power Private Limited, a company incorporated under the Companies Act, 1956 having its registered office at 969/2448, Bhimpur, Forest Park, Bhubaneshwar 751 001, a wholly owned subsidiary of RIL;

1.16. **"Jayamkondam Power Private Limited"** or **"Jayamkondam"** means Jayamkondam Power Private Limited, a company incorporated under the Companies Act, 1956 having its registered office at 'Kothari Buildings', No. 115, Mahatma Gandhi Road, Chennai 600 034 Tamilnadu, a wholly owned subsidiary of RIL;

1.17. **"Record Date"** means the date to be fixed by the Board of Directors of the Demerged Company in consultation with the respective Resulting Companies for the purpose of reckoning names of the equity shareholders of the Demerged Company, who shall be entitled to receive shares of each of the Resulting Companies upon coming into effect of this Scheme as specified in Clause 12.1 of this Scheme;

1.18. **"Reliance Aromatics and Petrochemicals Private Limited"** or **"RAPPL"** means Reliance Aromatics and Petrochemicals Private Limited, a company incorporated under the Companies Act, 1956, having its registered office at Avdesh House, 3rd Floor, Pritam Nagar, Ellisbridge, Ahmedabad 380 006;

1.19. **"Reliance Capital Limited"** or **"RCL"** means Reliance Capital Limited, a company incorporated under the Companies Act, 1956, having its registered office at Village Meghpar/ Padana, Taluka Lalpur, Dist. Jamnagar -361 280, Gujarat;

1.20. **"Reliance Chemicals Private Limited"** or **"RCPL"** means Reliance Chemicals Private Limited, a company incorporated under the Companies Act, 1956, having its registered office at 3rd Floor, Maker Chambers IV, 222 Nariman Point, Mumbai 400 021;

1.21. **"Reliance Communications Infrastructure Limited"** or **"RCIL"** means Reliance Communications Infrastructure Limited, a company incorporated under the Companies Act, 1956, having its registered office at EO 1, Reliance Greens, Village Motikhavdi, P.O. Digvijaygram, Dist. Jamnagar - 361 140 (Gujarat);

1.22. **"Reliance Energy and Project Development Private Limited"** or **"REPDPL"** means Reliance Energy and Project Development Private Limited, a company incorporated under the Companies Act, 1956, at Avdesh House, 3rd Floor, Pritam Nagar, Ellisbridge, Ahmedabad 380 006;

1.23. **"Reliance Energy Limited"** or **"REL"** means Reliance Energy Limited, a company incorporated under the Indian Companies Act, 1913, having its registered office at Reliance Energy Centre, Santa Cruz East, Mumbai 400 055;

1.24. **"Reliance General Insurance Limited"** or **"RGIL"** means Reliance General Insurance Limited, a company incorporated under the Companies Act, 1956, having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai- 400 021;

1.25. **"Reliance Infocomm Limited"** or **"RIC"** means Reliance Infocomm Limited, a company incorporated under the Companies Act, 1956, having its registered office at EO 1, Reliance Greens, Village Motikhavdi, P.O. Digvijaygram, Dist. Jamnagar - 361 140, Gujarat;

1.26. **"Reliance Industrial Investments and Holdings Limited"** or **"RIIHL"** means Reliance Industrial Investments and Holdings Limited, a company incorporated under the Companies Act, 1956, having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai- 400 021, a wholly owned subsidiary of RIL;

1.27. **"Reliance Life Insurance Company Limited"** or **"RLIL"** means Reliance Life Insurance Company Limited, a company incorporated under the Companies Act, 1956, having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai- 400 021;

1.28. **"Reliance Patalganga Power Limited"** or **"RPPL"** means Reliance Patalganga Power Limited, a company incorporated under the Companies Act, 1956 having its registered office at Shree Ram Mills Premises, 2nd Floor, Ganpatrao Kadam Marg, Worli, Mumbai 400 013, a wholly owned subsidiary of RIL;

1.29. **"Reliance Polyolefins Private Limited"** or **"RPOPL"** means Reliance Polyolefins Private Limited, a company incorporated under the Companies Act, 1956, having its registered office at 3rd Floor, Maker Chambers IV, 222 Nariman Point, Mumbai 400 021;

1.30. **"Reliance Power Limited"** or **"Reliance Power"** means Reliance Power Limited, a company incorporated under the Companies Act, 1956 having its registered office at Avdesh House, 3rd Floor, Pritam Nagar, Ellisbridge, Ahmedabad 380 006, a wholly owned subsidiary of RIL;

1.31. **"Reliance Telecom Limited"** or **"RTL"** means Reliance Telecom Limited, a company incorporated under the Companies Act, 1956, having its registered office at Main Administrative Bldg., Block GF - 1, Village Meghpar / Padana, Taluka Lalpur, Dist. Jamnagar -361 280, Gujarat;

1.32. **"Reliance Thermal Energy Private Limited"** or **"RTEL"** means Reliance Thermal Energy Private Limited, a company incorporated under the Companies Act, 1956, having its registered office at Avdesh House, 3rd Floor, Pritam Nagar, 1st Slope, Ellisbridge, Ahmedabad, Gujarat, a wholly owned subsidiary of RIL;

1.33. **"Remaining Undertaking"** means all the undertakings, businesses, activities and operations of the Demerged Company other than those comprised in the Demerged Undertakings;

1.34. **"Resulting Companies"** means collectively, the Coal Based Energy Resulting Company, the Gas Based Resulting Company, the Financial Services Resulting Company, the Telecommunication Resulting Company and the term **"Resulting Company"** means any of the Resulting Companies, as the context may require;

1.35. **"Schedules"** shall mean the schedules to this Scheme.

1.36. **"Scheme"** or **"Scheme of Arrangement"** means this composite Scheme of Arrangement including any modification or amendment hereto.

1.37. **"Specified Shareholders"** shall mean collectively (i) the Trustees of the Petroleum Trust, a private trust constituted under the Trust Deed dated 2nd May 2002, whose sole beneficiary is RIIHL, (ii) Reliance Aromatics and Petrochemicals Private Limited, (iii) Reliance Energy and Project Development Private Limited (iv) Reliance Chemicals Private Limited and (v) Reliance Polyolefins Private Limited;

1.38. **"Telecommunication Resulting Company"** means Reliance Communication Ventures Limited, having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai- 400 021;

1.39. **"Telecommunication Undertaking"** as described in item (iv) of sub-clause (f) of Clause A of the Preamble means the Demerged Company's undertaking, business, activities and operations pertaining to telecommunications comprising all the assets (moveable and immoveable) and liabilities which relate thereto or are necessary therefor and including specifically:

(i) All investments of the Demerged Company in Reliance Infocomm Limited, Reliance Communications Infrastructure Limited, Reliance Telecom Limited and World Tel Holdings Limited through which the Demerged Company carries on its business, activities and operations pertaining to telecommunications as described in **Part 'A'** of **Schedule IV** hereto;

(ii) All the debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the Demerged Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations pertaining to telecommunications as described in **Part 'B'** of **Schedule IV** hereto;

(iii) All agreements, rights, contracts, entitlements, permits, licences, approvals, consents, engagements, arrangements and all other privileges and benefits of every kind, nature and description whatsoever relating to the Demerged Company's business, activities and operations pertaining to telecommunications;

(iv) All intellectual property rights, records, files, papers, data and documents relating to the Demerged Company's business, activities and operations pertaining to telecommunications; and

(v) All employees engaged in or relating to the Demerged Company's business, activities and operations pertaining to telecommunications.

1.40. **"World Tel Holdings Limited (Bermuda)"** or **"WTHL"** means World Tel Holdings Limited (Bermuda), a company incorporated under laws prevailing in Bermuda, having its registered office at Cannon's Court, 22, Victoria Street, PO Box HM1179, Hamilton HMEX, Bermuda.

2. Share Capital

2.1 Demerged Company:

The share capital structure of the Demerged Company as on August 31, 2005 is as under:

Authorised Capital	**Rupees**
Comprising of 250 crore equity shares of Rs.10 each aggregating Rs. 2500 crores and	
50 crore preference shares of Rs.10 each aggregating Rs. 500 crores.	3000 crores
Issued, Subscribed and Paid-up	
Comprising of 139,35,08,041equity shares of Rs.10 each*	1393.51 crores
Less: Calls in arrears	0.35 crores

* Includes 9,23,71,131 equity shares represented by GDRs and 17,03,77,615 equity shares held by Specified Shareholders.

The equity shares of the Demerged Company are listed on Bombay Stock Exchange Limited, The National Stock Exchange of India Limited and The Calcutta Stock Exchange Association Limited. Application has been made to the Calcutta Stock Exchange Association Limited for delisting of the shares and approval is awaited. The GDRs representing the underlying equity shares of the Demerged Company are listed on Luxembourg Stock Exchange.

2.2 Resulting Companies:

(a) The share capital structure of the Coal Based Energy Resulting Company as on August 31, 2005 is as under:

Authorised Capital	**Rupees**
Comprising of 50,000 equity shares of Rs. 10/- each	5,00,000
Issued, Subscribed and Paid-up	
Comprising of 50,000 equity shares of Rs. 10/- each	5,00,000

The equity shares of the Coal Based Energy Resulting Company are, at present, not listed on any Stock Exchanges.

(b) The share capital structure of the Gas Based Energy Resulting Company as on August 31, 2005 is as under:

Authorised Capital	**Rupees**
Comprising of 20,00,000 equity shares of Rs. 5/- each	1,00,00,000
Issued, Subscribed and Paid-up	
Comprising of 1,00,000 equity shares of Rs. 5/- each	5,00,000

The equity shares of the Gas Based Energy Resulting Company are, at present, not listed on any Stock Exchanges.

(c) The share capital structure of the Financial Services Resulting Company as on August 31, 2005 is as under:

Authorised Capital	**Rupees**
Comprising of 50,000 equity shares of Rs. 10/- each	5,00,000
Issued, Subscribed and Paid-up	
Comprising of 50,000 equity shares of Rs. 10/- each	5,00,000

The equity shares of the Financial Services Resulting Company are, at present, not listed on any Stock Exchanges.

(d) The share capital structure of the Telecommunication Resulting Company as \on August 31, 2005 is as under:

Authorised Capital	**Rupees**
Comprising of 1,00,000 equity shares of Rs. 5/- each	5,00,000
Issued, Subscribed and Paid-up	
Comprising of 1,00,000 equity shares of Rs. 5/- each	5,00,000

The equity shares of the Telecommunication Resulting Company are, at present, not listed on any Stock Exchanges.

2.3 Status of Resulting Companies

Each of the Resulting Companies is presently a wholly owned subsidiary of RIL. After issue of shares by each Resulting Company in terms of Clause 12.1 of this Scheme, the Resulting Companies would cease to be subsidiaries of RIL.

3. Date when the Scheme comes into Operation

Though this Scheme shall become effective from the Effective Date, the provisions of this Scheme shall be applicable and come into operation from the Appointed Date.

PART II

DEMERGED UNDERTAKINGS

4. Transfer of Demerged Undertakings

4.1 Transfer of assets:

(a) Upon the coming into effect of this Scheme and with effect from the Appointed Date, each of the Demerged Undertakings (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertakings) shall, pursuant to the provisions of Sections 391 to 394 of the Act, without any further act, deed, matter or thing be and stand transferred to and vested in and shall be deemed to be transferred to and vested in the respective Resulting Companies on a going concern basis, in the following manner:

(i) the Coal Based Energy Undertaking (including all the rights, claims, title, interest and authorities including accretions and appurtenances thereto such as dividends, or other benefits received including in particular any securities acquired or received by the Demerged Company in any of the companies comprised in the Coal Based Energy Undertaking) shall, without any further act, deed, matter or thing be demerged from the Demerged Company and be and stand transferred to and vested in or shall be deemed to be transferred to and vested in the Coal Based Energy Resulting Company on a going concern basis such that all the properties, assets, rights, claims, title, interest, authorities and liabilities comprised in the Coal Based Energy Undertaking immediately before the demerger shall become the properties, assets, rights, claims, title, interest, authorities and liabilities of the Coal Based Energy Resulting Company by virtue of and in the manner provided in this Scheme.

(ii) the Gas Based Energy Undertaking (including all the rights, claims, title, interest and authorities including accretions and appurtenances thereto such as dividends, or other benefits received including in particular any securities acquired or received by the Demerged Company in the company comprised in the Gas Based Energy Undertaking) shall, without any further act, deed, matter or thing be demerged from the Demerged Company and be and stand transferred to and vested in or shall be deemed to be transferred to and vested in the Gas Based Energy Resulting Company on a going concern basis such that all the properties, assets, rights, claims, title, interest, authorities and liabilities comprised in the Gas Based Energy Undertaking immediately before the demerger shall become the properties, assets, rights, claims, title, interest, authorities and liabilities of the Gas Based Energy Resulting Company by virtue of and in the manner provided in this Scheme.

(iii) the Financial Services Undertaking (including all the rights, claims, title, interest and authorities including accretions and appurtenances thereto such as dividends, or other benefits received including in particular any securities acquired or received by the Demerged Company in any of the companies comprised in the Financial Services Undertaking) shall, without any further act, deed, matter or thing be demerged from the Demerged Company and be and stand transferred to and vested in and shall be deemed to be transferred to and vested in the Financial Services Resulting Company on a going concern basis such that all the properties, assets, rights, claims, title, interest, authorities and liabilities comprised in the Financial Services Undertaking immediately before the demerger shall become the properties, assets, rights, claims, title, interest, authorities and liabilities of the Financial Services Resulting Company by virtue of and in the manner provided in this Scheme.

(iv) the Telecommunication Undertaking (including all the rights, claims, title, interest and authorities including accretions and appurtenances thereto such as dividends, or other benefits received including in particular any securities acquired or received by the Demerged Company in any of the companies comprised in the Telecommunication Undertaking) shall, without any further act, deed, matter or thing be demerged from the Demerged Company and be and stand transferred to and vested in or shall be deemed to be transferred to and vested in the Telecommunication Resulting Company on a going concern basis such that all the properties, assets, rights, claims, title, interest, authorities and liabilities comprised in the Telecommunication Undertaking immediately before the demerger shall become the properties, assets, rights, claims, title, interest, authorities and liabilities of the Telecommunication Resulting Company by virtue of and in the manner provided in this Scheme.

(b) All assets or investments, right, title or interest acquired by the Demerged Company after the Appointed Date but prior to the Effective Date in relation to the Demerged Undertakings shall also, 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 relevant Resulting Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act, provided however that no onerous asset shall have been acquired by the Demerged Company in relation to any Demerged Undertaking after the Appointed Date without the prior written consent of the relevant Resulting Company.

4.2 Contracts, deeds, etc.

(a) 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 in relation to the Demerged Undertakings to which the Demerged Company is a party or to the benefit of which the Demerged Company 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 of, as the case may be, the relevant Resulting Company in which the respective Demerged Undertaking vests by way of the demerger hereunder and may be enforced as fully and effectually as if, instead of the Demerged Company, such Resulting Company had been a party or beneficiary or obligee thereto or thereunder.

(b) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertakings occurs by virtue of this Scheme itself, each of the Resulting Companies 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. Each of the Resulting

Companies shall, under the provisions of Part II of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

(c) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to each of the Demerged Undertakings shall stand transferred to the relevant Resulting Company in which the respective Demerged Undertaking shall vest by way of the demerger hereunder, as if the same were originally given by, issued to or executed in favour of such Resulting Company, and such Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to such Resulting Company. The Resulting Companies shall make applications to and obtain relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

(d) It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to any of the Demerged Undertakings which the Demerged Company owns or to which the Demerged Company is a party and which cannot be transferred to the relevant Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the relevant Resulting Company to which the respective Demerged Undertaking is being transferred in terms of this Scheme, insofar as it is permissible so to do, till such time as the transfer is effected.

4.3 Transfer of liabilities

4.3.1 (a) Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties or obligations of any kind, nature or description (including contingent liabilities) of the Demerged Company (as on the Appointed Date) and relating to the Demerged Undertakings specified in Part B of Schedules I, II, III and IV, shall, without any further act or deed, be demerged from the Demerged Company and be and stand transferred to and be deemed to be transferred to the relevant Resulting Company to the extent that they are outstanding as on the Effective Date and on the same terms and conditions as applicable to the Demerged Company, and shall become the debts, liabilities, duties and obligations of the relevant Resulting Company which shall meet, discharge and satisfy the same.

(b) Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to any of the Resulting Companies have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the relevant Resulting Company.

(c) All loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of any Demerged Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the relevant Resulting Company in which the respective Demerged Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the relevant Resulting Company and shall become the debts, liabilities, duties and obligations of the said Resulting Company which shall meet discharge and satisfy the same. Provided however that no debts, liabilities, loans raised and used, liabilities and obligations incurred, dues and obligations shall have been assumed by the Demerged Company in relation to any Demerged Undertaking after the Appointed Date without the prior written consent of the relevant Resulting Company.

4.3.2 Without prejudice to Clause 4.3.1, all debentures, bonds or other debt securities, if any, of the Demerged Company relating to the liabilities comprised in the Demerged Undertakings, whether convertible into equity or otherwise (hereinafter referred to as the **"Debt Securities"**) shall, pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Act, without any further act, instrument or deed, become the Debt Securities of the relevant Resulting Company on the same terms and conditions except to the extent modified under the provisions of this Scheme and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in and shall be exercised by or against the relevant Resulting Company to the same extent as if it were the Demerged Company in respect of the Debt Securities so transferred.

4.3.3 (a) The demerger and the transfer and vesting of the assets comprised in the Demerged Undertakings to and in each of the relevant Resulting Companies under Clause **4.1** of this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.

(b) The existing securities, mortgages, charges, encumbrances or liens (the **"Encumbrances"**) or those, if any created by the Demerged Company after the Appointed Date, in terms of this Scheme, over the assets comprised in any of Demerged Undertakings or any part thereof transferred to the respective Resulting Companies by virtue of this Scheme, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they related or attached prior to the Effective Date and as are transferred to the relevant Resulting Company, and such Encumbrances shall not relate or attach to any of the other assets of that Resulting Company or the assets forming part of any other Demerged Undertaking transferred to the other Resulting Companies. Provided however that no Encumbrances shall have been created by the Demerged Company in relation to any of the Demerged Undertakings after the Appointed Date without prior written consent of the relevant Resulting Company.

(c) In so far as any Encumbrances over the assets comprised in the Demerged Undertakings are security for liabilities of the Remaining Undertaking retained with the Demerged Company, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the Encumbrances shall only extend to and continue to operate against the assets retained with the Demerged Company and shall cease to operate against any of the

assets transferred to the Resulting Companies in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

(d) Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, the Demerged Company and each of the Resulting Companies shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Maharashtra, Mumbai to give formal effect to the above provisions, if required.

(e) Upon the coming into effect of this Scheme, the Resulting Companies alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to them respectively in terms of the Scheme, and the Demerged Company shall not have any obligations in respect of such liabilities, and each of the Resulting Companies shall indemnify the Demerged Company in relation to any claim, at any time, against the Demerged Company in respect of the liabilities which have been transferred to the Resulting Companies.

(f) It is expressly provided that, save as mentioned in this Clause 4.3.3, no other term or condition of the liabilities transferred to the Resulting Companies is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

(g) Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of this Clause 4.3.3 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

5. Transfer at Book Values

All the assets, properties and liabilities of the Demerged Undertakings shall be transferred to the Resulting Companies at the values appearing in the books of the Demerged Company (at historical cost less depreciation) on the close of business on August 31, 2005.

6. Conduct of Business

6.1 The Demerged Company, with effect from the Appointed Date and up to and including the Effective Date:

(a) shall be deemed to have been carrying on and to be carrying on all business and activities relating to each of the Demerged Undertakings and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of each of the Demerged Undertakings for and on account of, and in trust for, the respective Resulting Companies;

(b) all profits and income accruing or arising to the Demerged Company from the Demerged Undertakings, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Demerged Undertakings based on the audited accounts of the Demerged Company shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the respective Resulting Companies; and

(c) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertakings exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the respective Resulting Companies. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertakings that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of and as an agent for the respective Resulting Companies.

6.2 With effect from the Appointed Date and until the Effective Date, the Demerged Company undertakes that it will preserve and carry on the business of each of the Demerged Undertakings with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber any of the Demerged Undertakings or any part thereof save and except in each case:

(a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court(s); or

(b) if the same is expressly permitted by this Scheme; or

(c) if the prior written consent of the Board of Directors of the relevant Resulting Company has been obtained.

6.3 As and from the Appointed Date and till the Effective Date:

(a) All debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations as on the close of business on August 31, 2005, whether or not provided in the books of the Demerged Company in respect of any of the Demerged Undertakings as specified in Part B of Schedules I, II, III and IV, and all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations relating thereto which arise or accrue to the Demerged Company on or after the Appointed Date in accordance with this Scheme, shall be deemed to be the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the relevant Resulting Company to which that Demerged Undertaking is transferred.

(b) All assets and properties comprised in any of the Demerged Undertakings as on the date immediately preceding the Appointed Date, whether or not included in the books of the Demerged Company, and all assets and properties relating thereto, which are acquired by the Demerged Company in relation to any of the Demerged Undertakings, on or after the Appointed Date, in accordance with this Scheme, shall be deemed to be the assets and properties of the relevant Resulting Company to which that Demerged Undertaking is transferred.

7. Employees

(a) Upon the coming into effect of this Scheme, all employees, consultants and advisors other than those specifically referred to in sub-clause (d) below, of the Demerged Company engaged in or in relation to the respective Demerged Undertakings and who are in such employment as on the Effective Date shall become the employees, consultants or advisors, as the case

may be, of the respective Resulting Company, and, subject to the provisions of this Scheme, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company and without any interruption of or break in service as a result of the transfer of the Demerged Undertakings.

(b) In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company for the employees of each of the Demerged Undertakings are concerned (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are referable to the employees of each Demerged Undertaking being transferred to the respective Resulting Companies in terms of sub clause (a) above shall be transferred to the relevant Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the relevant Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the respective Demerged Undertaking or be transferred to and merged with other similar funds of the relevant Resulting Company. In the event that any Resulting Company does not have its own funds in respect of any of the above, such Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by that Resulting Company.

(c) In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts created by the Demerged Company for the employees of the Remaining Undertaking are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held for the benefit of the employees of the Remaining Business.

(d) All employees, consultants and advisors employed or engaged on part time basis by the Demerged Company in relation to the businesses of the Demerged Undertakings shall, at the option of the Resulting Companies, be made available to the relevant Resulting Companies in relation to the respective Demerged Undertakings, at no additional cost for a period of 12 (twelve) months from the Effective Date or such earlier date as the Resulting Companies may deem proper or necessary, to provide the same services and advice as they were rendering to the Demerged Company.

8. Saving of Concluded Transactions

The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertakings under Clause 4 hereof shall not affect any transactions or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, each of the Resulting Companies accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company in relation to the Demerged Undertaking which shall vest in that Resulting Company in terms of this Scheme of Arrangement as acts, deeds and things made, done and executed by and on behalf of that Resulting Company.

PART III

REMAINING UNDERTAKING

9. Remaining Undertaking to continue with Demerged Company

9.1 The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company, subject only to Clause 4.3.3 of this Scheme in relation to Encumbrances in favour of banks, financial institutions and trustees for the debenture-holders.

9.2 (a) All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Undertaking (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Undertaking) shall be continued and enforced by or against the Demerged Company after the Effective Date. None of the Resulting Companies shall in any event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company, which relate to the Remaining Undertaking.

(b) If proceedings are taken against any of the Resulting Companies in respect of the matters referred to in sub- clause (a) above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the relevant Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.

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

(a) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Undertaking for and on its own behalf;

(b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Undertaking shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and

(c) All assets and properties acquired by the Demerged Company in relation to the Remaining Undertaking on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

PART IV

REORGANISATION OF CAPITAL

10. Provisions to prevail

The provisions of this Part IV shall operate notwithstanding anything to the contrary in this Scheme.

11. Reorganisation of share capital

In consideration of the transfer and vesting of the Demerged Undertakings in each of the Resulting Companies in accordance with the provisions of Part II of this Scheme and as an integral part of this Scheme, the share capital of the Resulting Companies shall be increased in the manner set out in Clauses 12 to 15 below.

12. Issue of shares by each Resulting Company

12.1 After the Scheme takes effect, in consideration of the demerger including the transfer and vesting of each of the Demerged Undertakings in the relevant Resulting Companies pursuant to Part II of this Scheme, each of the Resulting Companies shall, without any further act or deed, issue and allot to each member of the Demerged Company (except the Specified Shareholders) whose name is recorded in the register of members of the Demerged Company on the Record Date equity shares in the respective Resulting Company in the following ratios:

(a) In the case of the Coal Based Energy Resulting Company, in the ratio of 1 (one) equity share in the Resulting Company of the face value of Rs.10/- (Rupees ten) each credited as fully paid-up for every 1 (one) equity share of Rs.10/- each fully paid-up held by such member or his/her/its heirs, executors, administrators or successors in the Demerged Company (the **"Coal Based Energy Share Entitlement Ratio"**);

(b) In the case of the Gas Based Energy Resulting Company, in the ratio of 1 (one) equity share in the Resulting Company of the face value of Rs.5/- (Rupees five) each credited as fully paid-up for every 1 (one) equity share of Rs.10/- each fully paid-up held by such member or his/her/its heirs, executors, administrators or successors in the Demerged Company (the **"Gas Based Energy Share Entitlement Ratio"**);

(c) In the case of the Financial Services Resulting Company, in the ratio of 1 (one) equity share in the Financial Services Resulting Company of the face value of Rs.10/- (Rupees ten) each credited as fully paid-up for every 1 (one) equity share of Rs.10/- each fully paid-up held by such member or his/her/its heirs, executors, administrators or successors in the Demerged Company (the **"Financial Services Share Entitlement Ratio"**);

(d) In the case of the Telecommunication Resulting Company, in the ratio of 1 (one) equity share in the Resulting Company of the face value of Rs.5/- (Rupees five) each credited as fully paid-up for every 1 (one) equity share of Rs.10/- each fully paid-up held by such member or his/her/its heirs, executors, administrators or successors in the Demerged Company (the **"Telecommunication Share Entitlement Ratio"**);

12.2 (a) Pursuant to the provisions of Clause 12.1 above, each of the Resulting Companies shall issue to the Depository representing the holders of GDRs of the Demerged Company, shares of the Resulting Companies in accordance with the relevant Share Entitlement Ratio. Subject to Clause (b) below, the Depository of the Demerged Company shall hold such shares of the Resulting Companies on behalf of the holders of GDRs of the Demerged Company;

(b) (i) Each of the Resulting Companies may, on or before expiry of 150 (One hundred and fifty) days from the Record Date, in consultation with the Depository for the GDR holders of the Demerged Company and by entering into appropriate agreements with the said Depository or any other Depository (appointed by the Resulting Companies) for the issuance of GDRs, (whether listed or otherwise), instruct such Depository to issue GDRs of the Resulting Companies, or any of them, to the holders of GDRs of the Demerged Company and any such issue of GDRs shall be irrevocably put in motion within the said period. Subject to sub- clause (ii) below, if the Resulting Companies have not had such GDRs issued as aforesaid, the Bank of New York as the Depository for the Demerged Company shall, without reference to the Resulting Companies, sell the shares of the Resulting Companies in the open domestic market and distribute the net sale proceeds to such GDR holders on a proportionate basis.

(ii) Notwithstanding anything contained in sub-clause (i) above, any holder of GDRs of the Demerged Company may at anytime after the Record Date, but prior to the issuance of GDRs by a Resulting Company, instruct the Depository to transfer the underlying shares of such Resulting Company to such GDR holder. In such case, the relevant Resulting Company shall obtain such permissions as may be necessary.

(c) The holders of GDRs of the Demerged Company who wish to directly receive shares of the Resulting Companies may surrender the GDRs of the Demerged Company held by them before the Record Date in exchange for shares of the Demerged Company. Such GDR holders holding shares of the Demerged Company on the Record Date shall then be entitled to receive shares of Resulting Companies in accordance with the Share Entitlement Ratio under Clause 12.1 above.

13. Specified Shareholders

13.1 RIIHL is the wholly-owned subsidiary of the Demerged Company and the sole beneficiary of the Petroleum Trust which holds approximately 7.5% of the paid up share capital of the Demerged Company. The Trustees of Petroleum Trust have decided that they will not take up their proportionate entitlement to shares in each Resulting Company for benefit of the other shareholders of the Demerged Company. Since the objective of this Scheme is to demerge the undertakings of the Demerged Company pertaining to power (both coal based and gas based), financial services business and telecommunications to the Resulting Companies and thereby effectively achieve separation of the Demerged Company 's interests in the aforesaid businesses, each of the Resulting Companies will issue equity shares only to the shareholders of the Demerged Company (other than the Specified Shareholders), consequently, enhancing the value of the proportionate New Equity Shares issued to the shareholders of the Demerged Company (other than the Specified Shareholders) in view of the Trustees of the Petroleum Trust (a private trust, whose sole beneficiary is RIIHL, which is a wholly owned subsidiary of RIL), having decided not to take up their entitlement.

13.2 The economic benefit of shares of the Demerged Company held by Reliance Polyolefins Private Limited, Reliance Aromatics and Petrochemicals Private Limited, Reliance Energy and Project Development Private Limited and Reliance Chemicals Private Limited (which hold in the aggregate approximately 4.7% of the paid-up share capital of the Demerged Company) is for the benefit of the shareholders of the Demerged Company. The said four companies have decided that they will not take up their proportionate entitlement to shares in each Resulting Company for benefit of the other shareholders of the Demerged Company. In keeping with the foregoing benefit, each of the Resulting Companies will issue equity shares only to the shareholders of the Demerged Company (other than the Specified Shareholders), consequently, enhancing the value of the new equity shares issued to the shareholders of the Demerged Company (other than the Specified Shareholders) in view of Reliance Polyolefins Private Limited, Reliance Aromatics and Petrochemicals Private Limited, Reliance Energy and Project Development Private Limited and Reliance Chemicals Private Limited having decided not to take up their entitlement.

14. Other terms applicable to issue of shares

14.1 The equity shares to be issued by each of the Resulting Companies pursuant to Clause 12.1 above shall be issued in dematerialized form by each of the Resulting Companies, unless otherwise notified in writing by the shareholders of the Demerged Company to the relevant Resulting Company on or before such date as may be determined by the Board of Directors of the Demerged Company or a committee thereof. In the event that such notice has not been received by any of the Resulting Companies in respect of any of the members of the Demerged Company, the equity shares shall be issued to such members in dematerialised form provided that the members of the Resulting Companies shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that a Resulting Company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her/its account with a depository participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Resulting Companies, then the Resulting Companies shall issue equity shares in physical form to such member or members.

14.2 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Resulting Companies issued by the Resulting Companies after the effectiveness of this Scheme.

14.3 The new equity shares issued and allotted by the Resulting Companies in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Companies and shall *inter-se* rank *pari passu* in all respects.

14.4 Equity shares of the Resulting Companies issued in terms of Clause 12.1 of this Scheme will be listed and/or admitted to trading on the National Stock Exchange and the Bombay Stock Exchange where the shares of the Demerged Company are listed and/or admitted to trading in terms of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The Resulting Companies shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges. On such formalities being fulfilled the said Stock exchanges shall list and / or admit such equity shares also for the purpose of trading.

14.5 For the purpose of issue of equity shares to the shareholders of the Demerged Company, the Resulting Companies shall, if and to the extent required, apply for and obtain the required statutory approvals including approval of Reserve Bank of India and other concerned regulatory authorities for the issue and allotment by the Resulting Companies of such equity shares.

14.6 The equity shares to be issued by the Resulting Companies pursuant to this Scheme in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Resulting Companies.

14.7 The equity shares to be issued by the Resulting Companies pursuant to this Scheme in respect of shares of the Demerged Company, which are not fully paid up shall also be kept in abeyance and dealt with by the Resulting Companies based on information periodically provided by the Demerged Company to the Resulting Companies.

14.8 Unless otherwise determined by the Board of Directors or any committee thereof of the Demerged Company and the Board of Directors or any committee thereof of the relevant Resulting Company, issuance of equity shares in terms of Clause 12.1 above shall be done within 45 days from the Effective Date.

14.9 (a) The cost of acquisition of the shares of each of the Resulting Companies in the hands of the shareholders of the Demerged Company shall be the amount which bears to the cost of acquisition of shares held by the shareholder in the Demerged Company the same proportion as the net book value of the assets transferred in the demerger to the relevant Resulting Company bears to the net worth of the Demerged Company immediately before the demerger hereunder.

(b) The period for which the share(s) in Demerged Company were held by the shareholders shall be included in determining the period for which the shares in the Resulting Companies have been held by the respective shareholder.

15. Increase in share capital

15.1 Upon the coming into effect of this Scheme, the authorised share capital of each of the Resulting Companies shall stand increased and the existing capital clause contained in the respective Memorandum of Association of each of the Resulting Companies shall, upon the coming into effect of this Scheme, be altered and substituted as follows:

(a) The authorised capital of the Coal Based Energy Resulting Company shall be increased from Rs.5,00,000/- (Rupees Five Lakhs only) divided into 50,000 (Fifty Thousand) Equity Shares of Rs.10/- each to Rs. 1250 crores (Rupees One Thousand Two Hundred and Fifty Crores Only) and Clause V of the Memorandum 145 of Association of the Coal

Based Energy Resulting Company shall, upon coming into effect of this Scheme, be substituted by the following new Clause:

"V The Authorised Share Capital of the Company is Rs. 1250 crores (Rupees One thousand two hundred and fifty crores only) divided into 125 crore (One hundred and twenty five crore) Equity Shares of Rs.10/- each."

(b) The authorised capital of the Gas Based Energy Resulting Company shall be increased from Rs.1,00,00,000/- (Rupees One crore only) divided into 20,00,000 (Twenty lakh) Equity Shares of Rs. 5/- each to Rs. 650 crores (Rupees Six hundred and fifty crores only) and Clause V of the Memorandum of Association of the Gas Based Resulting Company shall, upon coming into effect of this Scheme, be substituted by the following new Clause:

"V The Authorised Share Capital of the Company is Rs. 650 crores (Rupees Six hundred and fifty crores only) divided into 130 crore (One hundred and thirty crore) Equity Shares of Rs. 5/- each."

(c) The authorised capital of the Financial Services Resulting Company shall be increased from Rs.5,00,000/- (Rupees Five Lakhs only) divided into 50,000 (Fifty Thousand) Equity Shares of Rs.10/- each to Rs. 1250 crores (Rupees One thousand two hundred and fifty crores only) and Clause V of the Memorandum of Association of the Financial Services Resulting Company shall, upon the coming into effect of this Scheme, be substituted by the following new Clause:

"V (a) The Authorised Share Capital of the Company is Rs 1250 Crores (Rupees One thousand two hundred and fifty crores only) divided into 125 Crore (One hundred and twenty five crore) Equity Shares of Rs.10/- each."

(d) The authorised capital of the Telecommunication Resulting Company shall be increased from Rs.5,00,000/- (Rupees Five Lakhs only) divided into 1,00,000 (One lakh) Equity Shares of Rs. 5/- each to Rs.650 crores (Rupees Six hundred and fifty crores only) and Clause V of the Memorandum of Association of the Telecommunication Resulting Company shall, upon coming into effect of this Scheme, be substituted by the following new Clause:

"V (a) The Authorised Share Capital of the Company is Rs. 650 Crores (Rupees Six hundred and fifty crores only) divided into 130 Crore (One hundred and thirty crore) Equity Shares of Rs. 5/- each."

15.2 Upon this Scheme becoming effective and after the allotment of the new equity shares by the Resulting Companies, the issued, subscribed and paid-up capital of each Resulting Company shall, assuming full allotment of shares including shares referred to in Clauses 14.6 to 14.7 (both inclusive), stand increased as follows:

(a) the issued, subscribed and paid-up capital of the Coal Based Energy Resulting Company shall stand increased to Rs.1223,13,04,220 (Rupees One Thousand Two Hundred and Twenty Three Crores Thirteen Lakhs Four Thousand Two Hundred and Twenty Only) divided into 122,31,30,422 (One hundred and twenty two crores thirty one lakhs thirty thousand four hundred and twenty two) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid-up; and

(b) the issued, subscribed and paid-up capital of the Gas Based Energy Resulting Company shall stand increased to Rs. 611,56,52,110 (Rupees Six Hundred and Eleven Crores Fifty Six Lakhs Fifty Two Thousand One Hundred and Ten Only) divided into 122,31,30,422 (One hundred and twenty two crores thirty one lakhs thirty thousand four hundred and twenty two) Equity Shares of Rs. 5/- (Rupees Five only) each fully paid-up; and

(c) the issued, subscribed and paid-up capital of the Financial Services Resulting Company shall stand increased to Rs. 1223,13,04,220 (Rupees One thousand two hundred and twenty three crores thirteen lakhs four thousand two hundred and twenty only) divided into 122,31,30,422 (One hundred and twenty two crores thirty one lakhs thirty thousand four hundred and twenty two) Equity Shares of Rs.10/ - (Rupees Ten only) each fully paid-up; and

(d) the issued, subscribed and paid-up capital of the Telecommunication Resulting Company shall stand increased to Rs. 611,56,52,110 (Rupees Six hundred and eleven crores fifty six lakhs fifty two thousand one hundred and ten only) divided into 122,31,30,422 (One hundred and twenty two crores thirty one lakhs thirty thousand four hundred and twenty two) Equity Shares of Rs. 5/- (Rupees Five only) each fully paid-up.

PART V

ACCOUNTING TREATMENT

16. Accounting by the Demerged Company and the Resulting Companies in respect of assets and liabilities

16.1 *Accounting treatment in the books of the Demerged Company:*

(a) The assets and the liabilities of the Demerged Company being transferred to the respective Resulting Companies shall be at values appearing in the books of accounts of the Demerged Company on the close of business on August 31, 2005;

(b) The difference between the value of assets and value of liabilities transferred pursuant to the Scheme shall be appropriated against the revaluation reserve and balance, if any, after appropriation, will be further appropriated against the securities premium account of the Demerged Company. The balances of the revaluation reserve and the securities premium account, as the case may be, shall stand reduced to that extent;

(c) The reduction, if any, in the securities premium account of the Demerged Company shall be effected as an integral part of the Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid- up share capital, and the provisions of Section 101 of the Act will not be applicable.

16.2 *In the Books of the Resulting Companies*

(a) Upon coming into effect of this Scheme and upon the arrangement becoming operative, the respective Resulting Companies shall record the assets and liabilities comprised in the respective Demerged Undertakings transferred to and vested in them pursuant to this Scheme, at the same value appearing in the books of Demerged Company on the close of business on August 31, 2005.

(b) The respective Resulting Companies shall credit their respective Share Capital Accounts in their books of account with the aggregate face value of the new equity shares issued to the shareholders of Demerged Company pursuant to Clause 12.1 of this Scheme.

(c) The excess or deficit, if any, remaining after recording the aforesaid entries shall be credited by the respective Resulting Companies to their respective General Reserve Account or debited to goodwill, as the case may be.

(d) On allotment of shares by the Resulting Companies in terms of Clause 12.1 above, the existing shareholding of RIL, the Demerged Company, in each of the Resulting Companies shall be cancelled as an integral part of this Scheme in accordance with provisions of Sections 100 to 103 of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.

PART VI

GENERAL TERMS AND CONDITIONS

17. Board Reconstitution

At any time after the Record Date, RIL shall cause the Board of Directors of each of the Resulting Companies to be reconstituted in such manner as is agreed between each Resulting Company and Anil D. Ambani and thereupon each of the Resulting Companies shall be controlled and managed by Shri Anil D. Ambani. The Demerged Company constituting the Remaining Undertaking shall continue to be controlled and managed by Shri Mukesh D. Ambani.

18. Dividends

(a) The Demerged Company and each Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date, Provided that the shareholders of the Demerged Company shall not be entitled to dividend, if any, declared and paid by a Resulting Company to its shareholders for the accounting period prior to the Appointed Date.

(b) The holders of the shares of the Demerged Company and the Resulting Companies shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.

(c) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Companies to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of Directors of the Demerged Company and the Resulting Companies and subject to the approval of the shareholders of the Demerged Company and the Resulting Companies respectively.

19. Agreements

The Resulting Companies will have the right to use the “Reliance” brand and logo and suitable agreements will be entered into in this regard. Further, suitable arrangements would also be entered into in relation to (i) non-competition in relation to the businesses of the Demerged Undertakings and the Remaining Undertaking; (ii) supply of gas for power projects of Reliance Patalganga Power Limited and REL with the Gas Based Energy Resulting Company; and (iii) Transfer of leasehold rights of RIL to the relevant Resulting Company with respect to the relevant Demerged Undertaking.

20. Approvals

Each of the Resulting Companies shall be entitled, pending the sanction of the Scheme, to apply to the Central Government or any State Government and all other agencies, departments and authorities concerned as may be necessary under any law for such consents, approvals and sanctions which the Resulting Companies may require to own the Demerged Undertakings and carry on power (coal based and gas based), financial services (including insurance) and telecommunications.

21. Filing of Applications

The Demerged Company and each Resulting Company shall, with all reasonable dispatch, make and file all necessary applications and petitions before the High Court for the sanction of this Scheme of Arrangement under Sections 391 and 394 of the Act and each of them shall apply for all necessary approvals as may be required under law.

22. Modification of Scheme

(a) The Demerged Company and each of the Resulting Companies by their respective Boards of Directors or any committee thereof or any Director authorised in that behalf (hereinafter referred to as the **“Delegate”**) may assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the High Court(s) or any authorities under law may deem fit to approve of or impose and which the Demerged Company and each of the Resulting Companies may in their discretion accept such modifications or amendments or additions as the Demerged Company and each of the Resulting Companies or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise for carrying out this Scheme, and the Demerged Company and each of the Resulting Companies by their respective Boards of Directors or Delegate are hereby authorised to do, perform and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the High Court or any authorities, which the Demerged Company or any of the Resulting Companies find unacceptable for any reason, then Demerged Company and the Resulting Companies shall be at liberty to withdraw the Scheme. The aforesaid powers of the Demerged Company and the Resulting Companies may be exercised by the Delegate of the respective Companies.

(b) For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of the Demerged Company and the Resulting Companies may give such directions as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective Companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those conditions (to the extent permissible under law).

23. Scheme Conditional Upon:

23.1 This Scheme is conditional upon and subject to:

(a) this Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Demerged Company and the requisite orders of the High Court referred to in Clause 21 being obtained;

(b) The requisite sanctions and approvals including but not limited to in-principle approvals, sanctions of any Governmental Authority, as may be required by law in respect of this Scheme being obtained; and

(c) The certified copies of the orders of the High Court sanctioning this Scheme being filed with the Registrar of Companies, Maharashtra.

23.2 In the event of this Scheme failing to take effect within 12 months of first filing in High Court or such later date as may be agreed by the respective Boards of Directors of the Demerged Company and the Resulting Companies, this Scheme shall stand revoked, cancelled and be of no effect and become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred *inter-se* by the parties or their shareholders or creditors or employees or any other person. In such case, each Company shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed.

24. Indemnity

In the event of non fulfillment of any or all obligations under this Scheme by any party towards any other party, *inter-se* or to third parties, the non performance of which will place any other party under any obligation, then the defaulting party will indemnify all costs and interest to such other affected party.

25. Costs, Charges, etc.

All costs, charges, levies and expenses (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid for by the Demerged Company.

Schedule I

Coal Based Energy Undertaking

Part 'A'

Assets

Building - Premises Located At:

	Approx. Area in Sq. Ft
Unit No. 401, 402, 403-A, 404, 405 & 406, Dempo Trade Centre 4th Floor, Plot No. 11, E.D.C. Complex Patto, Panaji, Goa	6,246

And such other properties as may be agreed between the Demerged Company and the Coal Based Energy Resulting Company

Investments

9,09,24,724	Equity Shares of Rs. 10 each of Reliance Energy Limited
50,000	Equity Shares of Rs. 10 each of Reliance Power Limited
4,23,268	Equity Shares of Rs. 10 each of Hirma Power Private Limited
50,000	Equity Shares of Rs. 10 each of Jayamkondam Power Private Limited
50,000	Equity Shares of Rs. 10 each of Reliance Thermal Energy Private Limited

Loans and Advances pertaining to Coal Based Energy Undertaking

Part 'B'

Liabilities

Loans relatable to Coal Based Energy Undertaking

Book value of Assets over Liabilities aggregates to Rs. 2,921.02 Crores

Schedule II

Gas Based Energy Undertaking

Part 'A'

Assets

Building - Premises Located At:

	Approx. Area in Sq. Ft
Reliance Centre, 19, Walchand Hirachand Marg, Mumbai - 400038	95,000

Other Fixed Assets of the Gas Based Energy Undertaking and such other properties as may be agreed between the Demerged Company and the Gas Based Energy Resulting Company

Investments

50,000 Equity Shares of Rs. 10 each of Reliance Patalganga Power Limited

Loans and Advances pertaining to Gas Based Energy Undertaking

Part 'B'

Liabilities

Loans relatable to Gas Based Energy Undertaking

Book value of Assets over Liabilities aggregates to Rs. 296.77 Crores

Schedule III

Financial Services Undertaking

Part 'A'

Assets

Building - Premises Located At:

	Approx.Area in Sq. Ft
A-202, Ansal Premises, Aurangzeb Road, New Delhi	2,785

And such other properties as may be agreed between the Demerged Company and the Financial Services Resulting Company

Investments

6,00,89,966 Equity Shares of Rs. 10 each of Reliance Capital Limited

2,55,00,175 Equity Shares of Rs. 10 each of Reliance General Insurance Company Limited

5,00,175 Equity Shares of Rs. 10 each of Reliance Life Insurance Company Limited

Loans and Advances pertaining to Financial Services Undertaking

Part 'B'

Liabilities

Loans relatable to Financial Services Undertaking

Book value of Assets over Liabilities aggregates to Rs. 512.41 Crores

Schedule IV

Telecommunications Undertaking

Part 'A'

Assets

Freehold Land Including Building Premises, Plant & Machinery and Equipments Located At:

	Approx. Area in Sq. Ft
Khasra No. 289, At Mauja Runkata, Tehsil Kiraoli, District Agra, UP	30,652
No. 107 under Khata No. 154/89 bearing Plot No. 133/745, Mouza Swaroop Villa, NH-5, Baripada, Mauyrbhanj District	21,492
Khata No 179, Plot 14/8, Mouza and Village Ankoli, Behrampur Taluka, Ganjam District	17,760
Khasra No. 426/1 and 431/1, Mouza Ambada, Tehsil Multai, District Betul	87,124
Survey No. 166/5, Takshasila Arcade, Zadeshwar Village, Bharuch Taluka	30,760
S No. 528/1 and 528/3/1/2, Village Gondermau, P.H. No. 4 Vikas Kahnd Phanda, Tehsil Huzur, District Bhopal.	50,602

	Approx. Area in Sq. Ft
Chaka Plot No. 1382 (part), Khata No. 592/92, Jayapur, P S Balinata, Tehsil Bhubaneshwar, District Khurda	23,665
Plot No. SP-13, Thiru.Vi.Ka Industrial Estate, Guindy, Chennai 600097.	24,095
Plot No. A -52, Okhla Industrial Area, Phase II, New Delhi.	16,578
Plot No. 103, Sector 59, Haryana State Industrial Development Corp. Faridabad	21,520
S No. 332 / 1, Khatha no. 64/2036, Lal Kothi, In front of IBP Petrol Pump, AB road, Near KM 328, Guna	9,598
Plot No 48, Sector 34(EHTD), Gurgaon	10,545
Khasra No. 473, Patwari Halka No. 43, Bhoo Adhikar Evam Rin Pustika Part I and II No. M175737 in village Kedarpur, Pargana and District Gwalior.	25,684
Plot No 36, Behind Kadiwala Petrol Pump, Village Motipura, Taluka - Himmatnagar, District Sabarkanta	21,150
Khasra No. 109/1, Village Pathrota (itarsi), P.H. 9, R.N. Mandal, Itarasi, District Hosangabad	29,999
S No 37/2 in No 62, Madura Thamaraithankal Village, Konerikuppam, Kanchipuram Taluka	43,546
Plot No.198, HIDC Industrial Estate, Karnal, Haryana	29,052
Plot No. 626, J.L. No. 197, Khatian No. 342, Mouza Bargai, P.S. and Sub-Registrar Office-Kharagpur, Dist. Midnapur,	23,950
Khatoni 268 Khasra No. 494/493/492/489/487 and Gata No. 269 Khasra No. 494/2, at Mauja Mathura Bangar, Village and Tehsil Mathura, District Mathura, UP	19,150
Khata No. 202, Khasra No. 998,989,990,991,992/1 & 994, Village Jatoli, Pargana Sardhana, Tehsil Sardiana, Dist Meerut	39,040
Survey No. 2523 and 2524, Village Hingona Kurd, A B Road, Tehsil & Distt Morena	56,253
Survey No. 111, Patwari Halka No. 31, Bhoo Adhikar Evam Rin Pustika Part I and II No. M451644, Village Rajpura, Dist. Shivpuri	23,000
Survey No. 202, Shivpuri Bypass Road, Village Jhingura, Dist. Shivpuri	2,500
Survey No. 33/5D, Village Dahitane, Taluka North Solapur, District Solapur,	43,040
Plot No P-2, Barhi Industrail Estate, Sonipat, Hayana	86,080
Sub Plot No. 1, Block No. 177 in Survey No. 178, Village Navgam, Taluka Kamrej, District Surat	20,229
Survey No 130/1A+130/1B+129/Paikee, Village Atak Pardi, Taluka Valsad, Dist. Valsad	35,658
Survey No 575/2A, Madura Rengapuram Village of Sathuvacheri Town Panchayat, Vellore Talik, Vellore District.	12,297
Survey no. 62/2A, 62/2B, NH 7, Village Nallampali, Dharampuri District, Tamilnadu	22,473
KH 27/1, Village Umaria, Tehsil Ghoragaly, Berkheda, District Raisen, Madhya Pradesh	43,556
Reliance House, 34, Chowringhee Road, Kolkatta-700 071	1,09,244
Lease Hold Land Including Building Premises, Plant & Machinery, Equipments Located At:	
Khata No. 271/296, Plot No 247 / 1298, NH-5, Mouza Bampada, Tehsil Sadar, District Balasore	20,475
Plot No 101/2B, Junagarh Industrial Estate-II, Junagarh	21,876
Plot No. T- 23, Pimpri Industrial Area, Bhosari block, Bhosari, Pune	26,523
Plot No. E-76, Industrial Area, Parbhatpura, Nasirabad Road, Ajmer	32,743
Plot No. F-181 and 182, Road No. 5, Mewar Industrial Area, Udaipur	47,710
Plot No. F-161, E170, Road No 12, Vishwa Karma Industrial Area (VKIA), Jaipur	37,714
Buildings Premises Including Plant & Machinery, Equipments - Located At:	
J.L. No. 52, Khatian No. 286/288, Dag No. 1638, Mouza Salap, Police Station Domjur, District Howrah, (Kolkatta)	33,490
Khasra No. 745, Village Mohadi, Tehsil Shahabad, District Kurukshetra, (Ambala)	49,680
Khasra No. 105/(25/ (5-3)) & 114/5/(8-0)), Village Vakya, Sat Road Kla Tehsil, District Hissar	33,798
Hissa No. 1 to 13 and 15, Survey No. 13 and 14, Adharwadi Road, Kasbe Kalyan, Taluka Kalyan, District Thane	12,320
Khasra No. 2201,2199,Village Kutana, Rohtak District	21,327
Plot No. 2-A, Central Avenue Scheme Section -III, Satnami Layout, Vardhman Nagar Nagpur	17,394
Block No. 485, Village Dashrath, Taluka and District Vadodara	56,608
Plot No. 1/2 TTC Industrial Area, Thane Belapur Road, Koparkhairane, Navi Mumbai	62,229
Plot No. A -51, Okhla Industrial Area, Phase II, New Delhi.	10,886
Buildings - Premises Located At:	
Office No. 3,4,5,6, Godrej Millenium, 9 Koregaon Road, Pune -411 001	13,841
50 and 51, Ground Floor, Wing “B”, Aditya Residency Apartment (Kakade House), 498, Parvati, Pune - 411 009	2,430

Premises To Be Separately Leased, Situated At:	
	Approx. Area in Sq. Ft
103/106 Naroda Industrial Estate, Naroda, Ahmedabad 382 320, Gujarat	37,178
Part of Refinery Complex, Jamnagar Complex, Village Meghpar / Padana, Taluka Lalpur, Dist Jamnagar 361280, Gujarat.	5,360
Part of Nadiad Retail Outlet - Survey No: 3112(part), 3113/1(Part) ,3113/2 (part), 3113/3 (part), 3121(part), 3122, 3123, 3124 (part), 3125/1 to 4 Village Nadiad, Taluka Nadiad, Nadiad Tundel Road, Gujarat	19,907
Part of Bhilad Retail Outlet - R.S. No:1/3, Village Nandigam, Taluka Umargam, Dist. Valsad, Gujarat	9,638
Part of Sendhwa Retail Outlet - S.No. 146/4, 149/1, 149/3, 150/2, 151/1, 151/2, 15/12 Hissa No 20, Hissa No 220, Village Pipaldhar, Tehsil Nivali, Dist Barwani Madhya Pradesh	753
Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai 400 002	3,355
Ground Floor and First Floor, Anand Mahal Apartment, Opposite Ascon Plaza, Anand Mahal Road, Adajan, Surat 395 009	7,189
4th floor, Thakorbhai Mithaiwala Building, Sahara Darwaja, Sahara Darwaja Crossing, Ring Road, Surat - 395 003 Gujarat	3,000
Fourth Floor, Shantiniketan Building, Opp Bhavya Honda, Piplod, Surat - 395 007 Gujarat	7,800
Ground Floor, Shayog Tower -1, Near Sahaj Super Store, Anand Mahal Road, Adajan Surat 395 009, Gujarat	3,331
Shivam Building, 9 Patel Colony, P.N. Road, Jamnagar 361 001, Gujarat	2,397

And such other properties as may be agreed between the Demerged Company and the Telecommunication Resulting Company

Other Plant and Machinery and Equipments of Telecommunications undertaking Vehicles of Telecommunications Undertaking

Investments

90,00,00,000	Equity Shares of Re. 1 each of Reliance Communications Infrastructure Limited
70,95,130	Equity Shares of Rs.10 each of Reliance Telecom Limited
319,25,85,350	Equity Shares of Re. 1 each of Reliance Infocomm Limited
69,524	Equity Shares of USD 0.05 each of World Tel Holding Limited (Bermuda)
4,50,00,000	Preference Shares of Re. 1 each of Reliance Telecom Limited

Receivables for Capital Leases of Telecommunications Undertaking

Loans and Advances pertaining to Telecommunications Undertaking

Part 'B'

Liabilities

Loans and Contingent Liabilities relatable to Telecommunications Undertaking

Book value of Assets over Liabilities (excluding contingent liabilities) aggregates to Rs. 15,389.34 Crores

ANNEXURE (vii)

AMALGAMATION

OF

INDIAN PETROCHEMICALS CORPORATION LIMITED

WITH

RELIANCE INDUSTRIES LIMITED

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

O. O. C. J.

COMPANY PETITION NO.345 OF 2007

CONNECTED WITH

COMPANY APPLICATION NO.283 OF 2007

In the matter of the Scheme of Amalgamation of Indian Petrochemicals Corporation Limited with Reliance Industries Limited

Reliance Industries Limited Petitioner.

Mr. Virag Tulzapurkar, Senior Counsel with Ms. Sawmya Srikrishna and Mr. Tapan Deshpande i/b Amarchand & Mangaldas & Suresh A. Shroff & Co. for the Petitioner.

Mr. C.J. Joy for the Regional Director.

Mrs. K.V. Gautam, Dy. Official Liquidator present.

CORAM: DR. D.Y. CHANDRACHUD, J.

12th June, 2007.

P.C. :

1. The sanction of the Court is sought under the provisions of Sections 391 to 394 of the Companies Act, 1956 to a scheme of amalgamation. Under the proposed scheme, Indian Petrochemicals Corporation Limited (the transferor) is to stand amalgamated with Reliance Industries Limited, the Petitioner before this Court. The Court has been informed that a Petition has been filed by the transferor before the Gujarat High Court since the transferor has its registered office in the State of Gujarat. That Petition is stated to be pending. The scheme was approved by the Board of Directors on 10th March, 2007. The rationale for the scheme has been duly explained in paragraph B of the prefatory part of the scheme. The appointed date is 1st April, 2006. The scheme envisages the issuance of new equity shares by the transferee to the shareholders of the transferor in the ratio of one equity share each of the face value of Rs.10/- of the transferee for every five equity shares of the value of Rs.10/- credited as fully paid up held by equity shareholders of the transferor. The Bombay Stock Exchange and the National Stock Exchange had respectively expressed their no objection to the scheme by a communication dated 13th and 14th March, 2007.

2. In Company Applications filed before this Court meetings were directed by an order dated 16th March, 2007 to be convened of the equity shareholders and of the secured and unsecured creditors. These meetings were accordingly held on 21st April, 2007 and details thereof have been furnished on behalf of the Petitioner which are as follows :

   "Meeting of the Equity Shareholders

   (i) Attended either personally or by proxy or by authorised representative by 7,218 Equity Shareholders of the Petitioner Company holding 99,20,11,523 Equity Shares aggregating Rs. 992,01,15,230 in value;

   (ii) 7,061 Equity Shareholders holding in aggregate, 99,11,08,388 Equity Shares constituting 99.901% in number and representing 99.9994% in value of the Equity Shareholders, present in person or by proxy and voting at the Meeting, voted in favour of the Scheme;

   (iii) 7 Equity Shareholders holding in aggregate, 5,519 Equity Shares constituting 00.099% in number and representing 00.0006% in value of the Equity Shareholders, present in person or by proxy and voting at the Meeting, voted against the Scheme and

   (iv) Votes of 150 Equity Shareholders holding 8,97,616 votes were declared invalid."

   "Meeting of the Secured Creditors (including Debentureholders)

   (i) Attended either personally or by proxy by 38 Secured Creditors (including Debentureholders) of the Petitioner Company,having claims of an aggregate value of Rs. 9,048.33crore against the Petitioner Company;

   (ii) 34 Secured Creditors (including Debentureholders) having claims against the Petitioner Company of an aggregate value of Rs. 8975.43 Crores, and constituting 100% in number representing 100% in value of the Secured Creditors (including Debentureholders),present in person or by proxy and voting at the Meeting, voted in favour of the Scheme;

   (iii) No Secured Creditors (including Debentureholders) of the Petitioner Company,present in person or by proxy and voting at the Meeting, voted against the Scheme;

   (iv) The votes of 4 Secured Creditors having claims against the Petitioner Company of an aggregate value of Rs. 72.90 crores were declared invalid."

"Meeting of the Unsecured Creditors

(i) 863 Unsecured Creditors of the Petitioner Company having claims of an aggregate value of Rs.450.39 crores against the Petitioner Company attended either personally or by proxy and voted;

(ii) 657 Unsecured Creditors having claims against the Petitioner Company of an aggregate value of Rs.443.46 crores and constituting 100% in number representing 100% in value of the Unsecured Creditors, present in person or by proxy and voting at the Meeting, voted in favour of the Scheme;

(iii) No Unsecured Creditors of the Petitioner Company, present in person or by proxy and voting at the Meeting, voted against the Scheme;

(iv) The votes of 206 Unsecured Creditors having claims against the Petitioner Company of an aggregate value of Rs.6.93 crores were declared invalid."

3. After the Petition was admitted on 27th April, 2007, the hearing of the Petition was duly advertised in the newspapers and a notice of the hearing has been served on the Regional Director and the Registrar of Companies. Counsel appearing for the Regional Director has stated that the scheme as proposed is not contrary to the interest of the public or of the shareholders, creditors and of the employees. There is no objection to the scheme. In the circumstances, there is no reason why the relief as sought should not be granted, particularly since there has been due compliance of all the statutory requirements. The Petition is accordingly made absolute in terms of prayer clauses (a) to (g), subject to the scheme also receiving sanction of the Gujarat High Court in the Petition which has been filed by the transferor company. Prayer clauses (a) to (g) read as follows:

"(a) for an order under Section 394 of the Companies Act, 1956 that the Scheme of Amalgamation being Exhibit "G" to the Petition be sanctioned by this Hon'ble Court so as to be binding with effect from 1st April, 2006, the Appointed Date, on the Petitioner Company, the Transferor Company and all their respective shareholders,creditors and all concerned persons;

(b) for an order under Section 394 of the Companies Act, 1956 that the entire business and the whole of the Undertaking of the Transferor Company as set out in the Scheme, being Exhibit "G" hereto, shall without any further act or deed be transferred to and be vested in and/or deemed to be transferred to and to be vested in the Petitioner Company;

(c) for an order under Section 394 of the Companies Act, 1956 that with effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferor Company as set out in the Scheme shall, without any further act or deed be transferred to or deemed to be transferred to the Petitioner Company so as to become the debts, liabilities, duties and obligations of the Petitioner Company;

(d) for an order under Section 394 of the Companies Act, 1956 that all suits, actions and proceedings by or against the Transferor Company pending and/or arising on or before the date on which the said Scheme shall finally take effect, be continued and be enforced by or against the Petitioner Company as effectually as if the same had been pending and/or arising by or against the Petitioner Company;

(e) for an order under Section 394 of the Companies Act,1956 that upon the Scheme taking effect and in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to be respective equity shareholders of the Transferor Company, whose names are registered in the Register of Members of the Transferor Company on the Record Date (fixed by the Board of Directors of the Transferee Company or a Committee of such Board of Directors) or his/her/its heirs, executors or, as the case may be, successors, equity shares of Rs.10/- (Rupees Ten only) each, credited as fully paid- up in accordance with the applicable Share Exchange Ratio as provided in Clause 10.2 of the Scheme of Amalgamation;

(f) for an order under Section 394 of the Companies Act, 1956, that all permanent employees of the Transferor Company as on the Effective Date shall become the employees of the Petitioner Company in accordance with the provisions set out in the Scheme;

(g) for an order under Section 394 of the Companies Act, 1956 that the Petitioner Company shall within 30 days after the date of sealing of the order to be made herein or within such other time as may be permitted by this Hon'ble Court cause a certified copy there of to be delivered to the Registrar of Companies, Maharashtra at Mumbai for registration."

The Petitioner to pay costs of Rs.2,500/- to the Regional Director within four weeks. Filing and issuance of drawn up order is dispensed with.

All authorities concerned to act on an authenticated copy of this order issued by the office of this Court.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION NO. 345 OF 2007

IN

COMPANY APPLICATION NO. 283 OF 2007

Reliance Industries Limited. ... Petitioner.

V/s.

Indian Petrochemicals Corpn.Ltd. ... Respondent.

Mr. Tapan Deshpande i/b. Amarchand Mangaldas & Suresh A. Shroff & Co. for the Petitioner.

None for the Respondent.

CORAM : DR. D.Y. CHANDRACHUD J.

11TH JULY 2007

P.C. :-

1. Called for speaking to the minutes of the order dated 12th June 2007.

2. A praecipe dated 5th July 2007 has been filed by the Advocates for the Petitioner. The Petitioner had filed the Petition in its capacity as the Transferee Company and hence, the Official Liquidator was not concerned in the matter. Hence, the direction to pay costs of Rs.2,500/-to the Official Liquidator shall stand deleted on page 7 of the order and the third last sentence of the order shall stand corrected as follows :

   "The Petitioner to pay costs of Rs. 2,500/- to the Regional Director within four weeks."

3. The Office is directed to carry out necessary correction and issue a fresh certified copy.

SCHEME OF AMALGAMATION

under Sections 391 to 394 of
The Companies Act, 1956

OF

Indian Petrochemicals Corporation Limited
(the "Transferor Company")

WITH

Reliance Industries Limited
(the "Transferee Company")

GENERAL

A. Description of Companies

I. Indian Petrochemicals Corporation Limited (**"IPCL"** or the **"Transferor Company"**) is a company incorporated under the Companies Act, 1956 having its Registered Office at P.O. Petrochemicals, Dist. Vadodara - 391346, Gujarat. IPCL is a leading Indian integrated manufacturer of petrochemicals products. Its primary products are polymers, fibre intermediates and chemicals. IPCL operates three integrated petrochemicals complexes in India - a naphtha based cracker complex at Vadodara; a gas based cracker complex at Dahej; and a gas based cracker complex at Nagothane. The polymer business of IPCL encompasses commodity plastic raw materials namely Polypropylene (PP), Polyethylene (PE) and Poly Vinyl Chloride (PVC). In 2006, six polyester companies were amalgamated with IPCL pursuant to a scheme of amalgamation under Sections 391-394 of the Act (as defined hereinafter) and pursuant to the amalgamation, IPCL has acquired polyester units located at Allahabad (Uttar Pradesh), Hoshiarpur (Punjab), Barabanki (Uttar Pradesh), Dhenkanal (Orissa), Nagpur (Maharashtra) and Silvassa (Union Territory of Daman & Diu).

II. Reliance Industries Limited (**"RIL"** or the **"Transferee Company"**), is a company incorporated under the Companies Act, 1956 having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai- 400 021. The Transferee Company is one of India's largest private sector industrial enterprises in terms of net turnover, total assets, net worth and net profit and is a Fortune 500 company. RIL ranks amongst the world's top 10 producers for almost all its products. Over the years, RIL's strategy has been to build leading market share in the domestic market, pursue export opportunities, implement vertical, forward and backward integration and, at the same time, to achieve economies of scale, focus on financial management and invest in infrastructure projects.

III. This Scheme of Amalgamation provides for the amalgamation of the Transferor Company with the Transferee Company pursuant to Sections 391 to 394 and other relevant provisions of the Act.

B. Rationale for the Scheme

The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:

(a) Greater size, scale, integration and greater financial strength and flexibility for the amalgamated entity which would result in maximising overall shareholder value;

(b) Strengthening leadership in the industry, not only in terms of the assets base, revenues, product range, production volumes and market share, but also in terms of total shareholder return;

(c) The synergies that exist between the two entities in terms of the products, processes and resources can be put to the best advantage of all stakeholders;

(d) The amalgamated entity will have the ability to leverage on its large asset base, diverse range of products and services, and vast pool of intellectual capital, to enhance shareholder value;

(e) The amalgamation will result in increased financial strength and flexibility, and enhance the ability of the amalgamated entity to undertake large projects, thereby contributing to enhancement of future business potential;

(f) The integration of the manufacturing and other facilities of IPCL and RIL will contribute to enhanced global competitiveness for the amalgamated entity, thereby increasing its ability to compete with its peer group in domestic and international markets;

(g) The amalgamated entity will benefit from improved organizational capability and leadership, arising from the combination of people from IPCL and RIL who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry; and

(h) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, improved procurement, and the elimination of duplication.

In view of the aforesaid, the Board of Directors of IPCL as well as the Board of Directors of RIL have considered and proposed the amalgamation of the entire undertaking and business of IPCL with RIL in order to benefit the stakeholders of both companies. Accordingly, the Board of Directors of both the companies have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of IPCL to RIL pursuant to the provisions of Section 391 to Section 394 of the Act.

C. Parts of the Scheme:

This Scheme of Amalgamation is divided into the following parts:

(i) **Part I** deals with definitions of the terms used in this Scheme of Amalgamation and sets out the share capital of the Transferor Company and the Transferee Company;

(ii) **Part II** deals with the transfer of the Undertaking (as hereinafter defined) of the Transferor Company to the Transferee Company;

(iii) **Part III** deals with the issue of new equity shares by the Transferee Company to the equity shareholders of the Transferor Company;

(iv) **Part IV** deals with the accounting treatment for the amalgamation in the books of the Transferee Company and dividends;

(v) **Part V** deals with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and integrally connected thereto.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

1.1 **"Act"** means the Companies Act, 1956 and includes any statutory re-enactment or amendment(s) thereto, from time to time;

1.2 **"Appointed Date"** means 1st April 2006;

1.3 **"Effective Date"** means the last of the dates on which the conditions referred to in

Clause 18.1 of this Scheme have been fulfilled and the Orders of the High Courts sanctioning the Scheme are filed with the respective Registrar of Companies by the Transferor Company and by the Transferee Company. 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;

1.4 **"GDRs"** means Global Depository Receipts issued pursuant to the issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and other applicable laws, and where relevant shall include the underlying equity shares relating thereto;

1.5 **"Governmental Authority"** means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India;

1.6 **"High Court"** shall mean the High Court of Gujarat at Ahmedabad having jurisdiction in relation to the Transferor Company and the High Court of Judicature at Bombay having jurisdiction in relation to the Transferee Company, as the context may admit and shall include the National Company Law Tribunal, if applicable; and **"High Courts"** shall mean both of them, as the context may require;

1.7 **"Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company or a Committee thereof for determining names of the equity shareholders of the Transferor Company, who shall be entitled to shares of the Transferee Company upon coming into effect of this Scheme as specified under Clause 10.2 of this Scheme;

1.8 **"Scheme" or "Scheme of Amalgamation"** means this Scheme of Amalgamation as submitted to the High Courts together with any modification(s) approved or imposed or directed by the High Courts;

1.9 **"Securities Act"** shall mean the Securities Act of 1933, as amended, of the United States of America;

1.10 **"Transferee Company"** or **"RIL"** means Reliance Industries Limited, a public limited company incorporated under the Act, and having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai- 400 021;

1.11 **"Transferor Company"** or **"IPCL"** means Indian Petrochemicals Corporation Limited, a public limited company incorporated under the Act, and having its registered office at P.O. Petrochemicals, Vadodara - 391346, Gujarat, India;

1.12 **"Undertaking"** shall mean the whole of the undertaking and entire business of the Transferor Company as a going concern, including (without limitation):

(a) All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Company, including, without being limited to, plant and machinery, equipment, buildings and structures, offices, residential and other premises, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, power lines, depots, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash balances with banks, loans, advances, contingent rights or benefits, receivables, earnest moneys, advances or deposits paid by the Transferor Company, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, 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 interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, other benefits (including tax benefits), easements, privileges, 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 Company or in connection with or relating to that Transferor Company 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, whether in India or abroad;

(b) All secured and unsecured debts (whether in Indian rupees or foreign currency), liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised;

(c) All agreements, rights, contracts, entitlements, permits, licences, approvals, authorizations, concessions, consents, quota rights, fuel linkages, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Company's business activities and operations;

(d) All intellectual property rights, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the Transferor Company's business activities and operations; and

(e) All employees engaged in or relating to the Transferor Company's business activities and operations.

All terms not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations and byelaws, as the case may be, or any statutory amendment(s) or re-enactment thereof, from time to time.

2. SHARE CAPITAL

2.1 Transferor Company:

The authorised share capital and the issued, subscribed and paid-up share capital of the Transferor Company as on 28th February 2007 was as under:

	Rs.	Rs.
Authorised Share Capital:		
(i) 40,00,00,000 Equity Shares of Rs.10/- each	400,00,00,000	
(ii) 40,00,00,000 Non-Convertible Redeemable		
Preference Shares of Rs.10/- each	400,00,00,000	800,00,00,000
Issued Share Capital:		
30,30,10,937 Equity Shares of Rs. 10/- each		303,01,09,370
Subscribed and Paid-up Share Capital:		
30,07,02,798 Equity Shares of Rs. 10/- each	300,70,27,980	
Add: Shares Forfeited	82,72,495	301,53,00,475

2.2 Transferee Company:

The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on 28th February 2007 was as under:

	Rs.	Rs.
Authorised Share Capital:		
250,00,00,000 Equity Shares of Rs. 10 each	2500,00,00,000	
50,00,00,000 Preference Shares of Rs. 10 each	500,00,00,000	3000,00,00,000
Issued, Subscribed and Paid up Share Capital:		
139,35,08,041 Equity Shares of Rs. 10/- each fully paid up	1393,50,80,410	
Less: Calls in arrears - by others	31,27,380	1393,19,53,030

Note:

1. The Transferee Company has proposed to issue, on preferential basis, to the promoter and entity/entities in the promoter group of the Transferee Company up to 12,00,00,000 warrants in accordance with the Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the **"Guidelines"**), where the warrant holders will be entitled to apply for and be allotted one fully paid equity share of the face value of Rs.10/- each of the Transferee Company for every warrant held by them. Pursuant to a Notice dated 24th February 2007, the Transferee Company has sought the approval of its members through postal ballot in terms of Section 81(1A) and Section 192A of the Act read with the Guidelines for the proposed issue of warrants and equity shares on conversion thereof. The postal ballot process is underway and is expected to be completed by the end of March, 2007.

2. The Transferee Company has reserved issuance of 6,96,75,402 equity shares of Rs. 10/- each for offering to employees under its employee stock option scheme.

3. DATE WHEN THE SCHEME COMES INTO OPERATION

The Scheme shall come into operation from the Appointed Date, but the same shall become effective on and from the Effective Date.

PART II

TRANSFER OF UNDERTAKING

4. TRANSFER OF UNDERTAKING

4.1 Generally:

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Undertaking of the Transferor Company shall, pursuant to the sanction of this Scheme by the High Courts and pursuant to 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, as a going concern without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

4.2 Transfer of Assets:

4.2.1 Without prejudice to the generality of Clause 4.1 above, upon the coming into effect of this Scheme and with effect from the Appointed Date:

(a) All the assets and properties comprised in the Undertaking of whatsoever nature and wheresoever situate, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, the assets and properties of the Transferee Company.

(b) Without prejudice to the provisions of sub-clause (a) above in respect of such of the assets and properties of the Transferor Company, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Company and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking, without requiring any deed or instrument or conveyance for the same.

(c) In respect of movables other than those dealt with in sub-clause (b) above including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferee Company may if it so deems appropriate, give notice in such form as it may deem fit and proper, to each person, debtor, or depositee, as the case may be, that the said debt, loan, advance, balance or deposit stand transferred and vested in the Transferee Company).

(d) All the licenses, permits, quotas, approvals, permissions, registrations, incentives, sales tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, sales tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

4.2.2 All assets and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets and properties, which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 391 to 394 and all other applicable provisions if any of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act, provided however that no onerous asset shall have been acquired by the Transferor Company after the Appointed Date without the prior written consent of the Transferee Company.

4.3 Transfer of Liabilities:

4.3.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, encumbrance, lien or security thereon (herein referred to as the **"Liabilities"**) shall, pursuant to the sanction of this Scheme by the High Courts 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, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

4.3.2 All debts, liabilities, duties and obligations of the Transferor Company shall, as on the Appointed Date, whether or not provided in the books of the Transferor Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Company 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.

4.3.3 Where any such debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date have been discharged by the Transferor Company 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.

4.3.4 All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Company 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 or vested in or 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.

4.3.5 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and the appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any such inter-company loans, advances and other obligations with effect from the Appointed Date.

4.3.6 Without prejudice to the foregoing provisions of this Clause 4.3:

(i) All debentures, bonds, notes or other debt securities, if any, of the Transferor Company relating to the Liabilities comprised in the Undertaking, (hereinafter referred to as the **"Debt Securities"**) shall, under the provisions of Sections 391 to 394 and other relevant provisions of the Act, without any further act, instrument or deed, become the Debt Securities of the Transferee Company on the same terms and conditions and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in and shall be exercised by or against the Transferee Company to the same extent as if it were the Transferor Company in respect of the Debt Securities so transferred and vested.

(ii) Any Debt Securities issued by the Transferor Company and held by the Transferee Company shall, unless sold or transferred by the Transferee Company at any time prior to the Effective Date, stand cancelled as on the Effective Date and be of no effect and the Transferor Company shall have no further obligation in that behalf.

4.4 Encumbrances

4.4.1 The transfer and vesting of the assets comprised in the Undertaking to and in the Transferee Company under Clause 4.1 and Clause 4.2 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.

4.4.2 All the existing securities, mortgages, charges, encumbrances or liens (the **"Encumbrances"**), if any, created by the Transferor Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to Liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of that Transferee Company. Provided however that no Encumbrances shall have been created by the Transferor Company over its assets after the Appointed Date without the prior written consent of the Transferee Company.

4.4.3 The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.

4.4.4 Any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferor Company and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

4.4.5 Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to it in terms of the Scheme.

4.4.6 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required by statutorily or by necessary implication.

4.4.7 The provisions of this Clause 4.4 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

4.5 Inter - se Transactions:

Without prejudice to the provisions of Clauses 4.1 to 4.4, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.

5. CONTRACTS, DEEDS, ETC.

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

(b) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

(c) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

6. LEGAL PROCEEDINGS

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

7. CONDUCT OF BUSINESS

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

(a) The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.

(b) All the profits or incomes accruing or arising to the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Transferee Company.

(c) All taxes (including income tax, sales tax, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, insofar as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.

(d) Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.

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

(a) The Transferor Company shall preserve and carry on its business and activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its subsidiaries or group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking or any part thereof save and except in each case in the following circumstances:

(i) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Courts; or

(ii) if the same is permitted by this Scheme; or

(iii) if written consent of the Transferee Company has been obtained.

(b) The Transferor Company shall not take, enter into, perform or undertake, as applicable (i) any material decision in relation to its business and affairs and operations (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of the Transferor Company's business); and (iii) such other matters as the Transferee Company may notify from time to time; without the prior written consent of the Transferee Company.

(c) Without prejudice to the generality of Clause (b) above, the Transferor Company shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Exchange Ratio (as provided in Clause 10.2 below), except under any of the following circumstances:

(i) by mutual consent of the respective Board/Committee of Directors of the Transferor Company and of the Transferee Company; or

(ii) as may be permitted under this Scheme.

8. EMPLOYEES

8.1 Upon the coming into effect of this Scheme:

(a) All the permanent employees of the Transferor Company who are in employment as on the Effective Date shall become the employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favourable than those on which they are engaged or employed by the Transferor Company. It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company (including the benefits of or under any Employee Stock Option Schemes applicable to or covering all or any of the employees of the Transferee Company), unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Transferor Company with any union/employee of the Transferor Company.

(b) The existing provident fund, gratuity fund and pension and/or superannuation fund or trusts or retirement funds or benefits created by the Transferor Company or any other special funds created or existing for the benefit of the concerned employees of the Transferor Company (collectively referred to as the **"Funds"**) and the investments made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute thereto, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to such funds of the Transferee Company.

8.2 With effect from the first of the dates of filing of this Scheme with the High Courts and up to and including the Effective Date the Transferor Company shall not vary or modify the terms and conditions of employment of any of its employees, except with the written consent of the Transferee Company.

9. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Undertaking of the Transferor Company under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company 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 Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

PART III

ISSUE OF EQUITY SHARES BY TRANSFEREE COMPANY

10.1 The provisions of this Part III shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.

10.2 **Issue of new equity shares by Transferee Company**

Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company, whose names are registered in the Register of Members of the Transferor Company on the Record Date (to be fixed by the Board of Directors of the Transferee Company or a Committee of such Board of Directors) or his /her/its heirs, executors or, as the case may be, successors, equity shares of Rs. 10/- (Rupees Ten only) each, credited as fully paid up of the Transferee Company, in the ratio of 1 equity share of the face value of Rs. 10/- (Rupees Ten only) of the Transferee Company with rights attached thereto as mentioned in this Scheme for every 5 equity shares of the face value of Rs. 10/- (Rupees Ten only) each credited as fully paid-up held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in the Transferor Company.

The ratio in which equity shares of the Transferee Company are to be issued and allotted to the shareholders of the Transferor Company is herein referred to as the **"Share Exchange Ratio"**.

10.3 Issue of new GDRs

(a) Upon the coming into effect of this Scheme, and the issue of shares in the Share Exchange Ratio by the Transferee ompany pursuant to the provisions of this Scheme, the Transferee Company shall instruct its depository (the **"Transferee Depository"**) to issue GDRs of the Transferee Company to the existing eligible holders of GDRs of the Transferor Company in an appropriate manner in respect of the existing GDRs of the Transferor Company, in accordance with applicable law and the terms of the deposit agreement entered into amongst the Transferee Company, the Bank of New York and all registered holders of and beneficial owners from time to time of the GDRs of the Transferee Company (the **"Deposit Agreement"**). The Transferor Company shall issue necessary instructions to its depository (the **"Transferor Depository"**) and the Transferee Company,

the Transferee Depository, the Transferor Company and the Transferor Depository shall enter into such further documents as may be necessary and appropriate in this behalf, which shall contain all detailed terms and conditions of such issue.

(b) The Transferee Company and the Transferor Company shall take all such steps and do all such acts, deeds and things as may be necessary for the issue of GDRs pursuant to sub-clause (a) above, and for listing the GDRs on the Luxembourg Stock Exchange.

(c) The GDRs issued to the existing eligible GDR holders of the Transferor Company pursuant to this Clause 10.3 shall be similar in all material respects with the existing GDRs of the Transferee Company.

(d) Notwithstanding the foregoing, in the event that the Transferee Company so determines, in its sole discretion, it may enter into such arrangements as it deems appropriate to cause the equity shares otherwise issuable in relation to the GDRs of the Transferor Company, or such of the equity shares otherwise issuable in relation to the GDRs of the Transferor Company as the Transferee Company determines would not be exempt from registration under any applicable securities law or whose issuance may be contrary to any applicable law, to be sold at public or private sale, at such time and in such manner as the Transferee Company deems necessary, and distribute the net sale proceeds to such GDR holders of the Transferor Company on a proportionate basis. The Transferee Company, the Transferee Depository, the Transferor Company and the Transferor Depository shall enter into such further documents and arrangements as may be necessary and appropriate in this behalf.

(e) The equity shares issued pursuant to this Scheme in relation to the existing eligible GDR holders of the Transferor Company will not be registered under the Securities Act in reliance upon the exemption from registration contained in Section 3(a)(10) of the Securities Act. The approval of the High Courts will be the basis for such exemption. The Transferor Company and the Transferee Company shall take all such steps and do all such acts, deeds and things as may be necessary to give effect to this sub-clause (e).

(f) If, on account of the Share Exchange Ratio, fractional GDRs of the Transferee Company have to be issued, then, in accordance with Section 4.03 of the Deposit Agreement, in lieu of delivering receipts for fractional GDRs the Transferee Depository may, in its discretion, sell the shares represented by the aggregate of such fractions, at public or private sale, at such place or places and at such price or prices as it may deem proper, and distribute the net proceeds of any such sale in accordance with the terms of the Deposit Agreement.

10.4 Increase in issued, subscribed and paid-up capital of Transferee Company

(a) Upon the Scheme becoming effective, the issued, subscribed and paid-up capital of the Transferee Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with Clause 10.2 above.

(b) It is clarified that no Special Resolution under Section 81(1A) of the Act shall be required to be passed by the Transferee Company separately in a general meeting for issue of shares to the shareholders of the Transferor Company under this Scheme and on the members of the Transferee Company approving this Scheme, it shall be deemed that they have given their consent to the issue of equity shares of the Transferee Company to the shareholders of the Transferor Company in the Share Exchange Ratio.

10.5 General provisions:

(i) Issue of Shares in dematerialized/physical form:

(a) In so far as the issue of new equity shares pursuant to Clause 10.2 above is concerned, each of the shareholders of the Transferor Company holding shares in physical form shall have the option, exercisable by notice in writing by them to the Transferee Company on or before the Record Date, to receive, the new equity shares of the Transferee Company either in certificate form or in dematerialised form, in lieu of their shares in the Transferor Company in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares of the Transferee Company shall be issued to such members in physical form. Those of the members of the Transferor Company who exercise the option to receive the shares in dematerialised form shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required in the notice provided by such shareholder to the Transferee Company. It is only thereupon that the Transferee Company shall issue and directly credit the demat/ dematerialised securities account of such member with the new equity shares of the Transferee Company. The share certificates representing the equity shares of the Transferor Company (including equity shares underlying the GDRs) shall stand automatically and irrevocably cancelled on the issue of new equity by the Transferee Company in terms of Clause 10.2 above.

(b) Each of the members of the Transferor Company holding shares of the Transferor Company in dematerialised form shall have the option, exercisable by notice in writing by them to the Transferee Company on or before the Record Date, to receive, the new equity shares of the Transferee Company either in certificate form or in dematerialised form, in lieu of their shares in the Transferor Company in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares of the Transferee Company shall be issued to such members in dematerialised form as per the records maintained by the National Securities Depository Limited and/or Central Depository Services (India) Limited on the Record Date in terms of Clause 10.2 above.

(ii) Pending share transfers, etc.:

(a) In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors of the Transferee Company or any Committee thereof shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company, after the effectiveness of this Scheme;

(b) The new equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Transferee Company.

(iii) New Equity Shares subject to same terms:

(a) The new equity shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall inter-se rank pari passu in all respects with the then existing equity shares of the Transferee Company, including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date;

(b) The new equity shares of the Transferee Company issued in terms of Clause 10.2 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited where the shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges. The promoters of the Transferee Company shall include the promoters of the Transferor Company upon effectiveness of the Scheme. The shares of the said promoters may be held as such or may be offered to the Transferee Company for buyback and cancellation under a buyback scheme at their carrying cost (book value) or may be disposed off by the said promoters in any other manner to realise the economic value.

(iv) Obtaining of approvals:

For the purpose of issue of equity shares to the shareholders of the Transferor Company, the Transferee Company shall, if and to the extent required, apply for and obtain the required statutory approvals and other concerned regulatory authorities for the issue and allotment by the Transferee Company of such equity shares.

(v) Fractional Entitlement:

No fractional certificates shall be issued by the Transferee Company in respect of the fractional entitlements, if any, to which the shareholders of the Transferor Company are entitled on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme. The Board of Directors/Committee of Directors of the Transferee Company shall instead consolidate all such fractional entitlements to which the shareholders of the Transferor Company may be entitled on issue and allotment of the equity shares of the Transferee Company as aforesaid and shall, without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to an individual trustee or a board of trustees or a corporate trustee (the **"Trustee"**), who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the trustee may in its sole discretion decide and pay to the Transferee Company the net sale proceeds thereof and any additions and accretions, whereupon the Transferee Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements.

(vi) Exemption From Registration:

The equity shares issued pursuant to this Scheme will not be registered under the Securities Act in reliance upon the exemption from registration contained in Section 3(a)(10) of the Securities Act. The approval of the High Courts will be the basis for such exemption. The Transferor Company and the Transferee Company shall take all such steps and do all such acts, deeds and things as may be necessary to give effect to this sub-clause (vi).

PART IV

ACCOUNTING TREATMENT AND DIVIDENDS

11. ACCOUNTING TREATMENT

(a) Upon the coming into effect of this Scheme and with effect from the Appointed Date, for the purpose of accounting for and dealing with the value of the assets and liabilities in the books of the Transferee Company, the fair value of the assets and liabilities shall be determined as of the Appointed Date and accounted appropriately as may be decided by the Board of Directors of the Transferee Company.

(b) As considered appropriate for the purpose of reflecting the fair value of assets and liabilities of the Transferor Company and the Transferee Company in the books of the Transferee Company on the Appointed Date, suitable effect may be given including, but not restricted to, elimination of inter-company transactions and balances between the Transferor Company and the Transferee Company and/or application of uniform accounting policies and methods.

(c) The aggregate excess or deficit of value of the net assets of the Transferor Company (determined as per sub-clause (a) above), the net effect of the adjustments (referred in sub-clause (b) above) and costs, charges, stamp duty and expenses in connection with the Scheme, over the paid-up value of the shares to be issued and allotted to the shareholders of the Transferor Company pursuant to this Scheme shall be transferred by the Transferee Company to its Securities Premium Account.

12. DECLARATION OF DIVIDEND

12.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the respective record date for the purpose of dividend and the shareholders of the Transferor Company shall not be entitled to dividends, if any, declared by the Transferee Company prior to the Effective Date. On and from the earlier of the dates of filing this Scheme with the High Courts and until the Effective Date, the Transferor Company shall declare a dividend only after prior consultation with the Transferee Company.

12.2 Until the coming into effect of this Scheme, the holders of equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association.

12.3 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

PART V

DISSOLUTION OF TRANSFEROR COMPANY AND GENERAL TERMS AND CONDITIONS

13. DISSOLUTION OF TRANSFEROR COMPANY

On the coming into effect of this Scheme, the Transferor Company shall stand dissolved without winding-up.

14. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of this Scheme the resolutions, if any, of the Transferor Company, 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.

15. MODIFICATION OF SCHEME

15.1 The Transferor Company and the Transferee Company by their respective Boards of Directors or any Committee thereof or any Director/Executive authorised in that behalf (hereinafter referred to as the **"Delegate"**) may assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme which the High Courts or any authorities under law may deem fit to approve of or which the High Courts or any authorities under law may impose and which the Transferor Company and the Transferee Company may in their discretion accept or such modification(s) or addition(s) as the Transferor Company and the Transferee Company or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme, and the Transferor Company and the Transferee Company by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme. In the event that any conditions are imposed by the High Courts or any Governmental Authorities, which the Transferor Company or the Transferee Company find unacceptable for any reason, then the Transferor Company and the Transferee Company shall be at liberty to withdraw the Scheme.

15.2 For the purpose of giving effect to this Scheme or to any modification(s) thereof or addition(s) thereto, the Delegates (acting jointly) of the Transferor Company and Transferee Company may give and are authorised to determine and give all such directions as are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the Transferor Company) or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

16. FILING OF APPLICATIONS

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

17. APPROVALS

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 own the Undertaking and to carry on the business of the Transferor Company.

18. SCHEME CONDITIONAL UPON SANCTIONS, ETC.

18.1 This Scheme is conditional upon and subject to:

(i) The Scheme being agreed to by the requisite majority of the respective classes of members and/or creditors of each of the Transferor Company and of the Transferee Company as required under the Act and the requisite orders of the High Courts being obtained;

(ii) Such other sanctions and approvals including sanctions of any Governmental Authority as may be required by law in respect of the Scheme being obtained; and

(iii) The certified copies of the Orders of the High Courts sanctioning this Scheme being filed with the Registrar of Companies, Gujarat and the Registrar of Companies, Maharashtra.

18.2 In the event of this Scheme failing to take effect finally by 31st December 2007, or by such later date as may be agreed by the Board of Directors of the Transferor Company and the Board of Directors of the Transferee Company or their respective Delegates, this Scheme shall become null and void and be of no effect and in that event no rights and liabilities whatsoever

shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person. In such case, each Company shall bear its own costs, charges and expenses or as may be mutually agreed.

19. COSTS, CHARGES AND EXPENSES

All costs, charges and expenses (including any taxes and duties) of payable by each of the Transferor Company and Transferee Company in relation to or in connection with this Scheme and incidental to the completion of the arrangement of the Transferor Company with the Transferee Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.

IN THE HIGH COURT OF GUJARAT AT AHMBDABAD

COMPANY PETITION NO. 93 OF 2007

IN COMPANY APPLICATION NO. 126 OF 2007

1.1.0 INDIAN PETROCHEMICALS CORPORATION LIMITED
P.O. PETROCHEMICALS
DIST. VADODARA - 391 346.
GUJARAT

.... Petitioner(s)

(**Versus)**

1.1.0. .

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.... Respondent(s)

Appearance on Record :

NANAVATI ASSOCIATES as ADVOCATE for the Petitioner(s)

No. 1

MR. HARIN P. RAVAL as ADVOCATE for the Respondent(s)

No. 1

MR. RAMNANDAN SINGH as ADVOCATE for the Respondent(s)

No. 1

MR. SHALIN N. MEHTA as ADVOCATE for the Respondent(s)

No. 1

COURTS ORDER

Coram :

HONOURABLE MR. JUSTICE K.M. MEHTA

Date of Decision : 16/08/2007

(Copy of Order Attached Herewith)

IN THE HIGH COURT OF GUJARAT AT AHMBDABAD
COMPANY PETITION No. 93 OF 2007

In

COMPANY APPLICATION No. 126 OF 2007

For Approval and Signature:

HONOURABLE MR. JUSTICE K.M. MEHTA

1 Whether Reporters of Local Papers may be allowed to see the judgment ? YES

2 To be referred to the Reporter or not ? YES

3 Whether their Lordships wish to see the fair copy of the judgment ? NO

4 Whether this case involves a substantial question of law as to the interpretation of the constitution of India, 1950 or any order made thereunder ? NO

5 Whether it is to be circulated to the civil judge ? NO

INDIAN PETROCHEMICALS CORPORATION LIMITED - Petitioner(s)

Versus

Respondent(s)

Appearance :

MR. K.S. NANAVATI, MR. MIHIR THAKORE, MR. S.N. SOPARKAR, ld. Sr. counsel with Mr. Nandish Chudgar, learned advocate for the petitioner.

Ms. Ami Yagnik, learned advocate for Official Liquidator

Mr. Girish Patel, learned sr. counsel with Mr. Shalin N. Mehta, ld. Advocate for the objectors.

MR HARIN P RAVAL for Central Government

Mr. P.R. Thakkar, learned advocate for objector on behalf of Ancillary Industries,

MR RAMNANDAN SINGH for objector on behalf of SC/ST employees

CORAM : HONOURABLE MR.JUSTICE K.M.MEHTA

Date : 16/8/2007

CAV JUDGMENT

1. Indian Petrochemicals Corporation Limited (hereinafter referred to as "IPCL"), the petitioner Company (Transferor Company) has filed this Company Petition under Section 391 read with Section 394 of the Companies Act, 1956, with a prayer that this Court may be pleased to sanction the Scheme of Amalgamation being Exh. "G" to the petition so as to be binding with effect from 1.4.2006, the appointed date, on the petitioner Company, the Reliance Industries Limited (hereinafter referred to as RIL), the Transferee Company and all their respective shareholders, creditors and all concerned persons. The said Scheme provides that the entire undertaking of the Transferor Company along with all its assets, debts, liabilities etc., shall stand transferred to the Transferee Company, all legal proceedings pending by or against the Transferor Company shall be continued by or against the Transferee Company, the employees of the Transferor Company shall become the employees of the transferee Company and the Transferor Company shall allot to the shareholders of the Transferor Company shares in the Transferee Company in the proportion mentioned in the Scheme.

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2. The facts giving rise to this petition are as under:

FACTS ABOUT THE TRANSFEROR COMPANY:

2.1 The petitioner Company was incorporated on 22.3.1969 in the State of Gujarat under the Companies Act, 1956 (hereinafter referred to as "the Act"). The petitioner Company has its registered office at P.O. Petrochemicals, Dist. Vadodara, Gujarat.

2.2 The objects for which the petitioner Company has been established are set out in its Memorandum of Association. One of the main objects is to carry on the business of processing, converting, producing, manufacturing, formulating, using, buying, acquiring, importing, storing, packaging, selling, transporting, distributing, exporting and disposing (a) all organic and inorganic chemicals derived from petroleum hydrocarbon elements, chemicals compounds and products of any nature and kind whatsoever including by- products, derivatives and mixtures thereof.

2.3 The authorized, issued, subscribed and paid up share capital of the petitioner Company as on 31.3.2007 was as under:

	Rs.	Rs.
Authorised Share Capital		
(i) 40,00,00,000 equity shares of Rs. 10/- each	400,00,00,000	
(ii) 40,00,00,000 Non-Convertible Redeemable Preference Shares of Rs. 10/- each	400,00,00,000	
Total		800,00,00,000
Issued Share Capital		
30,30,10,937 Equity Shares of Rs. 10/- each		303,01,09,370
Subscribed and paid up share capital		
30,07,02,798 Equity Shares of Rs. 10/- each	300,70,27,980	
Add : Shares Forfeited	82,72,495	
Total		301,53,00,475

2.4 In showing the profitability of the Company, audited balance sheet of the petitioner Company for the year ended 31.3.2006 is annexed along with the petition. The last unaudited financial accounts of the petitioner Company as on 31.3.2007 are also annexed with the petition.

2.5 The equity shares of the petitioner Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Bombay Stock Exchange Limited vide its letter dated 13.3.2007 and the National Stock Exchange of India Limited vide its letter dated 14.3.2007 have issued their "No Objection" to the Scheme of Amalgamation.

FACTS OF THE TRANSFEREE COMPANY:

3. The Transferee Company was incorporated as Mynylon Limited on 8.5.1973 in the State of Karnataka under the provisions of the Act. The name of the Transferee Company was subsequently changed to Reliance Textile Industries Limited on 11.3.1977. The place of the registered office of the Transferee Company was thereafter changed from the State of Karnataka to the State of Maharashtra on 2.7.1977. The name of the Transferee Company was again changed to Reliance Industries Limited on 27.6.1985. It appears that the address of the registered office of the Transferee Company is : 3rd floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400021, Maharashtra. The objects for which the Transferee Company has been established are set out in its Memorandum of Association. The main objects are reproduced hereinafter:

3.1 "To carry on the business of manufacturers, dealers, agents, factors, importers, exporters, merchants and financiers of all kinds of man made fibres and man made fibre yarns of all kinds, man made fibre cords of all kinds and man made fibre fabrics of all kinds, mixed with or without mixing, materials like woolen, cotton, metallic or any other fibres of vegetable, mineral or animal origin, manufacturing such man made fibres and man made fibre products of all description and kinds with or without mixing fibres of other origin as described above, by any process using petrochemicals of all description or by using vegetable or mineral oils or products of all description required to produce such man made fibres."

3.2 The authorised, issued, subscribed and paid up share capital of the transferee Company as on 31.3.2007 was as under:

	Rs.	Rs.
Authorised Share Capital		
250,00,00,000 Equity Shares of Rs. 10 each	2500,00,00,000	
50,00,00,000 Preference Shares of Rs. 10 each	500,00,00,000	
Total		3000,00,00,000
Issued, Subscribed and paid up Share Capital:	1393,50,80,410	
139,35,08,041 Equity Shares of Rs. 10/- each fully paid up		
Less: Call in arrears - by others	31,27,380	
Total		1393,19,53,030

3.3 The equity shares of the Transferee Company are listed in Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Bombay Stock Exchange Limited vide its letter dated 13.3.2007 and the National Stock Exchange of India Limited vide its letter dated 14.3.2007 have issued their "No Objection" to the Scheme of Amalgamation. The GDRs representing the underlying equity shares of the Transferee Company are listed on Luxembourg Stock Exchange and traded on the PORAL Market of the United States National Association of Securities Dealers Inc and SEAQ (London Stock Exchange). The non-convertible debentures of the Transferee Company are listed on the Wholesale Debt Market segment of the National Stock Exchange of India Limited.

3.4 The petitioner Transferor Company (IPCL) is a leading Indian integrated manufacturer of petrochemicals products. Its primary products are polymers, fibre intermediates and chemicals. It operates three integrated petrochemicals complexes in India - a naphtha based cracker complex at Vadodara; a gas based cracker complex at Dahej; and a gas based cracker complex at Nagothane. The polymer business of the petitioner Company encompasses commodity plastic raw materials namely Polypropylene (PP), Polyethylene (PE) and Poly Vinyl Chloride (PVC).

3.5 The Transferee Company (RIL) is one of India's largest private Sector Industrial enterprises in terms of net turnover, total assets, net worth and net profit and is a fortune 500 Company. The transferee Company ranks amongst the world's top 10 producers for most of its products. Over the years, the Transferee Company's strategy has been to build leading market share in the domestic market, pursue export opportunities, implement vertical, forward and backward integration and at the same time, to achieve economies of scale, focus on financial management and invest in infrastructure projects.

RE: AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEREE COMPANY:

3.6 Both the Transferor Company and the Transferee Company decided upon the Scheme of their Amalgamation. The Board of Directors of the Transferor Company passed a Resolution at its meeting held on 10.3.2007 approved the said Scheme subject to obtaining of all requisite approvals, if any, of the appropriate authorities and subject to the approval of the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad.

3.7 The Board of Directors of the Transferee Company (Reliance Industries Limited) has also passed a similar Resolution at its meeting held on 10.3.2007.

3.8 Accordingly, the Scheme of Amalgamation was prepared. The rationale for the Scheme is stated as under:

"The amalgamation of the Transferor Company with the Transferee Company would, inter alia, have the following benefits:

(a) Greater size, scale, integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value;

(b) Strengthening leadership in the industry, not only in terms of the assets base, revenues, product range, production volumes and market share, but also in terms of total shareholder return;

(c) The synergies that exist between the two entities in terms of the products, processes and resources can be put to the best advantage of all stakeholders;

(d) The amalgamated entity will have the ability to leverage on its large asset base, diverse range of products and services and vast pool of intellectual capital, to enhance shareholder value;

(e) The amalgamation will result in increased financial strength and flexibility, and enhance the ability of the amalgamated entity to undertake large projects, thereby contributing to enhancement of future business potential;

(f) The integration of the manufacturing and other facilities of IPCL and RIL will contribute to enhanced global competitiveness for the amalgamated entity, thereby increasing its ability to compete with its peer group in domestic and international markets;

(g) The amalgamated entity will benefit from improved organizational capability and leadership, arising from the combination of people from IPCL and RIL who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry; and

(h) Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, improved procurement and the elimination of duplication."

3.9 The Transferor Company had filed an application being Company Application No. 126 of 2007 before this Court. This Court (Coram: M.R. Shah, J) passed order dated 16.3.2007 giving directions for convening meetings of the equity shareholders, Secured Creditors, unsecured creditors of the applicant Company (Transferor Company). It was stated that at least 21 clear days before the meetings to be held as aforesaid, notices convening the said meetings, indicating the day, the date, the place and time together with a copy of Scheme of Amalgamation, copy of the Explanatory Statement required to be sent under Section 393 of the Companies Act, 1956 and the prescribed Form of Proxy shall be sent under Certificate of Posting addressed to each of the equity shareholders, secured creditors (including debenture holders) and unsecured creditors of the applicant company at their last known address. It was stated that Mr. Justice S.D. Dave (Retd.) and in his absence Mr. Lalit Bhasin shall be the Chairman of the said meetings. The ancillary and incidental directions relating to the said meetings were also given by the said order.

3.10 The above referred meetings were accordingly held after issuing required notices and voting had taken place on the proposed resolution supporting amalgamation. Scrutineers appointed at the meeting had submitted their reports which are as under:

RE: SHAREHOLDERS' MEETING:

(a) Voted in favour of the resolution:

Number of members present (in person or by proxy) and voting	Number of votes cast by them	% of the total number of members present (in person or by proxy) and voting	% of total number of votes cast by them.
7632	20,37,73,286	97.04	99.89

(b) Voted against the resolution:

Number of members present (in person or by proxy) and voting	Number of votes cast by them	% of the total number of members present (in person or by proxy) and voting	% of total number of votes cast by them.
233	2,28,705	2.95	0.11

(c) Invalid votes

Total number of members whose votes were declared invalid	Total number of votes cast by them
54	11,74,879

RE: SECURED CREDITORS (INCLUDING DEBENTURE HOLDERS) MEETING:

(a) Voted in favour of the resolution:

Number of secured creditors (including debenture holders) present (in person or by proxy) and voting	Value of Secured Debt of those present and voting (Rs. in crores)	% of the total number of Secured Creditors (including Debenture holders) present (in person or by proxy) and voting.	% of total value of Secured Debt of those present and voting.
51	355.34	100%	100%

(b) Voted against the resolution:

Number of secured creditors (including debenture holders) present (in person or by proxy) and voting	Value of Secured Debt of those present and voting (Rs. in crores)	% of the total number of Secured Creditors (including Debenture holders) present (in person or by proxy) and voting.	% of total value of Secured Debt of those present and voting.
Nil	Nil	Nil	Nil

(c) Invalid votes:

Total number of secured creditors whose votes were declared invalid	Total Value (Rs. in Crore)
3	0.25

RE: UNSECURED CREDITORS' MEETING:

(a) Voted in favour of the resolution:

Number of unsecured creditors present (in person or by proxy) and voting	Value of Unsecured Debt of those present and voting (Rs. in crores)	% of the total number of Unsecured Creditors present (in person or by proxy) and voting.	% of total value of Unsecured Debt of those present and voting.
635	687.48	100%	100%

(b) Voted against the resolution:

Number of unsecured creditors present (in person or by proxy) and voting	Value of Unsecured Debt of those present and voting (Rs. in crores)	% of the total number of Unsecured Creditors present (in person or by proxy) and voting.	% of total value of Unsecured Debt of those present and voting.
Nil	Nil	Nil	Nil

(c) Invalid votes:

Total number of unsecured creditors whose votes were declared invalid	Total Value (Rs. in Crore)
4	Nil

3.11 Thus as per the report, the Scheme was approved by an overwhelming majority of secured creditors (including debenture holders), unsecured creditors, equity shareholders and the resolution was passed by members constituting more than a majority in number and representing more than three-fourths in value of the shareholding of the equity shareholders present and voting either in person or by proxy at the meeting.

3.12 Thus in view of the report of the Scrutineers, the Chairman, Justice S.D. Dave (Retd.), made a report dated 18.4.2007 which is at page 114 and reported the above results. The Chairman has also filed an affidavit in support of the said report. Shashikala Rao, Company Secretary of the Transferor Company also filed an affidavit verifying the petition.

PRESENT CONTROVERSY:

4.1 In view of the same, the Transferor Company filed Company Petition No. 93 of 2007 before this Court under Sections 391 to 394 of the Act in connection with the Scheme of Amalgamation of the Transferor Company (IPCL) and the Transferee Company (RIL).

DETAILS ABOUT THE SCHEME:

4.2 Under the Scheme, the appointed date means 1st April, 2006 which has been mentioned in Part I Definitions and Share capital of the Scheme. Effective date is given in clause 1.3 which means the last of the dates on which the conditions referred to in Clause 18.1 of the Scheme have been fulfilled. Clause 1.12 defines the term "undertaking". The word "undertaking" shall mean the whole of the undertaking and entire business of the Transferor Company as a going concern, including all the assets and properties.

4.3 It also provides in part II clause 4 Transfer of undertaking. Clause 4.1 provides general transfer of undertaking; Clause 4.2 provides transfer of assets; Clause 4.3 provides transfer of liabilities. The Scheme also provides when the Transferor Company merges with the Transferee Company, the Transferee Company will issue new equity shares of the Transferee Company to the equity shareholders of the Transferor Company in the ratio of 1 (one) equity share of the face value of Rs. 10/- (Rupees ten only) of the transferee Company with rights attached thereto as mentioned in the Scheme for every 5 (five) equity shares of the face value of Rs. 10/- (Rupees ten only) each credited as fully paid up held by such equity shareholders or their respective heirs, executors or as the case may be, successors in the Transferor Company. The ratio in which equity shares of the Transferee Company are to be issued and allotted to the shareholders of the Transferor Company is hereinafter referred to as the "Share Exchange Ratio". The Scheme also provides for various other aspects namely new equity shares, obtaining of approvals, fractional entitlement, exemption from registration, scheme conditional upon sanction. In para III of General, Description of Companies, the rationale for the Scheme is given which I have quoted earlier.

4.4 After the aforesaid procedure in connection with convening the aforesaid meetings was complied with, the present petition for amalgamation was filed in April, 2007 seeking directions for publication of public notice of date of hearing. It is stated in the petition that no investigation proceedings have been instituted and/or are pending in relation to the petitioner Company under Sections 235 to 251 of the Act.

4.5 This Court admitted the petition on 23.4.2007 and fixed its hearing on 19.6.2007. Pursuant to that order the petitioner Company has served notice to the Official Liquidator on 30.4.2007 and also to the Regional Director, Department of Company Affairs, Western Region, 5th Floor, "Everest", 100, Netaji Subhash Road, Mumbai and for that purpose affidavit of service has been filed on 4.5.2007. The petitioner Company pursuant to the order of this Court, published the notice in Times of India 21.5.2007 and Gujarat Samachar, Ahmedabad and Vadodara editions, on 21.5.2007. The Company Secretary has also filed affidavit of advertisement dated 9.6.2007. Thus, the requisite affidavits before this Court in compliance with the aforesaid order have been filed.

4.6 Pursuant to the aforesaid order, the Official Liquidator has filed report dated 18.6.2007.

4.6A That in view of the said order, the Official Liquidator had appointed one M/s. Malay J. Dalal, Chartered Accountants, for carrying out the investigation work of the Transferor Company. M/s. Malay J. Dalal, Chartered Accountants, after scrutiny of the books of accounts and affairs of the above Company have submitted their investigation report dated 4.6.2007 which has been annexed with the report of the Official Liquidator at Annexure-A.

4.6B In the meanwhile, the Official Liquidator has also written to the petitioner Company requesting him to furnish certain particulars and informations regarding the affairs of the Company. The said Company accordingly has submitted the required details to the Official Liquidator which is annexed with the report at Annexure-B.

4.6C The Chartered Accountants (i.e. Shri Malay J. Dalal) have considered Tax Audit, Income-tax, Sales-tax, Excise Duty, Professional Tax, Provident Fund / Superannuation / Gratuity / ESIC, Summarized financial position, year-wise summarized profit and loss account, details of transferee Company, advantages of amalgamation, salient features of the Scheme of Amalgamation. The Chartered Accountants have come to the conclusion that on the basis of their comments in the report and according to the explanations given to them and books of accounts produced before them, they report that the acts and transactions of IPCL were conducted within the objects mentioned in the Memorandum of Association of the Company and that the affairs of the Company have not been conducted in a manner prejudicial to the interest of its members or the public interest.

4.7 Along with the report of the Official Liquidator, details of transferor and transferee Companies were produced and balance sheets of IPCL and RIL for the years 2001- 2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006 were annexed.

4.8 The Official Liquidator has filed report dated 18.6.2007 before this Court. Along with the report, the Official Liquidator has annexed report of auditor Pricewaterhouse Coopers Private Limited and Ernst & Young Private Limited. Both these Chartered Accountant firms are very reputed and eminent firms. The two Chartered Accountants firms have expressed their opinion as to the fair exchange ratio of equity shares on the proposed amalgamation of IPCL into Reliance Industries Limited on a going concern basis was produced.

REPORT OF THESE TWO AUDITORS (PRICEWATERHOUSE COOPERS PRIVATE LIMITED) AND ERNST & YOUNG PRIVATE LIMITED:

4.8A They addressed a letter to both the Companies about the exchange ratio of equity shares. In para 2 of the said letter they have stated the procedures used in the analysis included such substantive steps as are considered necessary under the circumstances, including but not necessarily limited to certain aspects. They have also relied upon the information, data and explanations detailed in paragraph 2 in the said letter for the purpose of determining the exchange ratio of the equity shares of RIL and IPCL in connected with proposed amalgamation. They have also valued the assets and liabilities of RIL and IPCL which were reflected in the balance sheet of the Company. For the purpose of determination of the exchange ratio, they have used financial and other information provided by the management of both the Companies. Along with the said letter they have also annexed Schedule-I which shows factors considered in determining the exchange ratio of the equity shares of both the Companies. In the earlier part they have given information and background of both the Transferor Company and Transferee Company and in paragraph No. 2 they have given what is **methodology**. They have adopted the method in valuing of the shares. They have considered the method of Net Assets Value, Earnings Value, Market value and thereafter they have determined the value of the shares of both the Companies. They have also indicated that the market value of RIL has been computed by averaging the value and the volume of shares traded for the last three months. They have also stated that the market value of IPCL has been computed by averaging the value and the volume of shares traded for the last three months. Ultimately, they have given their opinion about exchange ratio.

4.8B Pursuant to the notice issued by this Court to the Regional Director, Shri P.L. Malik, Assistant Registrar of Companies, has filed affidavit dated 1.6.2007 (page 136) where he has stated that he is filing this affidavit as authorized by Regional Director, Western Region, Ministry of Company Affairs, Government of India, Mumbai. In the said affidavit it has been stated that the petitioner may be directed to submit proof of filing of affidavit of publication of notice of final hearing of the petition. He has also annexed original/letter dated 31.5.2007 sent by the Regional Director, Western Region, Mumbai to the

Registrar of Companies. This application has been filed in accordance with the directions of the Regional Director, Mumbai. Letter dated 31.5.2007 is produced at page 136C of the petition.

4.8C The petitioner has also filed affidavit dated 18.6.2007 of Shashikala Rao, Company Secretary of the petitioner Company. In the said affidavit it was stated that the petitioner herein has complied with the directions given by this Court. The scheme has been approved by the requisite majority of shareholders and creditors of the petitioner Company. The Regional Director has already given his no objection to the Scheme being sanctioned by this Court. The said affidavit is at pages 137-142.

4.8D As the registered office of the Transferor Company is situated within the State of Gujarat the present petition is filed by the Transferor Company before this Court.

HEARING BEFORE THIS COURT IN THE PRESENT AMALGAMATION PETITION: (Arguments of Mr. K.S. Nanavati, Mr. Mihir Thakore, Mr. S.N. Soparkar, ld. Sr. Counsels)

The Companies Submissions:

5.1 Thereafter, the matter has been placed before this Court for hearing. Mr. K.S. Nanavati, learned senior counsel and Mr. S.N. Soparkar, learned senior counsel with Mr. Nandish Chudgar for the petitioner Company have stated that the present petition is filed by IPCL, Transferor Company seeking sanction to the Scheme of Amalgamation of the petitioner Company to RIL. He further submitted that the procedure under Sections 391 to 394 of the Act has been complied with by IPCL. The Court ordered convening of separate secured creditors (including debenture holders), unsecured creditors. The Scheme of amalgamation of the petitioner Company has been approved by overwhelming majority of the present and voting in person including debenture holders and unsecured creditors. The Regional Director has submitted his report giving "No Objection" to the scheme of amalgamation.

5.2 The Regional Director has submitted his report giving his no-objection to the Scheme inter alia stating that the Scheme is not against the public policy. The Official Liquidator has also filed his report stating that by sanctioning the Scheme, the interest of members and public at large would not be prejudiced. In addition, even Bombay Stock Exchange Limited and National Stock Exchange of India Limited have granted their no-objection to the Scheme as is required under Clause 24(f) of the Listing Agreement. Thus, the fact that these independent bodies, after scrutinizing the Scheme, have granted their no-objection, clearly shows that the Scheme is in compliance with statutory requirements and is NOT opposed to public policy nor is against public interest.

5.3 As regards the Transferee Company, as the registered office of the Transferee Company is situated within the State of Maharashtra, the Transferee Company has filed application before the Bombay High Court. Pursuant to the order of the Bombay High Court dated 16.3.2007 in Company Application No. 283 of 2007 filed by the Transferee Company, the Transferee Company had held separate meetings of Equity Shareholders, the Secured Creditors (including Debenture-holders) and unsecured creditors of the Transferee Company on 21.4.2007. The Chairman of the said meetings has submitted his report before the Bombay High Court. The Transferee Company has also initiated process of filing a petition before the Bombay High Court. It was stated that the Scheme is subject to sanction of both the High Courts.

5.4 Mr. K.S. Nanavati, learned senior counsel has invited my attention to the fact that pursuant to the aforesaid order in proceedings initiated by the Transferee Company before the Bombay High Court, the Bombay High Court by its order dated 12.6.2007 has sanctioned the Scheme subject to the Scheme also being sanctioned by this Court (page No. 181 of the paper book).

5.5 Pursuant to the aforesaid proceedings particularly advertisement published in newspaper, several objectors have objected to the scheme of amalgamation. The nature of objectors are under:

5.5A Objection-I has been raised by ancillary industries who have established when IPCL was incorporated in the then remote village at Vadodara District as well as Raighad at Maharashtra.

5.5B SC/ST employees who were also employed earlier by IPCL in view of Article 16(4) of the Constitution of India have raised their objection in regard to the amalgamation.

5.5C Three Trade Unions, namely, IPCL Employees' Association, IPCL Employees' Union, and Petrochemical Employees' Union and other Trade Union of Employees of IPCL have objected to the scheme on the ground that before the scheme was finalized, they were not consulted and heard. They were also not taken into confidence before the Scheme of Amalgamation was initiated.

5.5D The workers and some employee-shareholders have also raised their objections, namely, the scheme of amalgamation is against the public interest and public policy. The amalgamation scheme ought not to have been sanctioned because there are hidden objects by the transferee Company.

5.5E The objectors have also raised contention that while sanctioning the scheme this Court must lift the corporate veil and look to the realities of the matter.

5.5F The objectors have also objected to the share exchange ratio which has been determined by two Chartered Accountants firms that the same is not fair and proper and therefore the scheme ought not to have been sanctioned. The objector has also raised contention that the Companies have called combined meeting of secured creditors and debenture holders as the interest of debenture holders and secured creditors is different, the Companies ought to have held different meeting between them.

5.5G The objector has also objected that some of the proxies collected from the shareholders or employees are collected under compulsion and coercion and therefore the result in the companies depends upon the shareholders voting is thus vitiated.

5.5H As far as ancillary industries are concerned, the objection has been raised by Mr. P.R. Thakkar who has been ably supported by Mr. Shalin Mehta, learned advocate. As regards SC/ST employees the objection has been raised by Mr. Ramnandan Singh before this Court. As regards workers are concerned, the objection has been raised by Mr. Girish Patel, ld. sr. counsel with Mr. Shalin Mehta and other objections have been raised by Mr. Shalin Mehta, learned advocate.

OBJECTION BY VARIOUS PARTIES:

(by Shri P.R. Thakkar and Shri Shalin N. Mehta)

Ancillary Industries: (Argument of Mr. P.R. Thakkar, ld. Advocate supported by Mr. Shalin Mehta, ld. Advocate)

6. It may be noted that when the aforesaid matter was pending before this Court, Company Application No. 255 of 2007 was filed by Schon Plastics Pvt. Ltd., through its advocate Shri P.R. Thakkar with a prayer that this Court may be pleased to allow and admit their application and also order giving protection to the applicants and other ancillary industries to IPCL situated in Nagothane (Maharashtra) constituted and formed at the instance of IPCL. The applicants further prayed that this Court may not sanction the proposed amalgamation scheme unless IPCL would acknowledge before this Court the contractual liability emerging from the record they have produced and assures to fulfill the same as per the terms of the said contract. Pursuant to the tender notice issued in 1990 and letter of IPCL dated 20.12.1991. The said petition was filed on 6.5.2007. Similarly, Company Application No. 257 of 2007 was filed by Rachana Poly Pack on 10.5.2007 with similar prayer in Company Application No. 255 of 2007 filed by Schon Plastics Ltd., because both are ancillary industries and they have prayed for similar relief.

6.1 In the said applications, the Company has also filed reply on 15.6.2007 as well as also filed reply in the main matter. Similarly in Company Application No. 255 of 2007 the Company has filed reply. In both these applications this Court passed order on 19.6.2007 to the effect that the Company Applications would be disposed of with the observation that the objections which were raised in the applications be treated as objections to the proposed scheme of amalgamation and the same shall be considered at the time of hearing of the main Company Petition.

Rachana Polypack and Schon Plastic Pvt. Ltd. - Objectors

(Applicants in Company Application No. 255 of 2007)

Ancillary Industries - Project affected persons (applicants in Company Application No. 257 of 2007).

6.2 The IPCL is basically and originally Government of India undertaking establishing Petrochemical Industries in India.

6.3 The IPCL has plant at Nagothane (Maharashtra) in backward and tribal area.

6.4 The Ministry of Chemical and Fertilizer was managing and superintending the affairs of IPCL, who decided to have such industries in backward and tribal area of the nation, so that people of that area can be offered employment and other industrial benefits can be earned.

6.5 The IPCL at Nagothane, was required to give employment to the project affected person (Tribal one and others). Hence decided to raise Ancillary Industries to be formed within 10 kms. radius. Hence tender notice dated 21/2/1992 inviting application for establishing Ancillary Industry for IPCL (Annexure-A, page-20)

Pre Conditions prescribed in Annexure-A

1. Entrepreneur should be financially sound and technically competent.

2. Project affected people as per the IPCL's directives should be employed.

6.6 The applicant no. 2 of Company Application No. 257 of 2007, the employee of IPCL applied for the same and by duly constituted committee selected to be registered as Ancillary Industries. Hence, the opponent IPCL issued the letter of intent dated 9/10/1992 (Annexure-B, page-25). Thus, the contract was entered into between the applicant and the IPCL, thereby as per clause 5 of (Annexure-A) tender notice and as per clause 2 of Annexure-B letter of intent, the IPCL is bound to give the purchase orders to the Ancillary Industries at least to the extent of 50% of the total production of the Ancillary Industries. The letter of intent the IPCL has clearly stated that they are declaring and registering the applicant company as Ancillary Unit to IPCL.

6.7 The Ancillary Industry is defined in Section 3(aa) of the Industries (Development and Regulation) Act, 1951 as under:

"Ancillary industrial undertakings means an industrial undertaking, which in accordance with the proviso to sub-section (I) of Section 11-B and the requirements specified under that sub-section, is entitled to be registered as an ancillary industrial undertaking for the purpose of this Act."

6.7A The "Industrial Undertaking" is defined under Section 3 (d) of the said Act, means any undertaking pertaining to a schedule industry carried on in one or more factories by any person or authority including government. And Schedule Industry means any of the industries specified in first Schedule of the said Act.

6.7B The proviso to Section 11(b) of the said Act provides that, "provided that no industrial undertaking said be regarded as an Ancillary Industrial Undertaking unless it is, or is proposed to be engaged in, rendering of services of supplying or rendering, not more than 50% of its production or its total services, as the case may be, to other units for the production of other articles."

6.7C It is submitted that it is amply clear that to be an Ancillary Industry of opponent IPCL, the IPCL is statutorily bound to purchase the 50% of the production of the Ancillary Industry i.e. applicants.

6.8 The applicants, on the basis of the aforesaid agreement, were induced to invest more than Rs.60 lacs (by Rachana Polypack and huge amount by Schon Plastic Pvt. Ltd.) within six months as per terms of Annexure-A and B and established the Ancillary Industry to IPCL by installing the plant machinery industrial shed etc. It is also pertinent to note that a special valve type bag which is highly technical and peculiar production was agreed to be produced as per the stringent specifications given by IPCL, which is one of the mandatory term of the contract. Therefore, a special type of plant and machinery were installed and the production of Ancillary Industry could not be usable to other customers as it was meet only standard for IPCL.

6.9 The applicant Ancillary Industries and other about four industries have employed project affected people to the tune of about more than 500 employees, which were otherwise the liability of IPCL. It is pertinent to note that by way of such agreement the said liability was shifted over the Ancillary Industries and thereby the IPCL has eaten the fruits of the contract, by conveying to the World Bank, that novel way of providing livelihood to the tribal people (project affected people)

by raising the Ancillary Industries to IPCL and thereby the establishment of industry causing the development of economy of nation and thereby ultimately the World Bank had extended its aiding hands to IPCL.

6.10 In June, 2002, the Government of India as a part of disinvestment program, divested 26% of its shares in IPCL in favour of Reliance Petro Investment Ltd. (RPIL). The associated of Reliance Industries Ltd. (RIL). Thereafter, RIL chosen to acquire other 20% shares from market. Shri Mukesh D. Ambani become Chairman of IPCL.

6.11 Thereafter IPCL started to commit breach and stopped to give the purchase orders to Ancillary Industries. Hence initially approached to the Hon'ble Disinvestment Minister, while diverting initial 26% shares, where Shri Mukesh Ambani assured to survive the Ancillary Industries of Nagothane. Still however breach committed.

6.12 Hence writ petition before the Bombay High Court at Annexure-D, order of Bombay High Court at Annexure-E that relief claim can be prayed for either in civil court or by way of conciliation - mediation, arbitration. Thereafter, letter-Annexure-F for resolving dispute by arbitration as suggested by Bombay High Court.

6.13 Rachana Polytech of Company Application No. 257 of 2007 has filed Special Civil Suit No.128 of 2007 (Annexure-J, page-81) against IPCL for specific performance of contract (Annexure-A and B), wherein alternatively prayed for compensation / damages to the tune of Rs. 3,41,21,000/-. The prayer is made in para 26 of the plaint at running page 117.

6.14 The applicant respectfully submits that the IPCL has not at all disclosed anything regarding such contractual liability in the proposed scheme of amalgamation. It is pertinent to note that so far as 500 project affected employees employed by Ancillary Industries are concerned, nothing has been stated in the scheme of amalgamation sought to be sanctioned by this Court. The opponent IPCL, virtually a commanding management of RIL, has chosen to commit the breach of the contract and chosen to destroy the entire Ancillary Industries with an ulterior motive to assign such job of production to their related persons. Thus, the transferee company would not honour the contract with Ancillary Industries in as much as they collusively not all disclosed these facts in the proposed scheme of amalgamation. Not only that but they have not provided any thing in the scheme itself except to have a general statement that legal proceeding against the IPCL would be construed as proceeding against the transferee company. As per Section 394 of the Companies Act, the Court is empowered to make the provision while dealing with the issue of sanction of amalgamation scheme pertaining to the transfer to transferee company of the whole or any part of undertaking, property or liability of the transferor company and can also provide for implementing the order of Bombay High Court in real spirit so as to resolve the dispute either by Arbitration method or otherwise. Therefore, it is quite necessary in the interest of justice to impose the condition while sanctioning the scheme that the any contractual liability of IPCL would be construed as if liability belongs to RIL i.e. transferee company and the suits pending against the IPCL in Vadodara Civil Court as well in Raigadh Civil Court required to be construed as if pending against the transferee company and transferee company is required to be directed to meet with the liability in future if any arise by way of decree to be passed by the concerned courts.

6.15 Attention of this Court is invited to the affidavit in reply filed by IPCL at page 121 in Company Application No. 257 of 2007 wherein, in para 7, the opponent IPCL, has to some extent considered the position that the contract would be automatically get transferred to RIL upon the scheme being sanctioned but the opponent IPCL has chosen to deny the existence of the contract with Ancillary Industries. Such denial on affidavit is absolutely false one, in as much as the opponent IPCL has admitted the existence of the contract on affidavit before the Raigadh Civil Court in a suit filed by Schon Plastic Pvt. Ltd. the applicant of Company Application No. 255 of 2007. Copy of the order passed below Exh. 5 of Raigadh Civil Court is produced while arguing this Company Application and pointed out by reading para 27 of the said order wherein the learned Judge has found in the following manner.

"If written statement Exh. 21 is looked into, the defendant admit that on various terms and conditions stated in the letters written by the defendant to the plaintiff, the plaintiff was registered as Ancillary Unit in the year, 1991. However, at no point of time plaintiff was given status of permanent or perpetual unit."

6.15A Thus, the IPCL have admitted the existence of the contract before the Raigahd Civil Court, while before this Court in affidavit in reply in para 7, the IPCL chosen to deny the existence of the contract (page no.123, para-7).

6.16 The IPCL has not made any provision either to award retrenchment compensation to the Ancillary Industry for project affected employees, employed by the Ancillary Industries to the tune of about 500 and there is absolute non disclosure of the said in the scheme.

6.17 The learned advocate has invited the attention of this Court that applicant of Company Application No. 257 of 2007, the Rachana Ploypack filed suit for specific performance of the contract and for compensation before the Vadodara Civil Court, by applying Section 19 and 20 of Code of Civil Procedure. It is pertinent to note that the applicant has got statutory rights under the said Section of CPC to file a suit against the defendant IPCL at the place, where the principle/registered office of IPCL is situated namely at Vadodara or can file a suit at the place where cause of action has been arisen. In the instant case the applicant has chosen to file a suit at Vadodara Civil Court, as the Principle/registered office of the IPCL is situated at Vadodara and thereby by considering to explanation to Section-20 the suit is maintainable within the jurisdiction of Civil Court at Vadodara. There are all possibilities that after amalgamation as the existence of the IPCL would be abolish and as the principle office of the transferee company is situated at Bombay, the transferee company may take a contention before the Civil Court, Vadodara that in view of Section 20 of CPC, the Bombay Court would have only the jurisdiction as the registered office is now not situated at Vadodara. Thus, there are all likelihood to pluck away the statutory rights of applicant, namely right to file a suit at a particular place namely at Vadodara against the IPCL, having its principle office at Vadodara. Thus, the scheme of amalgamation, which take away the statutory right of any litigant, cannot be sanctioned or the Court is empowered under the provisions to protect such statutory rights of the applicant.

6.18 Thus, considering the aforesaid submissions, it is submitted to this Court either to reject the scheme of amalgamation or be kind enough to protect the Ancillary Industries from being destroyed by IPCL or RIL and be pleased to make a provision for protecting the contractual interest of the Ancillary Industry and/or the litigation pending between the Ancillary Industry and IPCL and be pleased to provide for protection of 500 project affected employees, employed by Ancillary Industry, which were and are otherwise the liability of IPCL and be pleased to further protect the jurisdiction of Vadodara Civil Court by holding that, if otherwise the Vadodara Civil Court has jurisdiction then the transferee company cannot raise the contention of jurisdiction on the ground that the principle office of RIL i.e. transferee company is at Bombay and not at Vadodara.

OBJECTION ON BEHALF OF SC/ST EMPLOYEES - BY SHRI RAMNANDAN SINGH, LD. ADVOCATE:

7. Mr. Ramnandan Singh, learned advocate, submitted that there are about five members who belonged to SC/ST category who were working in IPCL who have made representation on behalf of all SC/ST employees. He submitted that when IPCL was a Company it was a Government of India undertaking and in view of Article 16(4) of the Constitution of India, IPCL used to make some resolutions of employees in category of Scheduled Castes/ Scheduled Tribes. That continued upto 2002 when the Company was working and thereafter due to demerger reliance took over 26% share of the Company. Even thereafter also Resolution in favour of SC/ST was continued.

7.1 However, when they felt that IPCL is going to be merged with Reliance Industries Limited, Transferee Company, they filed Special Civil Application No. 10045 of 2007 and prayed for certain directions. When the matter reached hearing before this Court, this Court passed order in 8th May, 2007 with direction that SC/ST persons should make representation to the Secretary, Ministry of Chemicals & Petrochemicals, New Delhi and the Secretary, Ministry of Finance - Department of Disinvestment. The learned advocate has submitted that accordingly they already made representation dated 5.6.2007 to both these authorities. He has produced some of the documents. The learned advocate has to file a short affidavit putting those facts on this record. He has prayed that some time may be granted. The prayer is granted. He therefore submitted that whatever arrangement and agreement which was entered into between IPCL and SC/ST employees right from 1969 which was continued till today, the same may be continued. He further submitted that whatever order the Central Government passes in the representation which they filed before the Government of India, the said final order will be binding to the Transferee Company.

WORKERS' SUBMISSIONS: [Submission of Mr. Girish Patel, ld. sr. advocate]

8.1. As regards Company Application No. 260 of 2007, the same is filed by IPCL Employees Association and IPCL Employees Union. All the applicants are Trade Union of Workers working in IPCL with a prayer to direct the Managements of the Transferor Company and the Transferee Company to hold consultations / discussions / negotiations with the applicants on the issues highlighted by the applicants vide their letter dated 10.4.2007. In support of the same affidavit of senior Vice President of the applicant No. 1 Association has been filed. In this matter this Court passed order on 19.6.2007 that the present application be treated as objection to the scheme.

8.2. The present Company Application (Company Application No. 260 of 2007) involves the question of fate of about 5000 employees / workmen who have served in the IPCL (Transferor Company) for the last 20 to 30 years, facing the sudden disappearance of their Company and their absorption in Reliance Industries Limited (Transferee Company), a new entity under a different master. The central question raised by the applicants is what is the scope for concern for the workers/ employees of the Company or Companies in any scheme of arrangement, amalgamation, compromise etc. within the purview of Sections 391 to 394 of the Companies Act, 1956.

8.3. Company Petition No. 93 of 2007 is filed by the IPCL praying for sanction of the Court for the scheme of amalgamation of the IPCL Company with Reliance Industries Limited. The IPCL is a leading profit making enterprise. Originally, it was Government of India enterprise, a leading public sector undertaking which was acclaimed as one of the Navratnas. However, as a result of the disinvestment of the Company in about June, 2002, the Reliance Petro-Investment Limited (strategic partner), an associate Company of the Reliance Industries Limited has acquired at present shares of 46.57% in the IPCL. It must be noted that IPCL is a profit making enterprise and did not and does not face any financial problems at the time of proposed amalgamation. Similarly, the Reliance Industries Limited is one of the largest private sector industrial enterprise in India and ranks among world's top 10 producers for most of the products. It can be considered as a giant globalised corporation.

8.4. It is submitted that the basic features of the proposed scheme of amalgamation are enumerated on page 8 of the Company Petition and the Scheme is reproduced on page 49 (Annexure-G of the Company Petition). As per this Scheme, the appointed date is 1.4.2006. Clause 1.12 defines "undertaking" so as to include "all employees engaged in or relating to transferor Company's business and operations". Clause 4.1 provides for transfer of undertaking of the transferor Company as a going concern with all assets, liabilities, obligations and employees. Clause B(a) deals with rationale for the Scheme namely, to achieve more efficiency, economy, benefit of scale, higher productivity, rational allocation and utilization of the resources, etc. However, Clause B (Government) reads as under:

"The amalgamated entity will benefit from improved organization capability and leadership, arising from the combination of people from IPCL and Reliance Industries Limited who have diverse skills, talent and best experience to compete successfully in an increasingly competitive industry (pages 18 & 19 of the Company Petition). Clause 7.2 imposes restrictions upon IPCL in the meanwhile (page 68). Clause 8 specifically deals with the employees of IPCL (pages 13 & 70 of the Company Petition). Clause 13 provides for dissolution of IPCL without winding up."

8.5. The question raised by the Unions is whether did the workers stand in the new amalgamated Company as erstwhile workmen of the IPCL (Transferor Company) and as employees absorbed in the Reliance Industries Limited (Transferee Company).

MAIN CONTENTIONS OF THE WORKERS:

9.1 The workers being a very important part of a going concern, namely, IPCL, have a right to be consulted or to be taken into confidence (evidence) or who have participated in the amalgamation proceedings going on between the two Companies. In the present case, the workers are not involved at all in the proceedings by the IPCL. Not only that but even they were never informed nor given any opportunity nor was there any response to the written grievances given by the workers of IPCL.

9.2 The Scheme of amalgamation in question does not even mention the right or freedom of workers regarding the option whether to join the transferee Company or not. Their main question is if any workman is not interested in joining the Reliance Industries Limited (Transferee Company) what would be the nature of his refusal? Would it be resignation, termination, or retrenchment? The scheme and the prayer made by the Company before the Court simply provides that the workers of IPCL shall become the workers of the Reliance Industries Limited on the granting of sanction. This amounts to treating the workers as simply chattels who can be shunted from one place to other.

9.3 Even if the IPCL clarifies that the workers have freedom not to join the Reliance Industries Limited, this option is in fact illusory as the workers have worked with IPCL for the last 20 to 25 years and at this stage, they cannot get out and do not have good prospects for any alternative employment. The plight of the workers at this stage makes it more important and necessary for conclusion with the employees by the IPCL when the scheme of amalgamation is proposed and negotiated.

9.4 As the workers of IPCL are directly affected by the Scheme of amalgamation and when by virtue of the scheme the employees of IPCL will become the employees of the Reliance Industries Limited and when the prayer of the IPCL before the Court in its Company Petition is for an order of the Court to declare that the employees of IPCL will become the employees of Reliance Industries Limited, in other words when they asked for the order of the Court to this effect, the workers have every right to raise objections and come before the Court and there can be no objection against the right of the workers who appear in the Court and object in any scheme of amalgamation, the workers have a locus standi to object to the scheme either in whole or in part.

9.5 The existing rights and interests of the employees of IPCL with inbuilt potential development or growth have not been properly considered, discussed and protected. Mere clause 8 in general terms does not satisfy the grievances of the workers.

9.6 That part of Clause 8 which is described by the IPCL as only clarificatory is absolutely obnoxious, unjust and confiscatory of the rights of the workers. The IPCL which is the employer of the workmen has no business to tell the workmen that even though he becomes the employee of Reliance Industries Limited, he will not be entitled to any scheme of employment or other benefits available to the employees of Reliance Industries Limited.

9.7 The workers of IPCL may not perhaps claim that there must be guarantee against future events but have every right to raise questions regarding the immediate impact of the transfer of employees from IPCL to Reliance Industries Limited and they have not been sufficiently taken care.

9.8 The specific concerns expressed by the workers of IPCL before IPCL and before the Court can be taken of and ought to be taken care of at the very stage of amalgamation and for these grievances, they cannot be compelled to wait for complete amalgamation and avail of alternative remedy like Labour Court etc.

9.9 If the legitimate rights and interests of the workers of IPCL have not been fairly, reasonably, and justly considered, that part of the Scheme is definitely against the public interest and public policy.

THE LEARNED SR. COUNSEL'S FURTHER SUBMISSION:

10. It is submitted that the principal contentions of the applicants on behalf of the workers of IPCL should be understood and appreciated in the context of the development in the sphere of corporate system, Company Law and World Economic System. It is, therefore, submitted that while dealing with the contentions of the workers, the following aspects are very important.

10.1 One of the central questions of Company Law discussed in the various countries and in India:

10.2 Have workers no place in the affairs of the Company except as sellers of wage labour ? Are they considered as dead assets to be treated like machines, goods, buildings, contracts, assets etc. or are they required to be treated as living human beings who spend large number of years with the Company ?

10.3 The important distinction between labour and capital (capital coming from shareholders and creditors) is that in the case of capital, the owner can be separated or delinked from the capital but in the case of labour, their physical and mental labour cannot be separated from human personality. A company is not merely purchasing wage labour but is engaging a total human being.

10.4 It is also recognized that a modern corporation or a company is not a business enterprise working for profits only but is a living social institution and integral part of socio-economic life of the community and therefore its birth, death, success or failure, working methods, operations, and dealings have wild repercussions in the society and are not confined to the economic interest of those who have supplied capital. It is also recognized that a modern corporation has to recognize, respect and promote not only the interest of shareholders or creditors but of different classes of people in the society. The important elements of modern corporation are promoters, shareholders, creditors, directors, manager, workers, consumers, State, society and the world. For example, the Company Law has to tackle the problems of shareholders' genuine democracy and workers' participation in the management.

10.5 In the age of new economic policy viz., liberaliation, privatization, and globalization and in the light of the rise of giant model, national and multi-national, the working and dealing of these Corporations cannot be completely left to themselves and cannot be considered as purely internal matters of the Corporation and their Directors and shareholders. These Corporations are in the modern world very important centres of private power - sometimes more powerful than the States themselves. Therefore, the question of social responsibilities of the modern Corporation and the availability of the basic human rights against these Corporations known as non-State actors are the burning problems of new International Law of Human Rights and Constitutions in many countries.

10.6 It is also recognised that a modern enterprise is the result of combined efforts of labour and capital. One cannot work without the other and therefore they are considered as almost partners in the business enterprise. Both equally contribute to the productivity of the company and its development and therefore equal status of both is recognized and must be recognized by the dynamic Company Law. Just as shareholders claim that "X" or "Y" is their Company, the workers also have a legitimate right to claim that "X" is their Company. In fact, the workers are much more important than capital because as living human beings, they spent the most fruitful years of the life with the Company. Their very existence, their life, their identity, their personality and their future are intimately connected with the Company's life. Shareholders ultimately in the modern world are considered as mere passive recipients of dividends and nothing more. While the workers' life and every day of the working years are associated with the working of the Company. It is, therefore, submitted that the very life and death of the company are of great importance to the workers and therefore the workers in a Company Law cannot be totally ignored.

10.7 Even the Constitution of India and the statutory laws of the country have also recognized the rights and interests of the workers in a modern corporation and society.

(a) Art. 43A of the Constitution of India provides "the State shall take steps, by suitable legislation or in other way, to secure the participation of workers in the management of undertakings, establishments or other organizations engaged in any industry". This is one of the Directive Principles of the State Policy and is declared to be a fundamental principle in the governance of the country and is equally of importance to the Courts administering justice.

(b) The Hon'ble Supreme Court of India has also interpreted Article 21 of the Constitution of India, right to life as right to know merely to existence but right to live with human dignity and has included a number of Directive Principles of State Policy as the constituent element of right to life. One of these is the empowerment of the workers. How workers are treated by their Company and by the Company Law is certainly a matter of human dignity and no one can be a party to any practice or rules which are derogatory to the dignity of a human being.

(c) He submitted that Articles 39 of the Constitution of India provides certain Directive Principles of State Policy to be followed by the State, namely that men and women equally have the right to an adequate means of livelihood; that the ownership and control of the material resources of the community are so distributed as best to subserve the common good; that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment and others. Article 41 provides right to work, to education and to public assistance in certain cases by the State. Article 42 provides provision for just and humane conditions of work and maternity relief. Article 43 provides living, wage, etc. for workers. Article 46 of the Constitution of India provides promotion of educational and economic interests of Scheduled Castes, Scheduled Tribes and other weaker Sections. All these Articles lay down various essential rights of workers which are considered to be the constituent element of right to live with human dignity in various judgements of the Hon'ble Supreme Court.

(d) He has also invited the attention of this Court to the provisions of the Industrial Disputes Act, 1947 particularly Section 3A which has been introduced by Gujarat 21 of 1972 with effect from 20.1.1973 which provides Joint Management Council. Section 3B provides functions of the Council. The said amended Section 3A provides for establishing Joint Management Council representing the employer and the workers and has tried to implement Article 43A by way of statutory provisions securing workers' participation in the management.

(e) Even Chapters 5-A of the I.D. Act provides for lay off and retrenchment and 5-B provides for special provisions relating to lay off, retrenchment and closure in certain establishments. The said Chapters 5A and 5B of the I.D. Act have made specific provisions with respect to the power of the management to effect lay off and to retrench the workers or to close down the industry. These are the co- issues of the traditional right of the management but the Act has also intruded into the realm of managerial prerogative by prescribing the necessity of prior permission before any such actions taken by the management.

10.8 It is, therefore, submitted that while interpreting Sections 391 to 394 of the Companies Act, and particularly the workers concerned in the scheme of amalgamation between two Companies, the Companies themselves and the Court and to take into consideration these latest developments in the world of Company Law particularly towards participatory management on the part of the workers and humanization of law.

10.9 The learned advocate has relied on the following decisions:

(1) MUNICIPAL COUNCIL, DAMOH VS. M/S. VRAJ LAL MANILAL & CO. reported AIR 1982 SC P. 844 (paras 47 and 48)

(2) SUBHASH CHAND JAIN VS. DELHI ELECTRIC SUPPLY UNDERTAKING & OTHERS reported in AIR 1981 SC 75 (paras 4, 6, 8 and 92)

(3) GUJARAT KAMDAR SAHAKARI MANDAL AND OTHERS VS. RAMKRISHNA MILLS LTD. (1998) 92 Company Cases pages 692 & 711.

THE ROLE OF THE COMPANY UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT:

11. The different leading judgements of the Hon'ble Supreme Court and the High Courts have specifically dealt with and determined the specific role of the Company Court while granting sanction to any scheme of arrangement, compromise and amalgamation in relation to a company under Sections 391 to 394 of the Companies Act. The basic principles which emerged from these judgements are as under:

11.1 Under Sections 391-394 of the Companies Act, in the case of arrangement, compromise and amalgamation in relation to a company, the application can be made only by the shareholders or creditors.

11.2 If in such scheme the sanction of the Company Court is a mandatory requirement.

11.3 Unlike United Kingdom, the Scheme of amalgamation is not left to the shareholders and creditors but the law recognizes the importance of concerns over and above the interest of shareholders and creditors and their monetary interest.

11.4 It is also established that the Company Court is not merely a rubber stamp or a registering authority but has an independent supervisory role to ensure that all statutory requirements are complied with, that the scheme is just, fair and reasonable which prudent business management would approve, and the scheme is not opposed to public policy or public interest.

11.5 Therefore, the Companies Court has a dual role (1) as an umpire to ensure that the claim is fairly played and is not guided merely by the simple majority role, all interests are properly considered and consulted and represented; and (2) as protector of public policy or public interest.

11.6 Though it is recognized that the Company Court does not have appellate power while sanctioning the amalgamation scheme but only supervisory power, this supervisory power as is pointed out above is not merely power of rubber stamp or registering amalgamation scheme. Supervisory power is itself an important power of the Court.

11.7 Moreover, this power of the Court is not merely one- time supervision but even continuous supervision to see that the compromise or arrangement is carried out under Section 392, the Court has got power to give directions or make suggestions in the scheme as it may consider necessary for the proper working of the compromise or arrangement. And this power can be exercised by the Company Court not only at the time of sanction but also at any time thereafter.

WORKERS' POSITION AND STATUS IN THE PROPOSED SCHEME OF AMALGAMATION:

12. It is submitted that the workers of the Company or Companies proposing any scheme of amalgamation and praying for Court's sanction have an important role to play.

12.1 A scheme of amalgamation is not a unilateral scheme or action by one company only like internal organization or arrangement but as a result of agreement between the Transferor Company (IPCL) and the Transferee Company (Reliance Industries Limited). It is in fact an agreement between the shareholders and creditors of both Companies and the terms and conditions of the scheme are the subject matter of negotiation between the two Companies and are not dictated by one company alone. Both Companies jointly work out the proposed scheme and then, after securing the consent of necessary parties, approach the Court for sanction. If this is the situation, the workers of the Transferor Company, (IPCL) can become a topic of mutual discussion not merely by Transferor Company but also by Transferee Company. In such mutual agreement of transfer between two companies, the workers of one Company cannot be totally ignored or excluded. And there is no statutory prohibition in the Companies Act excluding the workers completely from participation in the proceedings. The fallacy of the judgements arises from the defective approach to consider the scheme as if it is a unilateral act by the transferor Company.

12.2 Once the Company presents the scheme of amalgamation before the Company Court and once the Company Court grants sanction, the scheme does not simply remain an agreement binding upon those who agree but becomes binding upon all whether they agree or not. Therefore, while sanctioning the scheme of amalgamation if the Court would perform the role of sanction, the Court can very well consider the concerns interests and rights of the workers of the Company.

12.3 As a result of the amalgamation, the undertaking of the transferor company is completely transferred to the transferee company and this undertaking will also include all its workmen and secondly the transferor company will be dissolved without being wound up.

12.4 As a result of amalgamation, the transferor Company will completely cease to exist and its identity is completely lost and after amalgamation, the transferee company becomes a new entity as a result of combination of both the Companies. It will have new identity, new structure, new set up and it will have a clear and large impact upon the workers of the Transferor Company because the employer of the employees goes out and the employees get a new employer under whom they have to work. As they are not merely passive absence recipient of dividends or claims of their credits and interest but they have to work with new company, they are vitally interested in their position in the new set up.

12.5 If the scheme of amalgamation is considered and the Company Petition is looked at, the employees of IPCL will become directly the employees of Reliance Industries Limited and this will be not by virtue of the agreement of the workers but by the scheme of amalgamation undertaken by the two companies and by virtue of the sanction to be given by the Court.

12.6 It follows that if this is going to be the impact of amalgamation upon the employees of IPCL, they cannot be treated like chattels to be bought and sold at the whim of the employer nor can they be treated like slaves.

12.7 The scheme of amalgamation is ultimately a scheme of rationalization of the organizational and operational system of a company and right from the beginning, the matter of rationalization always involves the conflict between the employer and the workers. While the employers want flexibility, freedom of action, desire for rationalization and economy, restructuring and reallocation, diversion of resources from one area to another area, mere economic and rational utilization of resources etc., the workers always are interested and demand reasonable security of service, steady and increasing wages, reasonable protection against insecurity and uncertainty etc. Traditionally, the former is put in the realm of Company Law and the latter is always included in the sphere of Industrial Law, as it is rightly said that managerial prerogatives under the Company Law are tampered with insurgency of the labour.

12.8 It is therefore submitted that the Company Court dealing with any question regarding Company Law and particularly the scheme of amalgamation ought to consider the different laws operating in the field and reconcile the conflicting interest and create a balance, as it is said the law is a science of social engineering.

12.9 As the Company Court is statutorily concerned with the public interest aspect of the scheme of amalgamation, the workers' interest also must be considered because (1) the interests of the workers constitute a part and parcel of fair, just and reasonable scheme and part of public policy (2) public policy or public interest does also include workers' interest who represent a significant section or segment of the company (3) public policy also includes constitutional policy and while discussing the question of public policy, the Court also has to keep in mind the constitutional policy as declared in the Preamble Part III (fundamental rights) and Part IV (Directive Principles of State Policy) and Part-IVA (fundamental duties). Participation of workers in the management, workers' dignity and workers' rights are therefore a part and parcel of constitutional policy and the Company Court, a part of the High Court, cannot ignore this constitutional policy, (4) even a prudent business management test does require serious and sensitive concern for the interest and rights of the workers because the satisfaction and welfare of the workers is an essential part of sound management policy. Discontent, disgruntle, alienated and segregated work force cannot be considered to be in the interest of enterprise. The scheme of amalgamation between IPCL and Reliance industries Limited has discussed the rationale of amalgamation. Clause B(g) on page 18 of the Company Petition refers to one advantage viz. "The amalgamated entity will benefit from improved organization capability and leadership, arising from the combination of people from IPCL and Reliance Industries Limited who have diverse skills, talent and best experience to compete successfully in an increasingly competitive industry".

12.10 The simple question of the workers of IPCL (Transferor Company) is therefore that if the Reliance Industries Limited (Transferee Company) is going to have the benefit of diverse skills, talent and experience of IPCL employees which will be used in the transferee Company, why can their interest (i.e. workers) be not considered at the stage of amalgamation even with regard to the transferee Company. If the Transferee Company, Reliance Industries Limited is going to have the benefit of the employees of the IPCL, it must also be prepared to accept the responsibility towards these workmen and assured in the scheme itself.

12.11 The relevant judgements covering the interest of workers are:

(1) PANCHMAHALS STEEL LTD. VS. UNIVERSAL STEEL TRADERS reported in 46 Company Cases 706 (Coram: D.A. Desai, J)

(2) In re HATHISING MANUFACTURING COMPANY LTD. (IN LIQUIDATION) reported in (1976) 46 Company Cases p. 59 - p. 66 (D.A. DESAI, J)

(3) MANSUKHLAL VS. M.V. SHAH, OFFICIAL LIQUIDATOR, LIQUIDATOR OF HATHISING MFG. CO. LTD., (IN LIQUIDATION) AND OTHERS reported in (1976) 46 Company Cases 279 (D.A. DESAI, J)

(4) HINDUSTAN LEVER EMPLOYEES UNION VS. HINDUSTAN LEVER LTD. & OTHERS reported in (1995) 83 Company Cases p. 30 - p. 39 (SC)

(5) GUJARAT NYLONS LTD. reported in 1992 (1) GLH p. 637

(6) In re NARMADA CHEMATUR PETROCHEMICALS LTD., unreported judgement in Company Petition No. 147 of 2006 decided on 9.1.2007 by this Court Coram: M.R. Shah, J).

(7) BLUE STAR LIMITED (2001) 104 Company Cases p. 371.

12.12 It is submitted that the first three cases, namely, PANCHMAHALS STEEL LTD. VS. UNIVERSAL STEEL TRADERS (supra); In re HATHISING MANUFACTURING COMPANY LTD. (IN LIQUIDATION) (supra); MANSUKHLAL VS. M.V. SHAH, OFFICIAL LIQUIDATOR, LIQUIDATOR OF HATHISING MFG. CO. LTD., (IN LIQUIDATION) AND OTHERS (supra) show concern for the workers while the latter cases, namely, HINDUSTAN LEVER EMPLOYEES UNION VS. HINDUSTAN LEVER LTD. & OTHERS (supra); GUJARAT NYLONS LTD. (supra); In re NARMADA CHEMATUR PETROCHEMICALS LTD. (supra); BLUE STAR LIMITED (supra) deal with the rights and interest of the workers in the transferor Company. It is submitted that these later cases have considered the interest and welfare of the workers as one of the concerns of the Company Judge and in a given case, they have held that the particular clause takes care of the workers' interest but ultimately the Court was concerned with the fair treatment and what is fair treatment or what are the standards of fairness cannot be mechanically laid down and have not been laid down by any of the judgements. If the judgements are read as a whole, the Court's consideration of the clause regarding protection of existing rights and the statements made by the Companies' lawyers regarding assurance to the employees, it might satisfy the requirement of fair treatment in that case.

12.13 It is submitted that thus while considering the question of fair treatment to the workers, various aspects have to be considered and fair treatment is not a strait- jacket formula to be applied mechanically. Ultimately, it depends upon the facts and circumstances of the case.

The grievances and demands of IPCL before the IPCL (Transferor Company) and before this Court:

EFFECT OF SCHEME ON WORKERS:

13.1 It is submitted that as the scheme of amalgamation of IPCL with Reliance Industries Limited will have a deep and pervasive impact upon the position and status of employees of IPCL and as the employer of the workers will be changed from IPCL to Reliance Industries Limited, and as by virtue of the scheme itself and the order of the Court, the employees of the IPCL will become the employees of the Reliance Industries Limited, the employees of IPCL have clear legal standing or locus standi to object the scheme of amalgamation. Secondly, the statutory provisions of the Indian Companies Act do not specifically and explicitly or even by necessary implication prohibited the standing of the workers in such proceedings under Sections 391 to 394. It is strange that the transferor and transferee companies pray for forcible transfer of workers of IPCL to Reliance Industries Limited and yet they challenged the very standing of the workers to object the same. This Court's (Coram: M.R. Shah, J) judgement mentioned above specifically recognizes the locus standi of the workers. The Bombay High Court in KAMANI EMPLOYEES UNION case reported in (2000) 1 Company Law Journal p. 351 specifically recognized the right of the workers and locus standi of the workers and various other judgements cited while considering objections of the workers except the standing of the workers.

13.2 It is further submitted that by virtue of Clause 8 of the Scheme, the employees of the IPCL from effective date shall directly become the employees of Reliance Industries Limited and similarly the Company Petition of IPCL also prays for the order of the Court to make the employees of the IPCL employees of the Reliance Industries Limited. The Scheme does not even whisper about choice of freedom of the workers. It is well recognized (referring to the decision in the case of NOKES AND OKES VS. DONCASTER AMALGAMATED COLLIRIES (11 Company Cases 83) and JAWAHARLAL NEHRU UNIVERSITY VS. K.S. JAWATKAR reported in AIR 1989N SC 1577) that the workers of one employer company cannot be forcibly transferred to another employer or employee company. This will be nothing but bonded labour or slaves. This also shows the approach of the Companies towards their employees. When the Company is transferring its employees to another employer, the Company does not have even courtesy to ask them whether any of them would like to join the new company or not. It is not a question of only choice but it is a question of dignity of the person himself.

13.3 As a result of this absence of choice or option, the workers have a legitimate concern viz., if any worker does not want to join a new company, what will be the nature of his refusal or unwillingness? Would it be abandonment of job, resignation, termination or retrenchment, the workers' right depend upon the answer to this question and suppose the workers refuse to join and if it is treated as retrenchment, who will pay the retrenchment compensation, whether IPCL or Reliance Industries Limited.

13.4 It is submitted that the scheme is totally silent on this aspect and therefore is defective.

13.5 It is true that even if the scheme provides for option whether to join or not to join the transferee Company viz. Reliance Industries Limited, the option will definitely be illusory for most of the workers because it takes away their very means of livelihood. The employees have worked with IPCL for 20 to 25 years and after such long service and at middle age, it is absolutely unjust and cruel for the Companies not to worry about their future. The workers cannot easily ge out and seek jobs in the economy of unemployment. Therefore, from both the points of view, viz., silence about the scheme of option recognizing in principle the very dignity of the workers and their freedom and the unfortunate reality of unemployment which unwilling workers will have to face, the scheme is unfair, unreasonable and unjust as it fails to take into consideration the serious concerns of what can be described as captive workers. It amounts to nothing less than exploitation of and blackmailing the workers. This inequitable part has to be considered.

13.6 It is submitted that considering the absence of option offered by the Company on the event of amalgamation and the illusory character of option if given, it follows that the workers of IPCL are entitled to be consulted in the process of negotiations of the amalgamation. In the present case, the workers have never been informed about the proposed scheme

of amalgamation, they have never been given any details of the same, they have been kept far away from the negotiation proceedings, they have never been given notice regarding the same nor the opportunity to represent the case and never allowed to participate. The workers' submission is that not only that they have right to come to the Court by raising objection to the scheme after scheme is finalized but they have also right to make representation and to be involved when the scheme itself is considered by both the Companies. This is the very essence of fair treatment. It may be that the workers' demand may not be considered fully or partly but that cannot exclude the workers totally from the negotiating table. The scheme must be fair, just and reasonable and in law and aspect which is more important even then the content of the scheme is the procedural aspect viz., participation of the workers in the process. In other words, the aspect of rational decision making process.

13.7 This participation of the workers before the stage of amalgamation is required for two reasons - (1) the right of human dignity demands it - what is known as intrinsic value of natural justice in the wider sense of participation and (2) the workers having long experience and skills can definitely contribute more significantly to the nature of the scheme and the advantage of the transferor Company in any scheme of amalgamation and particularly in the bargaining process. And this contribution of the workers who are inside the Company for the last 20 to 25 years will be of greater value when the participation of the exclusive shareholders and dividend seeking creditors.

13.8 It is submitted that these two contentions of the workers, viz., their demand for being heard by the Court itself and their demand for being consulted by the Company itself are totally different from each other. The first is the question of natural justice before the Court, the second concerns the right of broad participation of the affected persons in the decision making process by the company itself. The present proceedings have denied the workers both the things.

13.9 It is submitted that as the employees of the IPCL have served the Company for a long period and the IPCL is benefited from their devotion and commitment to work and sincerity and from their experience, skills and knowledge, the successful working of the IPCL and its recognition as one among "Navratna" is certainly attributed to the hard and committed work of the employees. When the transferor Company in its legal form decides to extinguish itself and merge into another company, that transferor company as a model employer having been benefited by the workers has a duty of fair representation of its workers' interest in any bargaining process with the transferor company. The workers of IPCL before amalgamation cannot directly ask for protection of their rights and interest from the transferee company which has still not become their employer but they have a legitimate right to expect and demand their interest and rights as employees of transferor company will be properly represented by their employer IPCL and IPCL who extracts as much advantage for the workers as possible in any bargaining process. In this task, the IPCL has totally failed and it is respectfully submitted that while considering the impact of the scheme upon the workers of IPCL, the Company Court should also consider the failure on the part of the IPCL to act as a real spokesman of the workers (1) workers' existing rights and (2) workers' interest in the Reliance Industries Limited (Transferee Company).

13.10 As regards the existing rights of the employees of the IPCL, Clause 8 provides four things (1) no break or interruption in service i.e. continuity of service; (2) the terms and conditions shall not be less favourable than those in the transferor company; (3) respecting all settlements, agreements etc., between the employees of the IPCL and IPCL; and (4) Pension fund, Provident Fund shall be transferred to the Reliance Industries Limited.

13.11 It is submitted that this is a general clause seeking to protect the interests of the workers of IPCL but the terms and conditions of employment are complex and unless they are analyzed in specific details, a general omnibus clause cannot effectively deal with various rights and interests provided for and protected by the terms and conditions of employment. Moreover, these terms and conditions are not stagnant but there is also inbuilt scope for development.

13.12 This is reason why the employees of IPCL came to know about the proposed scheme of amalgamation (it must be noted that they were never informed nor were they given any notice nor were they invited for any discussion), they submitted representations to the IPCL regarding their position and wrote a letter dated 10.4.2007 (Annexure-V to the Company Application p. 98) to the IPCL enumerating a number of their concerns, uncertainties apprehensions if the amalgamation scheme goes through.

13.13 Unfortunately, the transferor Company viz., IPCL even in the early stage of the proceedings of amalgamation, did not even bother to take note of this representation dated 10.4.2007, did not even spare time to give in writing its response, not to say about calling them for discussion. The IPCL therefore seems to have taken view by providing a general phrase or a clause workers will be satisfied.

13.14 The employees have specifically dealt with each grievance or complaint or concern and during the course of arguments before the Court, they have given a detailed analysis of each of the concerns and demand of the workers. These demands do not pertain to the future demands by the employees after amalgamation but they are the grievances to be responded to and to be dealt with at the very stage of amalgamation, so that the workers may know what their position is from the effective date.

13.15 It is further submitted that when the IPCL was contemplating and was taking steps for proposing and carrying out a scheme of amalgamation with the Reliance Industries Limited, the IPCL ought to have taken the workers into confidence, called them for discussion and should have tried to settle all rights arising from the existing rights so that the workers can look forward to better prospects in a new company, as it is pointed out about that the rights are not stagnating but they are growing and the workers' grievance was that by simply providing that the workers will continue to be employed on terms and conditions not less favourable will not meet the legitimate grievance of the employees because it would mean that the workers' rights and interests would be stagnated and would be fossilised.

13.16 It is natural that if IPCL were in real sense an independent entity, it would have perhaps dealt with the workers' grievances, settled the demands before the scheme of amalgamation but in the present case, IPCL itself is controlled by the Reliance Industries Limited, it was not interested in settling the demands of the workers before amalgamation. The embargo upon the IPCL (Transferor Company) against changing the terms and conditions of the employees without explicit consent of the Reliance Industries Limited during the period between the date of filing the application and effective date makes it impossible for IPCL to settle the demands of the workers before amalgamation and the result would be that even the existing terms and conditions will be thrown out to the mercy of the transferee Company.

13.17 So the grievance of the employees of IPCL regarding their existing position is best summarized as under:

13.18 As regards the provident funds, pension funds, superannuation funds, etc. the scheme provides for protection of the funds to be utilized for the benefit of the employees of the IPCL but the scheme gives discretion to the Reliance Industries Limited (Transferee Company) to keep these funds of IPCL employees either separately or to mix up with the similar funds of the Reliance Industries Limited. This is not acceptable to the employees of the IPCL because merging of these funds of IPCL at Vadodara with the similar funds of Reliance Industries Limited at Mumbai will create several practical problems for the IPCL employees to whom these funds belong.

13.19 As regards the IPCL employees' position in the transferee Company on the coming into effect of the scheme, the IPCL employees have strong objection to that part of Clause 8 which reads as under:

13.20 "It is clarified that the employees of the transferor company who become employees of the transferee Company by virtue of this scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the transferee company (including the benefits of or under any Employee Stock Option Schemes applicable to or covering of or any employees of the transferee company), unless otherwise determined by the transferee Company". This provision in Clause 8 is seriously objected to by the employees of the IPCL on the following grounds:

(a) The first part of Clause 8 declares that the employees of the IPCL will automatically and directly become the employees of the Reliance Industries Limited (Transferee Company) as a result of the Scheme of amalgamation but the second part of the clause says that you will not be eligible or entitled to the benefit of employment policies or other benefits etc., available to the employees of the Reliance Industries Limited. It is submitted that this is a contradictory provision in the same Scheme. By one hand, IPCL employees become the employees of Reliance Industries Limited and by other hand, they are prevented from the benefit of the employees of the Reliance Industries Limited.

(b) It is expected that IPCL as the employer of the IPCL employees should have considered and given serious thought to the position of its own employees in the transferee company upon amalgamation. Instead, the IPCL (Transferor Company) seeks to protect and look after the interests of the transferee company by preventing its own employees from getting the benefits of Reliance Industries Limited. What business has the IPCL which is going to die to lay down this condition for the employees who are going to be transferred to Reliance Industries Limited?

(c) This part of the clause will block the future claims of the employees of the IPCL when they demand the benefits available to the Reliance Industries Limited employees. The question is not whether the IPCL employees can claim the benefits of Reliance Industries Limited employees in future and will get the same or not is a different question but at the very stage of amalgamation, the workers of IPCL cannot be blocked and prevented from claiming such benefits by a provision in the scheme itself which will be binding upon all persons. It means that in future also when erstwhile employees of IPCL would claim such benefits from Reliance Industries Limited, this clause will be used to prevent the workers from claiming such benefits because this prohibitory clause will be binding upon the employees of IPCL. The right of the IPCL employees to raise demands for equality before Reliance Industries Limited is sought to be taken away permanently at the very outset. This is obnoxious and cannot be permitted.

(d) On the one hand, it is argued that it is not the function of the scheme of amalgamation at the stage of sanction to provide for your future rights in the transferee Company but at the same time this very scheme of amalgamation in its inception, prevents us from demanding benefits of Reliance Industries Limited employees. If the scheme can provide for such a prohibitory clause, it can very well provide for the permissive clauses and enabling clauses for the IPCL employees to claim such status. It is, therefore, not true to say that considering the rights and interests of the transferor Company as regards the transferee Company after amalgamation cannot be a part of the scheme and would not fall within the company jurisdiction under Sections 391-394 of the Companies Act.

(e) This part of the clause is also unjust and unfair because the transferee Company will enjoy all the benefits of the experience, talent, skills and training of the IPCL employees after amalgamation but Reliance Industries Limited would not guarantee any rights or interests to the IPCL employees.

(f) It is the legitimate concern of the IPCL employees which must be taken into consideration viz. how shall the IPCL employees be treated in Reliance Industries Limited after amalgamation? The IPCL employees cannot be segregated as a distinct species to be preserved till extinction. The demand of the IPCL employees is that after the amalgamation, they cannot be treated as second class employees.

(g) Moreover, it is forgotten that after amalgamation, the IPCL employees are concerned in two different two things: (1) the immediate impact of amalgamation, and (2) their future demands. It may be that the demands which might be made by the employees in future, may be taken care of by approaching appropriate forum, such as demand in rise of wages or better conditions of service but the questions regarding immediate impact are not of this character, such as the benefit of the IPCL employees in the Reliance Industries Limited set up, the question of their seniority, the question of their promotions, the status of the unions and their recognition etc. As they are immediate impact of amalgamation, it has been found that in a large number of statutory organizations or amalgamation, the statute or the subordinate legislation specifically deal with the adjustment of the rights of the different companies or entities to be organized or amalgamated e.g. the nationalization of Life Insurance Corporation or General Insurance Companies.

Additional submission of learned counsel Mr.Girish Patel on behalf of workers of four trade Unions after Mr. K.S. Nanavati, ld. SR. COUNSEL'S reply to the above submission in rejoinder

14. The proposed Scheme of Amalgamation should not be sanctioned till the following directions are complied with:

14.1 The issues raised by the applicants are resolved to the satisfaction of the applicants.

14.2 The Managements of the Transferor Company (IPCL) and the Transferee Company (Reliance Industries Limited) hold discussions/consultations/negotiations with the applicants on the issue highlighted by the applicants vide their letter dated 10.4.2007 (Annexure-III) and other issues that they raise.

14.3 The workers of the Transferor Company (IPCL) before being automatically transferred, must be given option of retrenchment and / or retirement scheme with all the incidental payments if any of them does not want to join the Reliance Industries Limited and the IPCL and Reliance Industries Limited accept the unwillingness to join the Reliance Industries Limited as retrenchment under the Industrial Disputes Act, 1947, with all legal payments including retrenchment, compensation or he must be offered all benefits of voluntary retirement.

14.4 Clause 8 of the Scheme must also include the provisions with respect to grievances of the applicants contained in their letter of 10.4.2007 and other issues that the applicants may raise and as agreed upon by the parties.

14.5 The Provident Funds, Pension Funds, etc. mentioned in clause 8(b) of the IPCL must be kept separate and should not be merged except with the consent of the applicants.

14.6 All disputes arising from the present settlements/agreement which the Reliance Industries Limited has agreed to abide by must be resolved before the Scheme is sanctioned.

14.7 The objectionable part of clause 8 beginning with “It is clarified” and ending with “Transferee Company” must be deleted.

14.8 The Transferor Company (IPCL) and Transferee Company (Reliance Industries Limited) should agree that all questions arising from the immediate impact of the amalgamation such as position of workers in the Reliance Industries Limited set up, seniority, promotion, status of Union etc. should be amicably resolved in consultation with the applicants. The issues are different from the future claims which the employees of IPCL may raise.

14.9 The IPCL workers represented by the applicants must not be denied the benefits which are given to the Reliance Industries Limited employees or which may be given in future, simply on the ground that they were once employees of IPCL. They should not be denied the benefits of equal treatment with Reliance Industries Limited employees.

14.10 The first part of Clause 8 regarding the “terms and conditions” should not be understood as keeping them stagnant and fixed for all time to come. The workers of IPCL should have freedom to demand better terms and conditions or to demand full integration with the employees of Reliance Industries Limited as per their choice.

14.11 The reservation policy applied by the IPCL before disinvestment and assurance of “best efforts” given by Strategic Partner Reliance Petrochemicals and/disinvestment will be continued after amalgamation by Reliance Industries Limited.

14.12 The solemn responsibility undertaken by IPCL at Nagothane as regards employment guarantee to the project- affected persons must continue to be the responsibility of RIL after amalgamation.

14.13 This Court may be pleased to declare that the employees/ workmen of IPCL, Transferor Company, have standing to object to the scheme before the Court.

14.14 This Court may be pleased to declare and hold that the employees/workmen of Transferor Company (IPCL) and Transferee Company (Reliance Industries Limited) have a right to participate at all stages of amalgamation as the scheme is not a unilateral action of IPCL, but is a result of agreement i.e. right to be consulted and involved in the proceedings both by the Companies and before the Court.

14.15 This Court may be pleased to give directions or suggest necessary modifications in the scheme so as to make it workable and which are necessary in public interest.

Final Submissions of Mr. Girish Patel: In Sur-rejoinder:

15. Mr. Patel, ld. Advocate, has made further submissions after he received submissions from the Company and made additional submissions as under:

15.1 It is submitted that the contention of the petitioner regarding the application and effect of Sec. 25FF of the Industrial Disputes Act, 1947 in the case if IPCL employees is absolutely misconceived in law. The fear of the workers of IPCL have turned out to be true when the IPCL, the petitioner states that under Sec. 25FF if the employees of the Transferor company are continued in the Transferee company, they will not be entitled to any retrenchment compensation under Sec. 25FF and if they refuse to join the transferee company, they will also not be entitled to benefit of retrenchment compensation. This interpretation of the petitioner company is not correct. If the interpretation sought to be made by the petitioner company viz., that once the IPCL employees become the employees of Reliance Industries Limited by virtue of the Scheme and the order of this Court, and if they refuse to join the Reliance Industries Limited, they will not be entitled to any retrenchment compensation, is correct, it clearly brings out the forcible nature of the transfer of IPCL employees from IPCL to Reliance Industries Limited. As per the interpretation of the petitioner company, the employees of IPCL will have no option to or not to join the Reliance Industries Limited because if they refuse to work under the new employer imposed upon them, the refusal will not be treated as retrenchment and the employees will not be entitled to any retrenchment benefit after long service with IPCL. It means that the IPCL employees have to join the Reliance Industries Limited under a scheme by the IPCL in which the workers have no say and by virtue of the order of this Court.

15.2 This contention of the petitioner company shows two important points. One, if this is the effect of the scheme of amalgamation in the order of the Court, it clearly shows the absolute necessity of consultation by the IPCL with its employees before taking any decision regarding amalgamation so that all the consequences of the amalgamation can be discussed and adequate provisions can be made in the scheme for the protection of the interest of the IPCL workers. The employees could have insisted that the workers must be free to join or not to join the Reliance Industries Limited and if they do not want to join the new company i.e. Transferee company, they would be given the benefits of retrenchment or they will be given the benefit of voluntary retirement scheme. This could not happen because the workers of IPCL were completely excluded from any consultation or dialogue or discussion with the IPCL before amalgamation. Another issue comes out is that if the interpretation put by the petitioner Company upon Sec. 25FF is correct, the result would be that the workers of the transferor company will be forced to join the transferee company even if the same terms and conditions of employment

remain and if they refuse to join, they will be deprived of the benefits of retrenchment. In other words, the workers have to accept the scheme on the point of bayonet viz., the loss of retrenchment compensation. In these circumstances, the employees of IPCL will have no option but to join the Reliance Industries Limited. This forcible transfer of employees from one company to another will be basically inconsistent with the freedom of the workers to work or not to work under a new master, as is laid down by the Hon'ble Supreme Court and the High Court in the cases mentioned above. This interpretation will make Sec. 25FF Industrial Disputes Act, 1947 vulnerable to the constitutional challenge on the ground of violation of Articles 14, 19(1)(g) and 21 of the Constitution of India.

15.3 It is further submitted that reference made by the petitioner company to the judgment of Hon'ble Supreme Court in the case of **Management, Mettur Beardsell Ltd., vs. Workmen of Mettur Beardsell Limited and another reported in AIR 2006 SC 2056,** para 10 has no relevance to the main contention of the applicant Union because the employees have never intended that for transfer of undertaking or management under Sec. 25FF, consent of the employees is necessary. The contention of the applicant Union is that the present case is concerned with the scheme of amalgamation under Secs. 391 to 394 of the Companies Act, and as the scheme of amalgamation provides for transfer of employees of IPCL to the Reliance Industries Limited and the Company has prayed for such an order from the Court, the employees of IPCL ought to have been taken into confidence by the IPCL when the amalgamation proceedings were going on because unless and until this is done, the interest of the IPCL employees cannot be properly protected. Moreover, this is also absolutely necessary before the Company has sought for an order of the Court for sanctioning the scheme and it has been laid down by the Hon'ble Supreme Court judgments that the Court is concerned also with the public policy and public interest before granting sanction. It is submitted that even though consent of the workers to the transfer may not be a prerequisite for validity of the scheme, that does not mean that the workers cannot have any choice and the workers are not entitled to any participation in the consultation process.

15.4 It is further submitted that requirement of the consent of the workers for a scheme of amalgamation is one thing, while the requirement of consultation with the workers before the scheme is finalized is another thing. The later requirement flows from the duty of the Transferor IPCL Company to duly consider and protect the interest of its own employees when they are transferred to a new Company and also from the duty of the Court to consider whether the scheme is in the public interest or is opposed to public policy.

15.5 It is further submitted that for this requirement of consultation, what is required to be considered is whether the Companies Act explicitly prohibits the consultation with the workers. If there is no such explicit prohibition of such requirement, the provisions of the Companies Act are open to meaningful interpretation when the scheme is before the Court so that the Court can consider the workers' interest and workers' consultation in order to ensure the smooth working of the scheme.

15.6 It is further submitted that para 7 of the reply does not reply the main contention of the IPCL employees regarding immediate impact of the scheme of amalgamation on the existing rights of the workers. This question is completely distinct from the question of future demand of the workers after the amalgamation. The question of immediate impact of amalgamation on the workers' position is a question to be thrashed out at the very stage of amalgamation and the duty lies upon the transferor Company by negotiating the scheme with the Transferee company as a guardian of the interest of the workers and the guardian of public interest and public policy. On the other hand, the question regarding the future demands of employees of IPCL after amalgamation is a different question and that can be dealt with by the employees after amalgamation by resorting to appropriate forum.

15.7 It is further submitted that the objection of Clause 8 of the Scheme in fact takes away the rights of the workers to raise demands after the amalgamation. On the one hand, the scheme automatically makes the workers of IPCL as the workers of Reliance Industries Limited and also requests the Court to make such an order only on the basis of the scheme, on the other hand the scheme itself provides that the employees of IPCL will not be eligible for any benefits available to the employees of Reliance Industries Limited by virtue of amalgamation. This is a clear contradiction.

PUBLIC POLICY AND PUBLIC INTEREST: (By Mr. Girish Patel, ld. sr. counsel)

16.1 One of the most important questions for the Company Court is the question of public policy and public interest. Public policy and public interest are legal standards and not like fixed specific rules. They are, therefore, flexible and dynamic and they cannot be put in a strait-jacket formula to be applied economically. The standards of public policy and public interest may vary depending upon the times and circumstance and the prevailing ideology. Under this formula, the Company Court has dynamic role to play keeping in mind the facts, circumstances and times and place and ideology.

16.2 There is no specific provision or section in the Companies Act which explicitly and expressly or by necessary implication excludes workers/ employees from amalgamation proceedings even at the stage of working out the amalgamation scheme.

16.3 The various factors which the Court has to consider while sanctioning the scheme have not been exhaustively laid down by the Court but they are illustrative and no general formula is laid down. Therefore, each case ultimately depends upon the facts and circumstances and therefore any one judgement dealing with a specific problem cannot be considered to be concluding the question for all time to come. The approach of the Court is to evolve the law and the legal standards gradually.

16.4 The relevant judgements are:

(i) AIR 1997 SC 506 - Miheer Mafatlal (paras 28 onwards and principles laid down - pages 519-529

(ii) (1995) 83 Company Cases 30 - Hindustan Lever Case - page 37 relating to fairness, page 39 (public interest) page 40 (prudent business management test)

(iii) BANK OF BARODA LTD. VS. MAHINDRA UGINE STEEL CO. LTD. (1976) 46 Company Cases 227 - page 232 (3 tests to be considered, pages 240-245 (prudent man of business test) page 246 - workers' interest as part of public interest.

(iv) (1996) 47 Company Cases page 279 - relevant pages: 287 to 290 and 293

(v) In re HATHISING MANUFACTURING COMPANY (IN LIQUIDATION) (1976) 46 Company Cases - pages 59 - Relevant pages are: page 66 (refer to workers' meeting by direction of the Court to consider the scheme) - page

68 (3 tests), page 79 (prudent business management test) and which is a prudent Manager page 82 - Court's continuous supervision, directing the appointment of a representative of Textile Association as one Director to supervise the scheme.

MONOPOLY: (Submission of ld. Advocate Shri Shalin Mehta)

17.1 Creation of monopoly of amalgamation results in creation of monopoly status with Reliance Industries Limited or in concentration with economic power in the hands of a few individuals. Monopoly status or concentration with economic power in the hands of a few is opposed to Article 39(b) and (c) of the Constitution of India. Article 39 provides that the State shall, in particular, direct its policy towards securing - clause (a) xxxx, clause (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good; clause (c) that the operation of the economic system does not result in the concentration of weal and means of production to the common detriment. The Directive Principles of State Policy, though not enforceable in Courts of law, are in the governance of the Country and as held by the Hon'ble Supreme Court of India in several cases, a proper balance is required to be struck between the fundamental rights and the Directive Principles of State Policy while construing a statute or any action. Therefore, in the present case, the relevant provisions of the Companies Act, 1956 (Sections 391 and 394) are required to be read and interpreted in conjunction with Article 39 of the Constitution of India.

17.2 A scheme of amalgamation cannot be de hors public interest and public policy. Acquisition of monopoly status or a controlling market share in the industry is a very important element of public interest and public policy. The Company Court exercising equitable jurisdiction in amalgamation proceedings, is the guardian or custodian of public interest and public policy. Therefore, the aspect of public interest and public policy is required to be gone into by the Company Court in amalgamation proceedings when a scheme of amalgamation comes up for sanction. Obviously, public interest scrutiny cannot be left to the petitioner Company or to the rent seekers of capital.

17.3 **Hindustan Lever Employees' Case** (1995 Suppl. (1) SCC 499) deals with the public interest element involved in a scheme of amalgamation or merger. Thus, as stated by the Hon'ble Supreme Court, creation of monopoly status and the resultant entity - competitive behaviour may be a ground to reject a proposed scheme of amalgamation.

17.4 This public interest and public policy element has not been gone into at all by the Union of India or the Registrar of Companies or the Official Liquidator. Neither the report of the Official Liquidator nor the report of the Registrar of Companies reflects that the acquisition of monopoly status or merger or amalgamation was a serious concern to be addressed.

17.5 The Department of Justice guidelines applicable to mergers and acquisitions taking place within the jurisdiction of the United States of America show the concern of the Government to merger resulting in acquisition of monopoly status or anti-competitive behaviour. The Federal Trade Commission (an agency established to examine in anti-competitive behaviour of firms) and most jurisdictions in the United States apply what is known as a "per se" rule to mergers and acquisitions resulting in monopoly status. If a merger or acquisition is found to result in creation of market power or market share exceeding 50%, the merger or acquisition is not allowed. The Department of Justice guidelines only reflect the concern with which big mergers are viewed. These concerns cannot be said to be alien to amalgamations and mergers taking place in India where some of them would result in creation of a monopoly or in anti-competitive behaviour.

HIDDEN OBJECT:

18.1 There is a hidden object between the proposed scheme of amalgamation. This hidden object is so hideous that the proposed scheme of amalgamation is required to be trashed.

18.2 As held by the Hon'ble Supreme Court in Miheer Mafatlal's case, "for ascertaining the real purpose underlying the scheme with a view to satisfy on this aspect, the Court, if necessary, can pierce the veil of apparent corporate purpose underlying the scheme and can judiciously X-ray the same".

18.3 The real and apparent purpose of the present scheme of amalgamation is that Reliance Industries Limited wants to strip IPCL of its assets for diverting funds to the Special Economic Zones to steal the Crown Jewels of IPCL for its own risky business ventures. Reliance Industries Limited wants to wipe out the reserves of IPCL worth Rs. 4500 crores in one stroke. Reliance Industries Limited wants to undertake a systematic liquidation of IPCL assets to fund its ventures. The Company Court ought not to approve of a scheme that has its object a systematic liquidation of the transferor company's assets. In this context, the observations made by Hon'ble Supreme Court in para 28 of Miheer Mafatlal's case are apposite.

18.4 In the past, IPCL was considering to be a "Navratna". IPCL was classified as a "strategic sector" industry. The "strategic sector" was considered to be so important to India that private ventures were not allowed entry. Under the proposed scheme of amalgamation, Reliance Industries Limited will come to acquire a "strategic sector" industry without any reciprocating social responsibility. Can it be of any public interest to rip off a company and dismantle it without having regard to the various economic and social factors concerning the society. In this context, the Hindustan Lever Employees' decision of Hon'ble Supreme Court makes an observation that "it is not the interest of the shareholders or the employees only but the interest of the society which may have to be examined. And a scheme valid and good may yet be bad if it is against public interest."

18.5 The burden to prove that the proposed scheme of amalgamation is in the public interest or is not opposed to public interest and public policy lies on the petitioner Company who comes before the Company Court for sanction. Thus burden cannot be shifted upon the objectors by called upon them to show that the proposed scheme of amalgamation is not in public interest. One of the elemental principles of the law of evidence is that the burden to prove a fact would lie on the party ascertaining it. Under Sections 391 to 392 of the Companies Act, the petitioner Company can get sanction of a Scheme of amalgamation from the Company Court only if the scheme is not against public interest and public policy. This means that a heavy burden lies on the petitioner Company to prove affirmatively that the scheme proposed is not opposed to public interest and public policy. There is complete lack of pleadings on this aspect by the petitioner Company. The pleadings of the Company Petition do not show how the proposed scheme of amalgamation is not opposed to public interest and public policy or that the scheme is in public interest. By merely stating in the pleadings that the proposed scheme is not opposed to public interest and public policy cannot satisfy the stringent test of public interest and public policy in amalgamation proceedings. The petitioner Company would have to show to the Court that several economic and social factors affecting society have been taken into account while proposing the scheme of amalgamation. This is totally absent in the present case.

PIERCE THE VEIL:

19. Reasons why the Company Court in the present case, pierce the veil of apparent corporate purpose and judiciously X-ray the present proposed scheme of amalgamation.

19.1 At no stage of the proposed scheme of amalgamation, the workers and employees of IPCL or the registered trade unions of IPCL have been consulted.

19.2 Even the most basic document asked for by the objectors was denied by the petitioner Company. The share valuation report which forms the basis of the scheme was denied to the objectors thought they specifically asked for a copy of the same. Thus, there has been a complete lack of transparency and openness in the proceedings leading up to the present Company Petition.

19.3 IPCL is an associate Company of Reliance Industries Limited since the year 2002. Reliance Industries Limited holds controlling shares in IPCL. The share holding pattern of IPCL is such that Reliance Industries Limited can write rough shod over the dissenting voice in IPCL. This ought to create enough suspicion in the minds of the Court so as to heighten the level of scrutiny while examining the proposed scheme of amalgamation.

19.4 The share exchange ratio worked out by the experts suffers from gross and material irregularities. The valuation report submitted to the Company Court does not disclose or divulge any facts and figures in support of the conclusion arrive at by the experts that a fair share exchange ratio would be one fully paid up equity share of Reliance Industries Limited in exchange of five fully paid up equity share of IPCL.

19.5 The amalgamation or merger would result in creation of monopoly power with Reliance Industries Limited. Acquisition of monopoly power and the resultant anticompetitive behaviour are opposed to public interest and public policy.

19.6 The proposed scheme of amalgamation completely ignores the interest of the society at large. The proposed scheme does not guarantee creation of more jobs or more competition or availability of products to the consumers at cheaper prices.

19.7 The conduct of the petitioner Company bars it from claiming any relief in the Company Petition. Before the equity shareholders' meeting on 14.4.2007, certain minority equity shareholders were threatened to sign blank proxy forms in the petitioner Company. This antecedent conduct of the petitioner Company is a relevant factor to be taken into account by the Company Court at the time of sanction.

19.8 The proposed scheme contains self-contradictory clauses. One of the prayers in the Company Petition is that an order be passed under Section 394 of the Companies Act, 1956, that all permanent employees of the petitioner Company as on the effective date shall become the employees of the Transferee Company (Reliance Industries Limited) in accordance with the provisions set out in the scheme. Diametrically opposed to this, Clause 8.1 of the scheme of amalgamation provides that "it is clarified that the employees of the transferor Company (IPCL) who become employees of the transferee Company (Reliance Industries Limited) by virtue of this scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company (including the benefits of or under Employee Stock Option Scheme applicable to or covering all or any of the employees of the transferee Company) unless otherwise determined by the Transferee Company." Thus on the one hand the petitioner Company seeks an order that the employees of IPCL would become the employees of Reliance Industries Limited with effect from 1.4.2006. But on the other hand, the scheme says that the employees of IPCL would not really become the employees of Reliance Industries Limited. This makes the scheme obnoxious, wholly unfair, ex facie unreasonable and patently unjust. The scheme would block the future of the employees of IPCL for an indefinite period.

SHARE EXCHANGE RATIO/SWAP RATIO OF 1:5:

20. Share exchange ratio/swap ratio of 1:5 (one share of Reliance Industries Limited in exchange of 5 shares of IPCL) is unfair, unjust and prejudicial to the whole class of equity shareholders of IPCL.

20.1 The following are the infirmities and irregularities with regard to the share exchange ratio.

20.2 Those specifically asked for and demanded at the meeting of the equity shareholders of IPCL held on 14.4.2007, the share valuation report prepared by M/s. Pricewaterhouse Coopers Pvt. Ltd. And Ernst & Young Pvt. Ltd., to arrive at the share exchange ratio was not supplied to the applicants of the Company Application No. 259 of 2007. Thus, the objectors have been denied a fair opportunity to comment on the report.

20.3 As the share valuation report was kept open for inspection on the day of the meeting of equity shareholders of IPCL, a mere inspection of the report would not have amounted to a fair opportunity to comment on the report. The Hon'ble Supreme Court held that share valuation is a technical and complex matter. Laymen like the minority shareholders of IPCL cannot be expected to comment on the spur of the moment on a matter of such expertise and technicality. The petitioner Company would not have suffered any prejudice if one copy of the share valuation report was supplied to the objectors. However, the objectors have suffered a severe prejudice by not being able to comment or even peruse the share valuation report.

20.4 While determining the fairness, justness and wisdom of the share exchange ratio, the Company Court has to see whether the proper accounting principles are followed, the proper methodology is adopted and relevant factors are taken into account and irrelevant factors are eschewed. This would not mean that the Company Court is not to undertake any inquiry after finding that the share exchange ratio is recommended by experts. In fact, in the case of HINDUSTAN LEVER EMPLOYEES' case reported in 1995 Suppl. (1) SCC 499, the Hon'ble Supreme Court has referred to various factors that may have to be taken into account in determining the final share exchange ratio.

20.5 The learned advocate has submitted that this view is again reiterated in MIHEER MAFATLAL'S CASE (1997) 1 SCC 579 at page 620. Thus, the Court's supervisory role in amalgamation proceedings will not prevent it from making an inquiry as to whether all relevant factors were taken into account by the experts while arriving the share exchange ratio.

20.6 Several important factors highlighted by the applicants in Company Application No. 259 of 2007 have not been taken into account by the experts while arriving at the share exchange ratio. Some of these factors are:

20.7 Fresh valuation of IPCL's assets has not been undertaken since disinvestment in the year 2002. On the other hand the assets of Reliance Industries Limited have been valued on as many as four occasions before the proposal of the present scheme of amalgamation. Thus IPCL has been severely undervalued.

20.8 The cash reserve ratio of IPCL is more available than the cash reserve ratio of Reliance Industries Limited.

20.9 The price earning ratio of Reliance Industries Limited is 19 whereas the price earning ratio of IPCL is 6. Thus IPCL is 3 times stronger than Reliance Industries Limited. IPCL has that much more earning capacity.

20.10 IPCL is an associate company of Reliance Industries Limited since the year 2002. The share holding pattern of IPCL would show that Reliance Industries Limited holds controlling shares in IPCL. On account of this, a heavy burden lies on the petitioner Company to show that there had been arms-length dealing with IPCL and Reliance Industries Limited before adopting the share exchange ratio.

20.11 A look at the share valuation report also shows that no facts and figures concerning the two companies (Reliance Industries Limited and IPCL) are referred to. Without making any reference to the facts and figures concerning the two companies, the experts have recommended a share exchange ratio of one fully paid up equity share of Reliance Industries Limited of Rs. 10/- face value for five fully paid up equity shares of IPCL of Rs. 10/- face value without mentioning any facts and figures. It is not unknown that valuation involves statistics, mathematics, and economic models. There is no mathematics or statistics or econometrics preferred in the share valuation report. The conclusion of the experts can be separated only by relying upon facts and figures of the two companies. As the facts and figures of the two companies are totally absent in the share valuation report, it is not even possible for the objectors to comment on the report. The share valuation report must at least show that the relevant factors of the two companies are taken into account for determining the share exchange ratio. Otherwise, the share valuation report becomes a mere ipse dixit of the experts.

20.12 It is submitted that page 5 of the share valuation report states that the market value of IPCL has been computed by averaging the value and volume of shares traded for the last three months. Similarly the report also mentions that market value of Reliance Industries Limited has been computed by averaging the value and volume traded for the last three months. Clearly, this period of three months is too short to decide fairly the market value of the respective companies. In MIHEER MAFATLAL's case (supra), the Chartered Accountants M/s. C.C. Choksi & Company had taken into account the market price of equity shares of past 24 months (page 619 para 40). In the present case, the petitioner is seeking sanction for the proposed scheme of amalgamation with effect from 1.4.2006. When the petitioner Company is seeking sanction with effect from 1.4.2006, common sense requires that the market value of the respective Companies ought to be computed by averaging the value and the volume of shares traded for the last 12 months before 1.4.2006. Instead, in the present case, the period from December 2006 to February, 2007 has been taken into account by the experts to work out the market value of the respective Companies. This is patently unfair, ex facie arbitrary and manifestly illegal. Real market value of the respective Companies could not have been arrived at by merely averaging the value and the volume of shares traded for the period from December 2006 to February, 2007, because by then the whole market had known about the proposed scheme of amalgamation between the two Companies. Obviously, speculative element could not have been avoided in ascertaining the market value of the respective Companies because as soon as news of the proposed scheme of amalgamation entered the market, the trading in the shares of the respective Companies would have increased. To arrive at the real market value of the respective Companies, the period of 12 months prior to 1.4.2006 ought to have been taken into account by the experts. As this has not been done in the present case, it can be easily assumed that the share exchange ratio suffers from speculation.

20.13 In the absence of detailed valuation report, there is a presumption against the petitioner Company of bad faith and ulterior motive. Burden to prove that the Scheme is fair, reasonable and not against public policy / interest is on the petitioner Company, in the absence of which the Company Court can strike down the Scheme under its supervisory jurisdiction.

20.14 In support of the above objections, the objectors have relied upon :

(i) In Re. Torrent Power AEC Ltd. (2007) 38 Comp. Cases 139 (at pages 160-161)

(ii) G.L. Sultania Vs. SEBI (2007) 5 SCC 133.

ADDITIONAL SUBMISSIONS MADE BY MR. SHALIN MEHTA, LD. ADVOCATE (RE: SHARE EXCHANGE RATIO) - IN REJOINDER:

20.15 The following are the additional infirmities and irregularities with regard to the share exchange ratio:

20.16 Though it was submitted at the time of oral arguments on behalf of the petitioner Company that the share valuation report is attached with the Official Liquidator's report in the present proceedings, the said report is not the share valuation report at all. The letter dated 9.3.2007 that is annexed with the Official Liquidator's report cannot be called a share valuation report. It is at the most a letter/ certificate issued by the experts conveying that they have recommended a share exchange ratio of one fully paid equity share of Reliance Industries Limited in exchange of five fully paid up equity shares of IPCL. What was kept open for inspection by the petitioner Company at the meeting of the equity shareholders held on 14.4.2007 was not the share valuation report but this letter/certificate dated 9.3.2007 issued by the experts.

20.17 By not disclosing the share valuation report at the meeting of the equity shareholders of IPCL held on 14.4.2007, though a demand was raised by the objectors, the petitioner Company has not made a true, full and fair disclosure as required under the proviso to Section 391(2) of the Companies Act, 1956. In any scheme of amalgamation, the share exchange ratio is the most basic and fundamental document. Share exchange ratio can be arrived at only from the share valuation report. Therefore, when a specific objection is raised to the share exchange ratio, it is imperative on the part of the petitioner Company to disclose the valuation of the shares by producing the share valuation report at the meeting of the equity shareholders that is convened and proposed to consider the scheme of amalgamation. Even MIHEER MAFATLAL's case (supra) holds that any scheme of amalgamation is bound to fail unless a true, proper and fair disclosure is made as contemplated under proviso to Section 391(2) of the Companies Act, 1956. In the present case, as the share valuation report was not kept open for inspection by the petitioner Company, was not disclosed at the meeting of the equity shareholders of the petitioner Company held on 14.4.2007, and was not supplied to the objectors though a specific demand in this regard was raised by them at the equity shareholders' meeting by objecting to the share exchange ratio, the present scheme of amalgamation is violative of the proviso to Section 391(2) of the Companies Act, 1956.

20.18 The document dated 9.3.2007 that is attached with the Official Liquidator's report in the present proceedings is not the share valuation report on account of the following:

(a) No figures/ date in support of the valuation arrived at are mentioned from the document.

(b) The document reveals that the three accounting methods stated to have been used by the experts have given out three different valuations. However, the analysis under each accounting method is not stated in the document.

(c) The document does not mention the factors that the experts have taken into account while arriving at the share exchange ratio. The factors that would normally go into determination of the share exchange ratio are enumerated in HINDUSTAN LEVER EMPLOYEES's case reported in (1995) Suppl. (1) SCC 499.

(d) The document reveals that the experts have used all the three accounting methods for the purpose of valuation of shares. However, the experts have recommended that higher weightage is required to be given to the value determined under the "income" approach and "market" approach compared to the value determined under the 'underlying assets' approach. But the document does not reveal how much higher weightage was given to the first two methods compared to the third method.

20.19 The jurisdiction of the Company Court with regard to the share exchange ratio is supervisory. Under this supervisory jurisdiction, the Company Court can do the following.

(a) The Court can see whether the experts have taken into account the relevant factors.

(b) The Court can see that the experts have applied the correct accounting principles.

(c) The Court can see that no one factor is given undue emphasize or preference at the expense of other factors.

(d) The Court can see that the decision of the experts is not irrational or ex facie unreasonable.

(e) The Court can see that proper procedure is followed by the experts while arriving at the share exchange ratio.

(f) The Court can see whether the valuation of the shares done by the experts broadly reflects the worth of the Company.

20.20 This can be achieved only when the share valuation report is placed on record of the amalgamation proceedings for the Company Court's perusal. There is not a single decision either of the Hon'ble Supreme Court or of any High Court that share valuation report in an amalgamation proceeding need not be given to the Company Court or to the objectors who have raised a challenge to the share exchange ratio.

WHOSE BURDEN:

20.21 The burden to prove that the Scheme of amalgamation is fair, just, reasonable, not unconscionable, not against public interest, not against public policy and not illegal is on the petitioner Company. The scheme is proposed by the petitioner Company. Therefore, it cannot be the burden of the objectors to show otherwise.

20.22 Very recent amalgamation of 6 sick units, viz. Apollo Fibers Limited, Central India Polyesters Limited, India Polyfibers Limited, Orissa Polyfibers Limited, Recron Synthetics Limited and Silvassa Industries Private Limited into IPCL in the year 2006 has resulted in a reduction of IPCL's profit at least on paper. This aspect ought to have been factored in by the experts while determining the share exchange ratio.

PROXIES:

21. Serious irregularities were committed by the petitioner Company in obtaining proxies from certain minority equity shareholders of IPCL. Certain minorities equity shareholders of IPCL were threatened or coerced into signing blank proxy forms by the Heads of Departments of IPCL before the day of the equity shareholders' meeting. First, the registered trade Unions of IPCL complained about this to the Chairman of IPCL by writing a letter on 10.4.2007. Second, the said complaint was lodged with the Chairman of the equity shareholders' meeting on 14.4.2007. On 17.4.2007, a complaint regarding this was also made to the Chairman to Securities Exchange Board of India.

21.1 The Chairman's report only mentions that all persons who had given proxy earlier would be allowed to vote if they remained present at the meeting and their proxy given earlier would be treated as cancelled. However, the Chairman's report does not deal with the aspect of the petitioner Company threatening and coercing certain equity shareholders to sign blank proxy forms. Clearly, the petitioner Company was guilty of irresponsible behaviour. The petitioner Company was guilty of overreaching the process of law. Such bad faith-action taken by the petitioner Company against certain equity shareholders of IPCL would be:

21.2 Violative of Section 166 which provides for holding of Annual General Meeting under the Companies Act, 1956

21.3 Violative of the Articles of Association of IPCL where the manner and method of giving proxy is laid down.

21.4 Violative of the High Court's order dated 23.4.2007 passed in Company Petition No. 93 of 2007 in Company Application No. 126 of 2007. In this order, the Court had ordered that voting by proxy is permitted provided that the proxy in the prescribed form and duly signed by the person entitled to attend and vote at the aforesaid meeting, or by his authorized representative. Obviously, therefore if the proxy is obtained in an illegal manner, the same would fall foul of the High Court's order dated 23.4.2007.

SUBMISSIONS: (Re: Joint Meeting of Secured Creditors wi vcth Debenture holders)

22. Meeting between debenture holders and secured creditors to be held separately and they are to be treated as debenture holders are separate class by itself:

22.1 The debenture holders of IPCL formed a class distinct and separate from the secured creditors of IPCL. So the debenture holders could not have been clubbed with the secured creditors. A separate meeting of the debenture holders was required to be called by the petitioner Company.

22.2 Following are the reasons why the debenture holders of IPCL are required to be treated as a class by themselves and separate and distinct from the secured creditors of IPCL.

22.3 Commercial law and Common law recognize three broad categories / classes of creditors, viz. Preferential creditors, secured creditors and unsecured creditors. [Palmers Company Law, 21st Edition, page 700: (1970) 40 Company Cases 819 (at page 877) Gujarat; in re Maneckchowk and Ahmedabad Manufacturing Company Limited.

22.4 The debenture holders of IPCL belong to the category / class of preferential creditors. In the event of liquidation of the petitioner Company, the debenture holders would get paid off first in preference to the secured and unsecured creditors of IPCL.

22.5 The Companies Act, 1956, has special provisions for protecting the interest of debenture holders. In this connection the learned advocate has referred to Section 117A which provides Debenture Trust, Section 117B provides appointment of Debenture Trustee and duties of Debenture Trustees. Section 117C of the Companies Act provides liability of Company to create security and Debenture Redemption Reserve. These Sections have been added subsequently vide the Companies (Amendment) Act, 2000, with effect from 13.12.2000. Thus the intention of the Companies Act is to provide special protection to the class of debenture holders. The Companies Act recognizes the special and unique status enjoyed by the debenture holders. These special provisions are not to apply to the secured and unsecured creditors of the Company. Thus, the Companies Act itself discriminates between the debenture holders and the secured creditors.

22.6 The Articles of Association of IPCL also provides separately for debentures and debenture holder (pages 45 to 47 of the Articles of Association of IPCL). There is no reference in these provisions to the secured creditors of IPCL. Thus, the Articles of Association of IPCL also confers a distinct status on the debenture holders.

22.7 The balance-sheet of IPCL as on 31.3.2006 also provides separate treatment to debentures and debenture holders. The debentures are not clubbed with other secured term loans and working capital loans.

22.8 The debenture holders of IPCL and the secured creditors of IPCL have dissimilar charges over the Company's assets. Whereas the non-convertible debentures are secured by way of first equitable mortgage on all those pieces and parcel of land admeasuring 2.04 acres situated at village Angadh, Dist. Vadodara in the State of Gujarat together with all structures thereon and on all plant, machinery and equipments both present and future attached thereto, located at the Vadodara Complex of the Company and the balance debentures by the mortgagees and charges over the properties acquired by the Company pursuant to the scheme, the term loans are secured on land admeasuring one acre situated at village Angadh, Dist. Vadodara in the State of Gujarat together with all the structures thereon and all plant, machinery and equipments both present and future attached thereto, and the whole of the other fixed assets of Vadodara and Gandhar complexes of the Company except all the pieces and parcels of land of the said complexes and working capital loans from Banks by hypothecation of stocks of raw material, stock-in-process, finished goods, stores, receivables and goods in transit of Vadodara, Gandhar, Nagothane, Allahabad and Silvassa units. Thus, the rights and interest and charges of debenture holders are dissimilar to the rights, interest and charges of the secured creditors. On account of such dissimilarity, the debenture holders cannot be clubbed with the secured creditors.

22.9 The Chairman's report at page 115 of the Company petition on the meeting of the secured creditors held on 14.4.2007 does not at all reflect the voting pattern between the debenture holders of IPCL and the secured creditors of IPCL. Out of 51 secured creditors (including debenture holders) alleged to have remained present at the meeting, the Chairman's report does not spell out how many of them were debenture holders and how many of them were secured creditors. In response to this specific objection on this aspect taken by the applicants of the Company Application No. 259 of 2007, the petitioner Company has not stated in its pleadings as to how many debenture holders were present at the meeting of the secured creditors held on 14.4.2007. If the Chairman's report does not reflect the voting pattern between debenture holders and secured creditors who are two distinct and separate classes, the proposed scheme of amalgamation cannot be sanctioned. The learned advocate has relied on the decision in the case of Maneckchowk and Ahmedabad Manufacturing Company Limited reported in (1970) 40 Company Cases 819 particularly pages 873 to 878.

22.10 The learned advocate for the applicants of Company Application No. 259 of 2007 in Company Petition No. 93 of 2007 has relied on the following decisions in support of the proposition that the debenture holders of IPCL form a class distinct and separate from the secured creditors of IPCL:

22.11 1995 Suppl. (1) SCC 499 at pages 514-528 - Hindustan Lever Employees' Union Vs. Hindustan Lever Limited and others.

22.12 (1970) 40 Company Cases 819 at page 877 (Gujarat) in re. Maneckchowk and Ahmedabad Manufacturing Company Limited.

22.13 (1994) 79 Company Cases 27, at pages 37 to 40 D.A. Swamy and others Vs. India Meter Limited (Madras).

PETITIONER COMPANY'S SUBMISSIONS ON EACH POINT OF OBJECTIONS

RAISED BY THE OBJECTORS:

(A) RE: ANCILLARY INDUSTRIES:

23.1 The Objectors are neither shareholders nor creditors of the Petitioner Company and have, therefore, no locus in the present proceedings.

23.2 Letter of Intent (LOI) is NOT a concluded contract. In terms of LOI, IPCL was to obtain supplies from the Units subject to the Units meeting price and quality specifications as set out in the LOI.

23.3 IPCL, in terms of LOI, was to obtain 50% of the Unit's production and, therefore, the existence of the Units was not fully dependent on IPCL taking the supplies. IPCL obtained supplies from the Units for many years before it stopped placing orders from August, 2003 onwards, as the Units were not able to match the price and quality specifications. Before stoppage of orders, IPCL held discussions with the Raigad District Plastics Producers Association comprising these Units. In any event, IPCL took supplies from the Units in their 'development phase for a reasonable period of time' as mentioned in the LOI.

23.4 Even if the said LOI was a contract, the disputes will be with respect to implementation of the alleged contract between the parties and obligations of IPCL, if any, would be assumed by the Transferee Company post amalgamation. This Court, as a Company Court, is not the forum to entertain these matters and the Objectors may approach an appropriate forum, if they so wish.

23.5 One of the Objectors, viz. Schon Plastics Private Ltd. ('Schon'), had filed a petition in the Bombay High Court seeking directions against IPCL inter alia to comply with the contract. The Bombay High Court while dismissing the petition, observed that the dispute raised therein was contractual in nature and the remedy lies only in the appropriate form or by way of arbitration. Accordingly, the suit being Suit No. 32 of 2006 has been filed by Schon in Alibagh Court, which is pending.

23.6 In terms of Clause 6 of the Scheme, upon amalgamation becoming effective, all the suits and legal proceedings pending by or against IPCL would be continued by or against the Transferee Company. It is not even their case that the Transferee Company would be unable to honour their claims.

23.7 As alleged by the Units, 500 workers were employed by the Units. However, the Units have not produced any proof evidencing the so-called PAP employment. Further, this has never been prayed earlier either in the objections filed with this Court or in the civil suit. Moreover, the so called PAP have never objected nor approached the Petitioner Company with their grievances. As a matter of fact, IPCL itself employed more than 600 PAP at its Nagothane Plant. Hence, the responsibility/ liability of the workers employed by the Units themselves will always be on the Units and the same has nothing to do with the present Scheme.

23.8 Upon amalgamation become effective, in terms of Clause 6 of the Scheme, any proceedings pending by or against the Transferor Company shall be continued by or against the Transferee Company. Question therefore of the Objectors of losing the alleged territorial jurisdiction of their suit to be entertained at the District Court, Baroda, on the ground of Scheme being sanctioned does not arise.

(B) RE. SC/ST RESERVATION:

24.1 At the outset, since the representation made by the Objector pursuant to this Court's order dated May 8, 2007, to the Central Government and the said representation is pending for consideration, the Objector cannot agitate the same matter again before this Court.

24.2 Further, the final outcome of the appropriate/ final appellate forum, if any, would, in any event, be binding on IPCL and post amalgamation, the Transferee Company.

24.3 Without prejudice to the above, IPCL had never agreed to incorporate any such clause of reservation of SC/ST employees in the Scheme nor, as a matter of fact, any such provision has been made in the Shareholders Agreement, as alleged by the Objector.

(C) RE: WORKERS

25.1 Clause 8.1 of the Scheme protects employees' rights in as much as it has fully safeguarded the interest of the employees of the Petitioner Company by providing that the terms and conditions of employment in the Transferee Company will be without any break or interruption and the terms and conditions as to employment and remuneration shall not be less favourable than those on which they are engaged or employed by the Petitioner Company. Further, the Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Transferor Company with any union/ employee of the Transferor Company.

25.2 The learned counsel has relied on the judgement in the case of **Hindustan Lever Employees' Union vs. Hindustan Levers Ltd., and others** (1995) 83 Comp. Case 1 (Bom) : (1994) 4 Comp. LJ 228 (Bom), where the Court has observed as under:

"Whenever an undertaking is transferred whether statutorily or by court's order to another employer, it is the usual formula to protect the workers of the transferred company by providing that the service will be continuous and uninterrupted and service conditions will not be prejudicially affected by reasons or transfer. Merger of two companies into one may necessitate adjustments in service conditions in certain areas, but that is a matter for industrial adjudication by appropriate forum. The interest of employees of both companies being adequately taken care of, held, there was no necessity of any change in the scheme of amalgamation".

25.3 There is no requirement of holding any separate meeting or discussion by the Petitioner Company with workmen/workmen's association.

25.4 The learned counsel for the petitioner relies on the decision in the case of Hindustan Lever Employees' Union vs. Hindustan Levers Ltd., and others, (1995) 83 Comp. Cases 30 : (1994) 2 SCL 157 : (1994) 4 Comp. LJ 228, Supp.1 SCC 499 (SC), page 38, para G and page 65 para C, "A scheme of amalgamation cannot be faulted on apprehension and speculation as to what might possibly happen in future. The present is certain and taken care of. No one can envisage what will happen in the long run. But on this hypothetical question, the scheme cannot be rejected. As of now, it has not been shown how the workers are prejudiced by the scheme".

25.5 On one side, the Objectors are seeking job security and on other side they are alleging forceful continuance out of economic and legal compulsion. The objections are baseless. Workmen can continue with the Transferee Company post amalgamation with their existing rights protected under the Scheme.

25.6 The rights of employees are well protected under the Scheme. Further, all service conditions in respect of workmen shall be guided by the applicable law in future.

25.7 The Petitioner Company relies upon the following authorities in support of the above submissions -

(a) Gujarat Nylons Ltd. Vs. Gujarat State Fertilizers Ltd., 1992(1) GLH 637, para 36. (C.K.Thakker, J.) (as he was then)

(b) Re: Hindustan Lever Ltd (1995) 83 Comp. Cases 39, page 64, para D onwards to page 65 para C.

(c) In Re: Narmada Chematur Petrochemicals Ltd., (Re: Company Petition No. 147 of 2006 & other matters, Unreported judgment dated 9.1.2007, delivered by Hon'ble Mr.Justice M.R.Shah, page 23, para 27 and 28.

(d) In Re: Blue Star Ltd., (2001) 104 Comp. Cases 371, page 381, 389 and 395.

Additional submission on behalf of the Company regarding workers:

25.8 Dealing with the grievances as summarized in para 9 of the written submissions, it has been clarified in the course of submission that there is no compulsion under the Scheme on the workers to join the new employment. It has been pointed out that relief in para 28(3) of the petition is intended to ensure that there is a continuity of service. Existing employees have an option not to join the service of the Transferee Company and leave the service. Therefore, the provision that if the relief as prayed for in para 28(e) is granted, the existing workforce will forcibly have to join the service of the transferee company is misplaced. A similar provision in the Scheme has been considered by this Court in the matter of Gujarat Nylon Limited reported in 1992(1) GLH 637 (particularly para 24) and in the matter of Narmada Chematur Petrochemicals Ltd., unreported judgement dated 9.1.2007, Company Petition No. 147 of 2006 (particularly paragraph No. 27 of the unreported judgement). Similarly worded relief has been construed that there is no compulsion on the employees to join the transferee company that the provision has been made to ensure continuity of service and it is open to the workmen not to join the service of the transferee Company [Ref: (a) 1992(1) GLH 637 in the matter of Gujarat Nylons Limited, paragraph Nos. 24, 25, 29, 30 and 36; (b) unreported judgement dated 9.1.2007 in the matter of Narmade Chematur Petrochemicals Ltd., paras 27 and 28; [c] Hindustan Lever Limited reported in 1995 (83) Company Cases page 30 para B to G, pg. 64, para D onwards to page 65 para-C]

25.9 Regarding the grievance that they were not consulted in the process of negotiations and their consent was not taken to the Scheme of Amalgamation, reference may be made to the decision of the Hon'ble Supreme Court in the case of MANAGEMENT, METTUR BEARDSELL LTD. VS. WORKMEN OF METTUR BEARDSELL LTD. & ANR. Reported AIR 2006 SC 2056.

25.10 Consent of workers of the transferor Company to the Scheme of merger therefore is not necessary.

25.11 Section 25FF of the Industrial Disputes Act provides for rights of the workers of the Transferor company. Their consent to the transfer is not necessary. They have even no right to demand their absorption in the transferee company. If the new employer is not prepared to protect the existing service conditions and continuity of service, only right of the employees of the transferor company is as specified in Section 25FF(1) of the Industrial Disputes Act. Indisputably, in Clause 8 of the Scheme, a provision has been made for protection of the service conditions and continuity of service, and therefore, there is no "deemed retrenchment" of the workmen. Section 25FF of the Industrial Disputes Act, which provides for transfer of ownership or management of an undertaking does not provide that even in case where transferee employer protects the service conditions and continuity of service and a workman still desires not to join the service of the transferee employer, such workmen should be entitled to anything more than what an employee gets on voluntary relinquishment of his service.

25.12 It is also held that Sections 391 to 394 Companies Act is a complete code. These provisions do not provide for consultation with the workers in case of merger or amalgamation. Meetings only of the members of the company and creditors have been provided. No statutory provision or legal principle have been pointed out by the union which make it a condition of a valid scheme that in the course of negotiation, the workers should have been consulted or failure on the part of the management to consult the workers before formulating the Scheme of merger would invalidate the Scheme.

25.13 It needs to be noted that no statutory provisions is cited by the Unions nor any binding precedent referred to in support of this contention that either the workers should have been consulted at the time of preparation of the Scheme or during negotiations or when a decision to merge IPCL with RIL was taken. In absence of such provision, it cannot be said that the Scheme is against law.

25.14 The Hon'ble Supreme Court has in the case of Hindustan Lever Limited vs. State of Maharashtra reported in (2004) 9 SCC 438 observed, particularly, paragraph Nos. 10 and 11.

25.15 The objections that the workers have the right to be heard at the time of the hearing of the petition need not be considered, since they have been already heard and no objection has been taken to the locus of workmen to object to the Scheme.

25.16 So far as the rights of the workers subsequent to amalgamation is concerned, it is well settled that it always open to the workers to be employees of the transferee company, to raise such demand, to claim such benefit and raise such disputes as may be permissible under the Industrial Law.

25.17 Clause 8 of the Scheme does not foreclose this right of the workmen in any manner. What Clause 8 of the Scheme provides is that "by virtue" of the Scheme, the employees of the Transferor company shall not be entitled to the employment policies or any schemes or benefits that may be applicable and available to the employees of the Transferee Company. This does not obviously take away the rights of the employees on becoming the employees of the Transferee company to raise such demands or disputes or claim benefits on whatever ground that may be permissible under the law, as the employees of the Transferee Company. Such demands if raised, would be adjudicated by the authorities under the Industrial Law subject to the contentions of the transferee company. The present scheme does not and cannot take away the statutory rights of the workmen under the Industrial Law.

25.18 Employees' right to seniority and promotion as of existing employees of the Transferee company constitute to the extent that they are part of the existing conditions of service, which are protected by Clause 8 of the Scheme and post-merger would be governed by the provisions of the Industrial Disputes Act and in particular Section 9(a) of the Industrial Disputes Act. The Company also relied upon the judgement of the S.C. In Mettur Beardsell Vs. its Workmen AIR 2006 SC 2056 (para 10) particularly.

(D) PUBLIC INTEREST AND PUBLIC POLICY:

26.1 In terms of the Scheme, all the assets as well as liabilities of the Transferor Company would be transferred to the Transferee Company. Any particular item of assets / liabilities cannot be looked at separately. The question of IPCL reserves getting misused or wiped out is baseless and without any substance. The allegation that the Transferee Company wants to misutilize the assets of the Transferor Company is also baseless and without any substance. The whole of the undertakings

of the Transferor Company would be amalgamated with the Transferee Company for the reasons set out in the Scheme as also in the Explanatory Statement of the Scheme.

26.2 In Re. HCL Infosystems Limited, HCL Infinet Limtied and HCL Technologies Limited (2004) Comp. Case 861 (Del), the scheme of arrangement was challenged on the ground that the company is siphoning the profitable business. The objector referred to a TV interview in this regard. It was held (para 31) that, "... Since in the present case the overwhelming majority of the shareholders has approved the scheme, the same cannot override the opinion of the intervener. The allegation of the objector that there is an effort to siphoning of the profitable business of the company in which case the minority shareholders would be deprived of the benefit is also considered by me giving due weightage thereto. No basis is provided in support of the aforesaid allegation. Therefore, the aforesaid contention is also without any merit".

26.3 The third objection indirectly challenges the Government decision of disinvestment. Such type of frivolous objection cannot be dealt with in the amalgamation proceedings and should not be considered at all by this Court while sanctioning the Scheme.

26.4 The Scheme complies with all the procedural formalities. All the desired disclosures have been made in the Scheme. The rationale benefits of the Scheme have been dealt with in the Scheme itself. There is no substance in the Objectors' allegation to pierce the veil. Further, the Petitioner Company has already presented the Scheme with requisite details. Making the Petitioner Company to further demonstrate that the Scheme is beneficial to the community at large is uncalled for, unwarranted and not a requirement under law. The law, as settled by the Hon'ble Supreme Court is that the Scheme should not be opposed to public policy or against public interest. The burden is on the Objectors to show that the Scheme is opposed to public policy or public interest. They have miserably failed to do so.

26.5 The learned counsel for the petitioner relies on the decision in the case of **Balco Employees Union (Regd.) vs. Union of India, (2002) 108 Comp. Cases 193 (SC)**, page 236 the Hon'ble Supreme Court has observed as under:

"Wisdom and advisability of economic policies are ordinarily not amenable to judicial review unless it can be demonstrated that the policy is contrary to any statutory provision or the Constitution. IT is not for the Court to consider relative merits of different economic policies and consider whether a wiser or a better one can be evolved. For testing the correctness of a policy, the appropriate forum is Parliament and not the Courts. In the matter of policy decision of economic matters, the Courts should be very circumspect in conducting any enquiry or investigation and must be reluctant to impugn the judgments of the experts who may have arrived at a conclusion unless the Court is satisfied that there is illegality in the decision itself. The existence of rights of protection under Articles 14 and 16 of the Constitution cannot possibly have the effect of vetoing the Government's right to disinvest. Nor can the employees claim a right of continuous consultation at different stages of the disinvestment process. If the disinvestment process is gone through without contravening any law, then the normal consequences as a result of disinvestment must follow".

(E) MONOPOLY STATUS:

26.6 There is no question of any monopoly status being created pursuant to amalgamation. The objectors have failed to show as to how by merging IPCL with RIL, monopoly status would be created for RIL.

26.7 IPCL is already an associate company of RIL post disinvestment of IPCL's shares by the Union Government in favour of RIL. This relationship has been disclosed in the annual reports of RIL and IPCL.

26.8 The US Guidelines of Department of Justice, as relied upon by the Objectors' Advocates are not relevant in the present amalgamation proceedings. There is no statutory requirement restricting amalgamation of associate company with the parent company under anti-trust laws in India.

26.9 It is, therefore, submitted that there is no question of any monopoly status being created in favour of RIL, as alleged by the Objectors. The Regional Director and the Official Liquidator, being statutory authorities, after examining this Scheme and all relevant correspondence and documents called for by them from the Petitioner Company, were fully satisfied with the Scheme and certified to the Court that the Scheme was not against the public policy and that the affairs of the Petitioner Company have not been conducted in a manner prejudicial to interest of the members or to public interest. In addition, both Bombay Stock Exchange Limited and National Stock Exchange of India Limited had also approved the Scheme under Clause 24(f) of the Listing Agreement.

26.10 The learned counsel submits that the decision of the Gujarat High Court in Reliance Petroleum Limited vs. Union of India (2002) (O) GLHEL 210579, para 17 (Company Petition No. 75/2002 decided on 13.9.2002), "One more objection is to the effect that the Court should refuse to grant its approval to the Scheme on the ground of public interest as the amalgamation will result in creation of monopoly in relation to production and marketing of goods. Nothing has been shown under any Act, Rule or Regulation or any other law under which the Company Court cannot exercise jurisdiction to sanction a Scheme in the event of a possibility or likelihood of monopoly resulting on the Scheme being sanctioned. The Apex Court has stated time and again that it is for the shareholders to decide what is in the best interest of the Company and if the shareholders have arrived at such a decision by applying approach of a prudent businessmen, it is not for Court to sit in judgment. Furthermore, nothing has been brought on record to show that even if a monopoly results, it would affect the public interest or the economic interest of the country adversely, which may be a factor having relevant bearing".

26.11 The Petitioner Company relies upon the following authorities in support of the above submissions -

(a) In Re: Hindustan Lever Ltd (1995) 83 Comp. Cases 30, page 65 para F to G.

(b) In Re: Reliance Petroleum Ltd., 2002(O) GLHEL 210579 page 4, para 17.

(F) HIDDEN OBJECT AND PIERCING VEIL:

26.12 As regards hidden aspect, both the companies have shown that balance sheet, public notice has been issued. Official liquidator has also filed report. The Regional Director has also filed report. Considering all these aspects, the hidden objects which are being contended is not right.

(G) PIERCING VEIL:

26.13 As regards Piercing Veil, there are several decisions of the Hon'ble Supreme Court. In this behalf I refer to Ramaiah's Company Act where the learned author has discussed the point of piercing veil. If the Company wants to evade tax and if there is any ulterior motive for amalgamation then one can lift the veil. Here there is no whisper about the same and there is no question of lifting veil. This contention is not well founded.

(H) RE. SHARE EXCHANGE RATIO

27.1 There is no statutory requirement of carrying out valuation by independent valuers to arrive at share exchange ratio preferably under Sections 391-394 of the Companies Act. It is only for the guidance and assistance of the Board of Directors of companies to propose a share exchange ratio.

27.2 Further, the Share Exchange Ratio has been calculated by the recognized valuers i.e. two eminent Chartered Accountants Firms and once the same has been decided by the valuers the Court may not go into the technicalities of the case and adjudicate the share exchange ratio as an appellate Court.

27.3 The petitioner Company relies upon the decision in the case of **Hindustan Lever's case reported in (1995) 83 Comp. Cases 30 (SC), at page 37**, para B and C, "... the jurisdiction of the court in sanctioning a claim of merger is not to ascertain with mathematical accuracy if the determination satisfied the arithmetical test. A Company Court does not exercise an appellate jurisdiction. It exercises a jurisdiction founded on fairness. It is not required to interfere only because the figures arrived at by the valuer was not as good as it would have been if another method had been adopted. What is imperative is that such determination should not have been contrary to law and that it was not unfair for the shareholders of the company which was being merged. The Court's obligation is to be satisfied that valuation was in accordance with law and it was carried out by an independent body".

27.4 The equity shareholders of the Petitioner Company have approved the Scheme incorporating the share exchange ratio by an overwhelming majority.

27.5 The petitioner Company relied upon the decision of the Supreme Court in Miheer H. Mafatlal vs. Mafatlal Industries Ltd. (supra), para 40, referred to by the Gujarat High Court in Reliance Petroleum Ltd., Vs. Union of India (2002) (0) GLHEL, 210579, (Coram: D.A. Mehta, J) [Company Petition No. 75 of 2002 decided on 13.9.2002] where at para 23 the Court observed that "... It has also to be kept in view that which exchange ratio is better is in the realm of commercial decision of well informed equity shareholders. It is not for the Court to sit in appeal over this value judgment of equity shareholders who are supposed to be men of world and reasonable persons who know their own benefit and interest underlying any proposed scheme. With open eyes they have okayed this ratio and the entire scheme.."

27.6 Valuation Report was kept open for inspection for all shareholders before the meeting. Notice convening the meeting of shareholders clearly stated that the report of the valuers was available for inspection at least for 21 days (page 292 of the Company Petition 93 of 2007). In spite of this, none of the Objectors availed of the opportunity to inspect the same or objected for such inspection, asking for a copy of the report.

27.7 There is no statutory requirement of circulation of valuation report to shareholders nor is there any statutory requirement of filing a valuation report with the Court. In any case, the valuation report is part of the record of proceedings, in as much as it is annexed with the Official Liquidator's report submitted to this Court.

27.8 The allegation that the valuation report was not submitted even to the Court is also baseless and factually incorrect, in as much as the Official Liquidator has annexed the said valuation report along with his report filed in the present proceedings. In any event, the Regional Director and the Official Liquidator, being statutory authorities, had examined the valuation report and submitted their no- objection to this Court.

27.9 For arriving at the share exchange ratio, the valuers have adopted the well known methods of (i) net assets value, (ii) earnings value method and (iii) market value method. These methods have been approved by the Hon'ble Supreme Court in the cases of Hindustan Lever Ltd and Mafatlal Industries Ltd.

27.10 The allegation that six polyester companies are amalgamated with IPCL in 2006 for reducing profitability of IPCL is both, factually and legally incorrect. As a matter of fact, post amalgamation turnover and profit of IPCL have gone up. The said amalgamation is concluded and cannot be indirectly challenged in this proceeding.

FURTHER SUBMISSIONS: SHARE EXCHANGE RATIO

28.1 It is reiterated that there is no statutory requirement of carrying out valuation exercise. It is merely a tool to assist and guide the Board of Directors to propose a share exchange ratio for consideration of the shareholders. Further, Section 391 does not require detailed workings to be shown to shareholders/ court. The Sultania's case relied upon by the Objectors is not relevant in the instant case, because that case was pertaining to SEBI Takeover Regulations, which specifies principles of valuation in case the shares are infrequently traded. Such specifications are not at all relevant in the scheme of amalgamation under Section 391-394 of the Act. (p. 57)

"It is reiterated that in Hindustan Lever Employees Union v. Hindustan Lever Ltd., and others, (1995) 83 Comp. Cases 30 (SC), at page 57, the Supreme Court has approved the view expressed by the Gujarat High Court. It was held that "A similar question came up for consideration before a Division Bench of this Court in the case of Jitendra R. Sukhadia vs. Alembic Chemical Works Co. Ltd., (1987) 3 Comp LJ 141 : (1988) 64 Comp. Cases 206. That was also a case of amalgamation. In the case, it was held that the exchange ratio of the share of the two companies, which were being amalgamated, had to be stated alongwith the notice of the meeting. How this exchange ratio was worked out, however, was not required to be stated in the statement contemplated under Section 393(1)(a)".

VALUATION NOT AS PER MIHEER MAFATLAL CASE:

28.2 The petitioner Company submits that the contours laid down in the Miheer Mafatlal case have not been adhered to in the instant case. Further, nowhere in the said case, the Supreme Court has observed that details of the working for arriving at the share exchange ratio have to be covered in the valuation report. Therefore the allegation of the Objectors that the valuation is not as per the Proviso to Section 391(2) of the Act and the guidelines set out in the case of Miheer Mafatlal is baseless and without any merit.

VALUATION NOT AS PER HLL / TOMCO CASE:

28.3 The contention and allegation of the Objectors that all the 8 factors specified by 'Weinberg and Blank' in the book 'Takeovers and Mergers' as referred to in HLL / TOMCO case have not been taken into account while arriving at the share exchange ratio in the instant case is false and baseless. In fact, the Supreme Court has not mandated adherence to any one or more of the 8 factors dealt with by Weinberg and Blank and the said factors are merely recommendatory in nature. [Please refer page 53, paras D & E of HLL's judgement reported in (1995) 83 Comp. Case 30]. The petitioner Company submits that there is no merit in examining whether any one or more or all of these factors have actually been taken into account while arriving at the share exchange ratio in the instant case. In any event, admittedly, in the instant case, the valuers have taken into account the relevant factors and methods as set out in the valuation report to arrive at the share exchange ratio.

VALUATION NOT AS PER FEMA REGULATIONS/ CGI GUIDELINES:

28.4 The Objectors' contention that valuation is not as per the FEMA regulations / Controller of Capital Issues ("CCI") guidelines is lacking in merit. The Objectors have failed to show as to which FEMA regulations are applicable for arriving at share exchange ratio in relation of amalgamation under Sections 391-394 of the Act. Further, CCI guidelines have been repealed way back in the year 1992.

28.5 **The overall allegation of the Objectors that the Valuation Report is not proper and the Scheme is not fair and reasonable :** In re. Reliance Petroleum Ltd., 2002(O) GLHEL 210579, (supra) this Court (Coram: D.A. Mehta, J) dealt with identical issues and held as under in para 27:

"27. Thus, by an overwhelming majority, those present have voted in favour of the resolution i.e. in favour of approving the Scheme as per share exchange ratio proposed on the basis of the valuation report dated 3.3.2002. In these circumstances, it is not open to the Court to hold that there was any impropriety in the valuation of the shares. In fact, the valuation report has stated that it has based its conclusion of value on the figures of assets and liabilities of both RPL and RIL reflected in the Balance Sheet as on 31.3.2001 along with the audited financial statement for the year ended on 31.3.1999 and 31.3.2000. The valuation report has also taken into consideration extracts of unaudited financial statements for the 9 months period ended on 31.12.2001. This is over and above the discussions with the management of both RPL and RIL, other informations, explanations and representations as were required and provided by the respective managements along with such other analysis, reviews and inquiries as were found necessary. The valuation report further states that the valuers have not made any independent investigation and assume no responsibilities for the various informations, details, explanations and representations placed before the valuers. It was vehemently urged during the course of hearing that this sort of disclaimer would virtually amount to the valuers denying any responsibility as regards the validity or genuineness of the share exchange ratio. It is necessary to note that the figure of exchange ratio arrived at by the valuers could not be shown to be vitiated by fraud and/ or mala fide. It is settled legal position that merely because the determination is done by a slightly different method which might result in a different conclusion would not justify interference unless it was found to be unfair. There is nothing on record to hold that the exchange ratio, brought on record by the aforesaid valuation report, is in any manner unjust or unfair. At the cost of repetition, it requires to be stated that it is the commercial wisdom of the parties to the Scheme who have taken an informed decision about the usefulness and propriety of the Scheme by supporting it by the requisite majority vote that has to to be kept in view by the Court. The Court has neither the expertise nor the jurisdiction to delve deep into the commercial wisdom exercised by the creditors and members of the company who have ratified the Scheme by the requisite majority".

28.6 Therefore, the allegations of the Objectors, inter alia, that no due diligence was carried out in determining the share exchange ratio, the valuers assumed no responsibility for valuation and they relied on the information supplied by the management, unaudited figures were considered by the valuers etc., have all been addressed by this Court in the above case, in particular paras 18 to 28 thereof.

28.7 The Petitioner Company relies upon the following authorities in support of the above submissions -

(a) Hindustan Lever Employees Union vs. Hindustan Lever Ltd., and others, (1995) 83 Comp. Case 30(SC), at page 37, para B to H, page 54, para C&D.

(b) Reliance Petroleum Ltd., Vs. Union of India (2002) (O) GLHEL, 210579, para 18 to 28.

(c) Miheer Mafatlal vs. Mafatlal Industires Ltd (1997) 1 SCC 579, page 615, para 40; page 617, para (b) to (d); page 618, para (d) & (e).

(d) HCL Infosystems Ltd. (2004) 121 Comp. Case 561 (Del), para 26 to 29.

(e) In Re: Arcoy Overseas Pvt. Ltd., Manu/GJ/0716/2005, para 7 and 8.

(f) HCL Infosystem Ltd. (2004) 121 Comp. Case 561(Del).

(g) (2001) 107 Comp. Case 232, page 235 to 238.

(h) (2000) 99 Comp. Case 276.

(i) In Re: Alfa Quartz Ltd. (2001) 104 Comp. Case 71 (Guj).

(j) In Re: Gujarat Ambuja Cotspin Ltd., In Re: Gujarat Ambuja Protein Ltd., In Re: Gujarat Ambuja Exports Ltd (2001) 104 Comp. Case 397 (Guj).

(k) In Re: H.K.Dave P.Ltd., In Re: H.K.Gas Co. P.Ltd. (2001) 104 Comp Case 650 (Guj).

(I) RE: PROXIES:

29. It is a false, baseless and bald allegation that any coercive method or force was applied for signing Proxy forms.

29.1 Not a single person has addressed any letter to the Chairman of the Court convened meetings or the Company for withdrawal of his proxy.

29.2 Even otherwise, during the meeting, the Chairman had assured that even if any of the employee shareholders had given a proxy form earlier, but if they were present at the meeting, then they would be entitled to participate in the voting and the proxy forms given earlier would be held invalid, while their votes would be considered. Chairman had also instructed scrutineers accordingly. This is also stated in the Chairman's Report submitted to this Court. Thus, there is no violation of the provisions of the Companies Act as also of the order of this Court dated 16.3.2007 in Company Application No.126 of 2007 as alleged.

29.3 Signing of blank proxy form is not an illegality as has been held by Delhi High Court in the matter of Swadeshi Polytex Ltd., reported in 1988 (63) Comp. Cases 709 (pages 716 to 718).

(J) RE. DEBENTURE HOLDER.

30.1 The debenture holders do NOT constitute a separate class. They are either secured or unsecured creditors, as the case may be. In the present case, the debenture holders of the Petitioner Company are secured creditors.

30.2 The concept of 'preferential creditors' is not relevant in the context of amalgamation. Section 530 of the Companies Act lists out different categories of preferential creditors such as Government revenues, wages of workmen, provident fund, pension fund, gratuity fund and so on. Debenture holders are NOT one among them. Like any other secured creditors, debenture holders are entitled to lay their hands on the assets secured in their favour for recovery of their dues. They are placed on the same footing as other secured creditors. The sub-classes of creditors may be relevant ONLY if different treatment is given/ offered in the scheme. If the same treatment is given to all secured creditors including debenture holders in the Scheme, then there is no requirement of classifying the debenture holders as a separate class.

30.3 The petitioner Company relies on the decision of this Court in Miheer Mafatlal Industries case decided by the Division Bench of Gujarat High Court (Coram: C.K. Thakkar (as he was then & R. Balia, JJ)) (upheld by the Supreme Court), reported in (1996) 87 Comp. Cases 705(Guj), at page 733, para B and H, "In our opinion, a plain reading of the section does not leave any doubt that only where separate terms are offered to separate classes of shareholders or creditors under the proposed compromise or arrangement, separate meetings are required to be held in respect of each class of creditors or shareholders for whom separate compromise or arrangement has been offered. The classification of members or creditors will be founded on the basis of difference in terms offered under the Scheme. The difference in terms of the Scheme can be the only criterion for identifying the separate class for the purpose of convening a separate meeting for such class".

30.4 Referring to various pronouncements including the above, this High Court held in In re. Arvind Mills Ltd. (2002) 111 Comp. Cases 118 (Guj.) that, "... The classification of members or creditors can be founded on the basis of difference in the terms offered under the scheme. The difference in terms of the scheme can be the only criterion for identifying separate class for the purpose of convening a separate meeting for such class".

30.5 The petitioner Company relies on the decision of this Court in Miheer H.Mafatlal vs. Mafatlal Industries Limited, (1996) 87 Comp. Cases 792 (SC) referred to in Re. Spartek Ceramics India Limited Manu/AP/0991/2005 (Del), at para 13 of the judgment "It is, therefore, obvious that unless a separate and different type of scheme of compromise is offered to a sub-class of a class of creditors or shareholders otherwise equally circumscribed by the class, no separate class of sub-class of the main class of members or creditors is required to be convened."

30.6 The petitioner submitted that as consistently, held by the Courts that the classification of creditors should be based on the treatment which is being offered to them under the scheme of arrangement. Merely because debenture holders have first charge does not make them a separate class distinct from other secured creditors.

30.7 Merely because the Companies Act provides for provisions like creation of security, debenture redemption reserve etc., under Sections 117A - 117C, debenture holders will not constitute as a separate class from among the secured creditors. In Re: Siel Ltd, 2004 (122) Com. Cases 536 (Del), Manu/DE/0666/2003, pages 13, 14, 16 and In Re: Spartek Ceramics Ltd, Manu/AP/0991/2005 para 13.

30.8 Disclosures in balance sheet are as per the statutory requirements of Schedule VI to the Companies Act and the applicable accounting standards. Further, mere disclosures cannot make debenture holders a separate class of stakeholders. On the contrary, in a balance sheet of a company drawn up in the form given in Schedule VI, debenture holders are classified under "Secured Creditors".

30.9 It was held in National Rayon Corporation Ltd. vs. Commissioner of Income Tax, AIR 1997 SC 3487, page 3490, para 12, that "... debentures were nothing but the secured loans. Merely because the debentures were not redeemable during the accounting period, the liability to redeem the debentures did not cease to exist. It was redeemable or repayable at a future date. But it was a known liability. In the form of balance sheet prescribed by the Act in Schedule VI, the secured loans have to be shown under the heading 'liabilities'. Secured loans include (i) debentures, (ii) loans and advances from banks, (iii) loans and advances from subsidiaries, and (iv) other loans and advances. The secured loans might not be immediately repayable, but the liability to repay these loans was an existing liability and has to be shown in the company's balance sheet for the relevant year of accounts as a liability..."

30.10 Articles of Association of IPCL contains the standard provisions based on the provisions of the Companies Act read with Table - A. There is no specific provision treating debenture holders as a class separate from the other secured creditors.

30.11 Further, the petitioner Company submits that the Objectors' contention that the Chairman's Report ought to have specified the voting pattern of secured creditors and debenture holders separately, is again without any substance and statutory backing.

30.12 The petitioner Company relies upon the following authorities in support of this finding:

(a) National Rayon corporation Ltd. vs. CIT, AIR (1997) SC 3487, page 3490, para 12.

(b) In Re: Siel Ltd, (2004) 122 Company Case 536 (Del), Manu/DE/0666/20034, page 13, 14, 16.

(c) In Re: Spartek Ceramics Ltd, Manu/AP/0991/2005, para 13.

(d) Miheer Mafatlal vs. Mafatlal Industries Ltd (1997) 1 SCC 579, page 613, para 39, page 614, para c,e,f,h; page 615, para (a) to (e).

(e) Mafatlal Industries Re (1996) 87 Comp. Case 705 (Guj.), page 731, para G to page 736, para H.

(f) Arvind Mills Ltd (2002) 111 Comp Case 118 (Guj.), para 12 to 14.

(g) Mafatlal Industries Re (1996) 87 Comp. Case 705, page 733.

(h) In Re: Core Health Care Ltd (2007) 138 Comp. Cases 204, page 248, 253, 260, 291, 292, 296, 306, 325, 326.

(i) (2002) 112 Comp. Case 674 (Bom)

(j) Administrator of the Specified Undertakings of the UTI vs. M/s. Ashima Dyecot Ltd. (Misc. Civil Application No.239 of 2006 in Company Petition No.105 of 2006 in Company Application No.243 of 2006 decided on 10.11.2006).

The Petitioner Company humbly submits that the objections raised against the Scheme are baseless and without any substance. Moreover, almost all the similar objections have been discarded by various courts including the Hon'ble Supreme Court and this Court in a number of cases.

30.13 Therefore, the petitioner company submits before this Court that the prayers (a) to (h) sought in the petition be allowed and that the scheme be sanctioned.

OBSERVATIONS AND CONCLUSIONS: (Regarding Jurisdiction of the Court)

31. This Court has considered the facts of the case, objections raised by several objectors and also Company's reply to the objections. Before this Court considers the objections raised against the proposed scheme of amalgamation, this Court considers: (1) the parameters of the Court's jurisdiction regarding legality and validity of the scheme; (2) objections raised by several objectors and (3) Scheme of Sections 391 to 394 and the relevant aspects about the same.

RE: PARAMETERS OF COURT'S JURISDICTION:

31.1 In this regard I first rely upon the judgement of the Hon'ble Supreme Court in the case of HINDUSTAN LEVER EMPLOYEES' UNION VS. HINDUSTAN LEVER LTD. AND OTHERS reported in 83 Company Cases 30. The said judgement has been delivered by 3 Judges Bench (Coram: M.N. Venkatachaliah, C.J.I., R.M. Sahai and S.C. Sen, JJ). In this judgement Hon'ble Mr. Justice M.N. Venkatachaliah, CJI and Hon'ble Mr. Justice S.C. Sen, have given one judgement (majority judgement) whereas Hon'ble Mr. Justice R.M. Sahai has given separate but concurring judgement.

31.2 As regards Court's jurisdiction I first rely on the judgement of Hon'ble Mr. Justice R.M. Sahai on page Nos. 37-38 which reads as under:

31.2A "But what was lost sight of is that the jurisdiction of the Court in sanctioning a claim of merger is not to ascertain with mathematical accuracy if the determination satisfied the arithmetical test. A company court does not exercise an appellate jurisdiction. **It exercises a jurisdiction founded on fairness.** It is not required to interfere only because the figure arrived at by the valuer was not as good as it would have been if another method had been adopted. What is imperative is that such determination should not have been contrary to law and that it was not unfair for the shareholders of the company which was being merged. The court's obligation is to be satisfied that valuation which was in accordance with law and it was carried out by an independent body. The High Court appears to be correct in its approach that this test was satisfied as, even though the chartered accountant who performed this function was a director of TOMCO, he did so as a member of a renowned firm of chartered accountants. His determination was further got checked and approved by two other independent bodies at the instance of the shareholders of TOMCO by the High Court and it has been found that the determination did not suffer from any infirmity. The company court, therefore, did not commit any error in refusing to interfere with it. May be, as argued by learned counsel for the petitioner, if some other method had been adopted probably the determination of valuation could have been a bit more in favour of the shareholders. But since admittedly more than 95 per cent of the shareholders who are the best judge of their interest and are better conversant with market trends agreed to the valuation determined it could not be interfered by courts as "certainly, it is not part of the judicial process to examine entrepreneurial activities to ferret out flaws. The court is least equipped for such oversights. Nor, indeed, is it a function of the judges in our constitutional scheme. We do not think that the internal management, business activity or institutional operation of public bodies can be subjected to inspection by the court. To do so, is incompetent and improper and, therefore, out of bounds. Nevertheless, the broad parameters of fairness in administration, bona fides in action and the fundamental rules of reasonable management of public business, if breached, will become justiciable" [Fertilizer Corporation Kamgar Union V. Union of India (1981) 2 SCR 52 : (1981) 59 FJR 237, 257 (See: Buckley on the Companies Acts, fourteenth edition, pages 473 and 474 and Palmer on Company Law, twenty-third edition, para 79.16]" (Emphasis added)

31.3 In the same judgement the Hon'ble Supreme Court (i.e. same learned Judge) further observed at pages 39-40 as under: "Section 394 casts an obligation on the court to be satisfied that the scheme for amalgamation or merger was not contrary to public interest. The basic principle of such satisfaction is none other than the broad and general principles inherent in any compromise or settlement entered into between parties that it should not be unfair or contrary to public policy or unconscionable. In amalgamation of companies, the Courts have evolved, the principle of "prudent business management test" or that the scheme should not be a device to evade law. But when the court is concerned with a scheme of merger with a subsidiary of a foreign company then the test is not only whether the scheme shall result in maximising the profits of the shareholders or whether the interest of employees was protected but it has to ensure that the merger shall not result in impeding promotion of industry or obstruct the growth of national economy. Liberalised economic policy is to achieve this goal. The merger, therefore, should not be contrary to this objective. Reliance on the English decision for Hoare, In

re (1933) All ER 105 (Ch D) and Bugle Press Ltd., In re (1961) Ch 270 that the power of the Court is to be satisfied only whether the provisions of the Act have been complied with or that the class or classes were fully represented and the arrangement was such as a man of business would reasonably approve between two private companies may be correct and may normally be adhered to but when the merger is with a subsidiary of a foreign company then economic interest of the country may have to be given precedence. The jurisdiction of the court in this regard is comprehensive." (Emphasis added)

31.4 The majority judgement starts from pages 65-66 of the said judgement which reads as under:

"An argument was also made that as a result of the amalgamation a large share of the market will be captured by HLL. But there is nothing unlawful or illegal about this. The court will decline to sanction a scheme of merger, if any tax fraud or any other illegality is involved. But that is not the case here. A company may, on its own, grow to capture a large share of the market. But unless it is shown that there is some illegality or fraud involved in the scheme, the court cannot decline to sanction a scheme of amalgamation. It has to be borne in mind that this proposal of amalgamation arose out of a sharp decline in the business of TOMCO. Dr. Dhavan has argued that TOMCO is not yet a sick company. That may be right, but TOMCO at this rate will become a sick company, unless something can be done to improve its performance. In the last two years, it has sold its investments and other properties. If this proposal of amalgamation is not sanctioned, the consequence for TOMCO may be very serious. The shareholders, the employees, the creditors will all suffer. The argument that the company has large assets is really meaningless. Very many cotton mills and jute mills in India have become sick and are on the verge of liquidation, even though they have large assets. The scheme has been sanctioned almost unanimously by the shareholders, debenture holders, secured creditors, unsecured creditors and preference shareholders of both the companies. There must exist very strong reasons for withholding sanction to such a scheme. Withholding of sanction may turn out to be disastrous for the 60,000 shareholders of TOMCO and also a large number of its employees." (Emphasis added)

31.4A Further reliance is placed on the decision of the Hon'ble Supreme Court in the case of MIHEER H. MAFATLAL VS. MAFATLAL INDUSTRIES LTD. reported in (1997) 1 SCC 579. In the aforesaid matter at paragraph No. 28 the Hon'ble Supreme Court has considered scope of interference by the Company Court in sanction proceedings. The Court has relied on Sections 391 to 394 of the Companies Act and thereafter relied on the passage of Buckley on the Companies Act, 14th Edition (page 473- 474), then the judgements in the case of ALABAMA, NEW ORLEANS, TEXAS AND PACIFIC JUNCTION RLY. CO. [Re 1 (1891) 1 Ch. 213 : (1886-90) All ER Rep. Ext. 1143]; ANGLO CONTINENTAL SUPPLY CO. LTD. [Re (1922) 2 Ch 723 : 91 LJ Ch 658]; EMPLOYEES' UNION V. HINDUSTAN LEVER LTD. 1995 Supp (1) SCC 499 and ultimately on pages 601-602 the Hon'ble Supreme Court has observed as under: (per S.B. Majmudar, J)

31.4B "In view of the aforesaid settled legal position, therefore, the scope and ambit of the jurisdiction of the Company Court has clearly got earmarked. The following broad contours of such jurisdiction have emerged:

1. The sanctioning court has to see to it that all the requisite statutory procedure for supporting such a scheme has been complied with and that the requisite meetings as contemplated by Section 391(1) (a) have been held.

2. That the scheme put up for sanction of the Court is backed up by the requisite majority vote as required by Section 391 sub-section (2).

3. That the meetings concerned of the creditor or members or any class of them had the relevant material to enable the voters to arrive at an informed decision for approving the scheme in question. That the majority decision of the concerned class of voters is just and fair to the class as a whole so as to legitimately bind even the dissenting members of that class.

4. That all necessary material indicated by Section 393 (1)(a) is placed before the voters at the concerned meetings as contemplated by Section 391, sub-section (1).

5. That all the requisite material contemplated by the proviso to sub-section (2) of Section 391 of the Act is placed before the Court by the concerned applicant seeking sanction for such a scheme and the Court gets satisfied about the same.

6. That the proposed scheme of compromise and arrangement is not found to be violative of any provision of law and is not contrary to public policy. For ascertaining the real purpose underlying the Scheme with a view to be satisfied on this aspect, the Court, if necessary, can pierce the veil of apparent corporate purpose underlying the scheme and can judiciously X-ray the same.

7. That the Company Court has also to satisfy itself that members or class of members or creditors or class of creditors, as the case may be, were acting bona fide and in good faith and were not coercing the minority in order to promote any interest adverse to that of the latter comprising of the same class whom they purported to represent.

8. That the scheme as a whole is also found to be just, fair and reasonable from the point of view of prudent men of business taking a commercial decision beneficial to the class represented by them for whom the scheme is meant.

9. Once the aforesaid broad parameters about the requirement of a scheme for getting sanction of the Court are found to have been met, the Court will have no further jurisdiction to sit in appeal over the commercial wisdom of the majority of the class of persons who with their open eyes have given their approval to the scheme even if in the view of the Court there would be a better scheme for the company and its members or creditors for whom the scheme is framed. The Court cannot refuse to sanction such a scheme on that ground as it would otherwise amount to the Court exercising appellate jurisdiction over the scheme rather than its supervisory jurisdiction. The aforesaid parameters of the scope and ambit of the jurisdiction of the Company Court which is called upon to sanction a Scheme of Compromise and Arrangement are not exhaustive but only broadly illustrative of the contours of the Court's jurisdiction." (Emphasis added)

31.5 Reliance is further placed on the decision of the Hon'ble Supreme Court in the case of HINDUSTAN LEVER AND ANOTHER VS. STATE OF MAHARASHTRA AND ANOTHER reported in (2004) 9 SCC 438, particularly paragraph No. 12 on page 449 which reads as follows: "para 12 - Two broad principles underlying a scheme of amalgamation which have been brought out in this judgement are:

1. That the order passed by the Court amalgamating the company is based on a compromise or arrangement arrived at between the parties; and

2. That the jurisdiction of the Company Court while sanctioning the scheme is supervisory only i.e. to observe that the procedure set out in the Act is met and complied with and that the proposed scheme of compromise or arrangement is not violative of any provision of law, unconscionable or contrary to public policy. The court is not to exercise the appellate jurisdiction and examine the commercial wisdom of the compromise or arrangement arrived at between the parties. The role of the court is that of an umpire in a game, to see that the teams play their role as per rules and do not overstep the limits. Subject to that how best the game is to be played is left to the players and not to the umpire. Both these principles indicate that there is no adjudication by the court on the merits as such."

31.6 In paragraph No. 32 on page 457 of the said judgement the Hon'ble Supreme Court has further observed thus:

"para 32 - In view of the aforesaid discussion, we hold that the order passed by the Court under Section 394 of the Companies Act is based upon the compromise between two or more companies. Function of the court while sanctioning the compromise or arrangement is limited to oversee that the company were not conducted in a manner prejudicial to the interest of its members or to public interest, that is to say, it should not be unfair or contrary to public policy or unconscionable. Once these things are satisfied the scheme has to be sanctioned as per the compromise arrived at between the parties." (Emphasis added)

31.7 I also rely on Palmer's Company Law 25th Edition (1992) page 12035 where the learned author has discussed the scheme, "Exercise of the Court's discretion" at paragarph No. 12.026 to 12.030 where the learned author has stated that before the Court sanctions a scheme it will normally need to be satisfied on four matters: (1) The statutory provisions must have been complied with; (2) The class must have been fairly represented; (3) The arrangement must be such as a man of business would reasonably approve; and (4) The arrangement must be compatible with Section 428.

31.8 Similarly Buckley on the Companies Act, (2001 Edition) under the heading "Function of the Court" at para 425.53 is relied on where it is stated as under: "Once the meetings have approved the scheme, the sanction of the Court must be sought. The sanction of the Court is not a formality. The Court has an unfettered discretion as to whether or not to sanction the scheme, but it is likely to do so, so long as: (1) the provisions of the statute have been complied with, (2) the class was fairly represented by those who attended the meeting and that the statutory majority are acting bona fide and are not coercing the minority in order to promote interests adverse to those of the class whom they purport to represent, and (3) that the arrangement is such as an intelligent and honest man, a member of the class concerned and acting in respect of his interest, might reasonably approve".

31.9 Further Reliance is placed on Halsbury's Laws of England, 4th Edition, Vol. 7(2), pages 1092-1093 where under the heading "The Making of Schemes" at para 1447 Sanctioning compromise or arrangement it is stated as follows:

"If a majority in number representing three-fourths in value of the creditors or class of creditors or members or class of members, as the case may be, present and voting either in person or by proxy at the meeting agree to any compromise or arrangement, the compromise or arrangement, if sanctioned by the Court, is binding on all the creditors or the class of creditors, or on the members or class of members, as the case may be, and also on the company or, in the case of a company in the course of being wound up, on the liquidator and contributories of the Company.

The compromise proposed must be within the power of the company to effect, and, if not, its memorandum of association must be altered before the compromise will be approved.

The interests of creditors must always be safeguarded; but in the case of a scheme which involves the application of the provisions of the Companies Act, 1985 for facilitating such reconstruction or amalgamations, the protection of the creditors is to be left to the procedure in relation to such provisions."

GUJARAT HIGH COURT DECISIONS:

31.10 As regards this High Court, I rely on the decision of this Court in the case of In re SIDHPUR MILLS CO. LTD., reported in AIR 1962 Guj. 305, the judgement was delivered by the Court (Coram: N.M. Miabhoy, J as he was then). The learned Judge has discussed various English cases at pages 308 to 311 in para 14 and in para 15 on page 311 the learned Judge has laid down the following principles:

"Para 15 - Therefore, in my judgement, the correct approach to the present case is (i) to ascertain whether the statutory requirements have been complied with, and (ii) to determine whether the scheme as a whole has been arrived at by the majority bona fide and in the interests of the whole body of shareholders in whose interests the majority purported to act, and (iii) to see whether the scheme is such that a fair and reasonable shareholder will consider it to be for the benefit of the Company and for himself. The scheme should not be scrutinized in the way of carping critic, a hair-splitting expert, a meticulous accountant or a fastidious counsel would do it, each trying to find out from his professional point of view what loopholes are present in the scheme, what technical mistakes have been committed, what accounting errors have crept in or what legal rights of one or the other sides have or have not been protected. It must be tested from the point of view of an ordinary reasonable shareholder, acting in a business-like manner, taking within his comprehension and bearing in mind all the circumstances prevailing at the time when the meeting was called upon to consider the scheme in question. I am emphasizing the last point because an argument was made by Mr. Amin that certain circumstances or events which took place after the scheme had been considered should be taken into account. I do not wish to be understood to say that, in no case post facto circumstances or events cannot be taken into account, but, on the whole I have come to the conclusion that, whilst, in some rare and exceptional cases, the Court may take into consideration subsequent events to protect the interests of the Company or the shareholders, as a general rule, the Court should consider the resolution on the footing of the circumstances which were in existence at the time when the scheme was formulated, deliberated upon and approved. If any other approach were to be made, then, in that case, there would be no sanctity about business contracts. In fact, such an approach may include interested persons to shape future events and circumstances in such a way as to convert a reasonable scheme into an unreasonable one (Emphasis added)."

31.11 Another judgement of this Court is In re MANECKCHOWK AND AHMEDABAD MANUFACTURING CO. LTD. reported (1970) 40 Company Cases 819, (D.A. Desai, J (as he was then) relevant pages 901-902 where the learned Judge has referred to para 15 of the aforesaid judgement (In re Sidhpur Mills Co. Ltd.) and ultimately held as under:

"This must be the approach of the court while examining the scheme and the court should, keeping in view all the aspects of the matter, prefer a living scheme to compulsory liquidation bringing about an end to a company. Reference may be made to Lawrence Dawson V. J. Hormasji (reported in AIR 1932 Rang. 154, 162). Cunliffe J, has observed as under:

'The Court is of course not a mere machine for registration. It will look into the proposed scheme much as a court of appeal will canvass, if asked to do so, the decision of a jury, to ascertain if there was reasonable evidence to support their verdict; but it will, I think, always also prefer a living scheme to a compulsory liquidation bringing about an end to a company, and usually without any hope of payment in full.' The Court in exercising its discretion under Section 391(2) must treat it as cardinal that its function does not extend to usurping the view of the members or creditors. It must look at the scheme to see that it is a reasonable one and while so doing, the court will be strongly influenced by a big majority vote and the reasons which actuated the contesting creditors in opposing the scheme. None the less it is essential that the scheme must be a fair and equitable one though it is none of the business of the court to judge upon the commercial merits which in fact is the function of the creditors and members." (Emphasis added)

31.12 I also rely upon the judgement of this Court in the case of BHAVNAGAR VEGETABLE PRODUCTS LTD., In re reported in 55 Company Cases 107. First I rely on the judgement of the learned Single Judge (Ahmadi, J (as he was then)). The learned Judge has referred to the judgement of this Court in Sidhpur Mills Co. Ltd.'s case (supra) in para 59 and in paragraph 60 the learned Judge has also referred to the judgement of this Court in In re Maneckchowk & Ahmedabad Mfg. Co. Ltd. [1970] 40 Comp. Cas. 819 (Guj). Paragraph No. 15 in Sidhpur Mill's case and paragraph 16 in Maneckchowk & Ahmedabad Mfg. Co. Ltd.'s case (supra) have been referred and ultimately in paragraph Nos. 63-64, this Court laid down the principle regarding sanctioning of the Scheme. Against the said judgement, appeal was filed and the Division Bench of this Court (Coram: M.P. Thakkar (as he then was) & R.C. Mankad, JJ) dismissed the appeal and approved the judgement of the learned Single Judge of this Court. Thus, the judgement in the case of Sidhpur Mill (supra) has been followed by this Court, learned Single Judge as well as the Division Bench.

31.13 I also refer to the Division Bench judgement of this Court (Coram: R.C. Mankad and P.M. Chauhan, JJ) in the case of JITENDRA R. SUKHADIA VS. ALEMBIC CHEMICAL WORKS COMPANY LTD. reported in 64 Company Cases 206, particularly relevant pages 215-216 where the Court has observed as under:

"With respect, we are in full agreement with the view of N.M. Miabhoy J (as he then was). (Re: Sidhpur Mills Co. Ltd. which I earlier referred to). xxxxxxxxxx It is only the resultant effect of the scheme which is required to be stated. As observed in Sidhpur Mills Co. Ltd., In re, AIR 1962 Guj. 305, if there is anything in the scheme of compromise or arrangement which is not quite obvious to a person reasonably acquainted with the facts of the case by merely reading the terms of the scheme, then a duty is cast upon the persons concerned to mention what the consequence will be if the scheme is approved of. If something is implied in the scheme which is not obvious, it must be brought to the notice of the creditors and shareholders. In the instant case, the share exchange ratio is clearly mentioned in the scheme. In other words, it is made clear that in case the amalgamation of Neomer with the respondent company is approved, the shareholders of Neomer would be entitled to one share of the respondent company in exchange for 40 shares of Neomer. In what manner this exchange ratio was worked out is not a matter which was required to be stated in the statement contemplated under Section 393(1)(a). Once this effect of the scheme, namely, that the shareholders of Neomer, would, as a result of the amalgamation, get one share of the respondent company in exchange for 40 shares of Neomer was stated, there was sufficient explanation of the effect of the scheme to the shareholders of the respondent company so far as the share exchange ratio is concerned. How the share exchange ratio was worked out was not the "effect" of the scheme; but a detail, which was not required to be stated in the statement. Once the share exchange ratio was clearly stated, the shareholders of both the companies, that is, the respondent company and Neomer, would be put on alert, if they had any doubt regarding the share exchange ratio and the working thereof. Once the effect of the scheme is explained, the duty cast under clause (a) of section 393(1) is discharge and nothing more was required to be done for complying with the said provision. We, therefore, find ourselves unable to accept Mr. Pujara's contention that in the absence of details regarding working of the share exchange ratio in the statement, there was failure on the part of the persons concerned to comply with the provisions of clause (a) of Section 393(1) of the Companies Act; and, consequently, the shareholders of the respondent company could not arrive at an informed decision whether or not to approve the scheme of amalgamation." (Emphasis added).

31.13A BANK OF BARODA LTD. VS. MAHINDRA UGINE STEEL CO. LTD. reported in 46 Company Cases 227 where at pages 244 the Court has observed as under: (per P.D. Desai, J (as he was then))

"In view of the foregoing discussion it appears to me that the Court cannot abdicate its duty to scrutinise the scheme with vigilance and act as a mere rubber stamp simply because the statutory majority has approved it and there is no opposition to the scheme in the court. So much weight cannot be attached to the views of the statutory majority as to require the court to mechanically put its imprimatur on the scheme. The Court is not upon a casual look at it. It must still scrutinise the scheme to find out whether it is a reasonable arrangement which can by reasonable people conversant with the subject be regarded as beneficial to those who are likely to be affected by it. In the pursuit of such inquiry, the Court is not tied down by any rigid principles or strait-jacket formula and no enumeration contained in judicial decisions of the factors which can be taken into account, howsoever precise, can be treated as exhaustive so as to limit the scope of the inquiry which having regard to the varying circumstances, might differ from case to case. The burden lies on the petitioner-company to show that the scheme of amalgamation is fair, reasonable, workable and such that a man of business would reasonably approve. The court would, of course, take into account the fact that it has been approved by a big majority vote, but it would not shirk its duty to scrutinise the scheme, especially when it involves amalgamation of large companies in which many interests are at stake."

31.14 This Court also refers to the judgement of my learned brother Mr. Justice D.A. Mehta in the case of RELIANCE PETROLEUM LIMITED VERSUS UNION OF INDIA reported in 2002(0) GLHEL 210579 (Company Petition No. 75/2002 decided on 13.9.2002 wherein at paragraph No. 22 the learned Single Judge has observed as under:

"The position in law is well settled that while exercising the jurisdiction and power to sanction a Scheme, the Court is required to ensure that statutory provisions have been complied with, that the class of persons who attended the meeting was fairly represented and that the statutory majority was acting bona fide and lastly that the arrangement i.e. Scheme was such which an intelligent and honest man, acting in respect of his interest, might reasonably approve. The Court, at the same time, is not required to differ from the decision of the majority arrived at the meeting unless any of the factor was found to be wanting. A share exchange valuation will have to be approved unless it shocks the conscience of the Court." (Emphasis added)

31.15 This Court also further refers to the decisions of this Court (Coram: N.G. Nandi, J) in the case of In Re: ARVIND MILLS LTD.; (Coram: Anant S. Dave, J) in the case of TORRENT POWER AEC LTD., In re. reported in (2007) 138 Comp Cas 139 (Guj) and (Coram: R.S. Garg, J) in the case of CORE HEALTH CARE LTD.,In Re.

31.16 All the above judgements of the learned Single Judges of this Court have taken same and similar view.

SCOPE OF INTERFERENCE OF COURT IN AMALGAMATION MATTER:

Re.: English Court Approach

32.1 The first decision is In re Alabama, New Orleans, Texas and Pacific Junction Railway Company, reported in 1891 Law Reports (Chancery Division) (Ch.1), page 213, relevant page 238 (per Lindley, J).

"I think that is very likely, but, still, there is the statute, and what the Court has to do is to see, first of all, that the provisions of that statute have been complied with; and, secondly, that the majority has been acting bona fide. The Court also has to see that the minority is not being overridden by a majority having interests of its own clashing with those of the minority whom they seek to coerce. Further than, that, the Court has to look at the scheme and see whether it is one as to which persons acting honestly, and viewing the scheme laid before them in the interests of those whom they represent, take a view which can be reasonably taken by business men. The Court must look at the scheme, and see whether the Act has been complied with, whether the majority are acting bona fide, and whether they are coercing the minority in order to promote interests adverse to those of the class whom they purport to represent; and then see whether the scheme is a reasonable one or whether there is any reasonable objection to it, or such an objection to it as that any reasonable man might say that he could not approve of it.

32.2 Similar view has been also expressed in, In re Anglo- Continental Supply Company Limited, reported in 1922 Law Reports (Chancery Division) (Ch.2), page 723, relevant page 736.

"In exercising its power of sanction under section 120 the Court will see: First, that the provisions of the statute have been complied with. Secondly, that the class was fairly represented by those who attended the meeting and that the statutory majority are acting bona fide and are not coercing the minority in order to promote interests adverse to those of the class whom they purport to represent, and, Thirdly, that the arrangement is such as a man of business would reasonably approve".

32.3 From the aforesaid two English cases namely, In Re Alabama, New Orleans, Texas and Pacific Junction Railway Company and Anglo-Continental Supply Company Limited where the Court has referred to Treaties of Buckley, 9th Edition, 275 and laid down the principle regarding parameters of Court's jurisdiction. In the earlier part of this judgement, this Court has relied on Palmers on Company Law as well as Buckley on Companies Acts, 2000 at para 425.53. If one examines the said para then the aforesaid two cases have been followed by several English cases subsequently and the last case is RAC Motoring Services Ltd. (2000) 1 BCLC 307. [Re.: Buckley on the Companies Law, 2000 Edn. Para 425.53.]

OBSERVATION & CONCLUSION REGARDING ANCILLARY INDUSTRIES.

33.1 This Court has considered the submissions made by Mr.P.R. Thakkar, learned advocate who appears on behalf of Rachana Polypack as well as Schon Plastic Pvt. Ltd. Mr.Shalin Mehta, learned advocate has also supported him in this behalf. Mr. K. S. Nanavati, learned Senior Counsel has replied to the said submissions in this behalf. This Court has considered the tender notice for inviting application for establishing ancillary industries and letter of intent issued by IPCL. This Court also considered the provisions of Industries (Development and Regulation) Act, 1951, which has been referred to by the learned counsel in this behalf. It appears that the ancillary industry filed a petition before the Bombay High Court claiming relief that the High Court may issue a writ of mandamus to the respondents particularly respondent No. 4 IPCL to comply with the commitments that IPCL/respondents have made to the petitioners through their Letter of Intent dated 9.10.1992 and other reliefs and the Bombay High Court has passed the order that relief which the petitioner in that petition who is applicant herein before this Court as claimed can be claimed either in Civil Court or in conciliation, mediation or arbitration. Accordingly, the applicant has filed application for resolving dispute by arbitrator as suggested by Bombay High Court.

33.2 As per the order of the Bombay High Court dated 17.2.2005 where the Bombay High Court held that appropriate remedy for the reliefs claimed in the said petition lies before the Civil Court of appropriate jurisdiction. The applicant has filed suit one before the Baroda Court against IPCL for specific performance of contract and alternative claim for damages and also another in Raighad Civil Court. Before this Court, the learned counsel has also relied upon the proceedings of Civil Court.

33.3 In terms of Clause 6 of the Scheme, upon amalgamation becoming effective, all the suits and legal proceedings pending by or against IPCL would be continued by or against the Transferee Company and whatever the applicant obtained by way of decree or relief either from Baroda Court or from Raighad Court, the same will be binding upon the Transferee Company. The applicants have apprehended in one matter that they have filed a suit in Baroda Court on the ground that the registered office of IPCL is situated at Baroda, however in view of amalgamation, the Transferee Company will cease to have registered office at Baroda and the Transferee Company has its registered office situated at Mumbai. If this happens, the trial Court at Vadodara may lose the jurisdiction. This Court has considered the said objection in this behalf. In my view the entire objection of the applicants is misplaced. In view of Clause 6 of the Scheme, whatever proceedings have been filed by the applicant in Baroda Court as well as Raighad Court, and if any decree is passed, the same will be binding on the Transferee Company.

33.4 As regards losing of the jurisdiction, one has to refer to Section 20 of the Code of Civil Procedure which provides subject to the limitations aforesaid, every suit shall be instituted in a Court within the local limits of whose jurisdiction, the cause of action, wholly or in part arises or the defendant carries on business.

33.5 It is well settled principle of law that cause of action means a right to sue. It consists of material facts which are imperative for the plaintiff to allege and prove. The cause of action may be described as “a bundle of essential facts, which it is necessary for the plaintiff to prove before he can succeed”, or “which gives the plaintiff right to relief against the defendant”. In this behalf this Court relies upon the judgement of Hon’ble Apex Court in the case of A.B.C. Laminart Pvt. Ltd. vs. A.P. Agencies reported in (1989) 2 SCC 163 : AIR 1989 SC 1239. According to Hon’ble Supreme Court, the cause of action means every fact, which if traversed, it would be necessary for the plaintiff to prove in order to support his right to a judgment of the Court. In other words, it is a bundle of facts which taken with the law applicable to them gives the plaintiff a right to relief against the defendant. It does not comprise evidence necessary to prove such facts, but every fact necessary for the plaintiff to prove to enable him to obtain a decree. The said judgment also provides that the cause of action has no relation whatever to the defence which may be set up by the defendant nor does it depend upon the character of the relief prayed for by the plaintiff.

33.6 Moreover, a company is considered to be carrying on its business at the place where its registered office is situated in addition to other places. As such, the Court where its registered office is situated has jurisdiction to try the suit. The question whether a court has jurisdiction is to be decided on the facts that exist at the time when the suit is filed and if, the Court has jurisdiction accordingly, any subsequent change in the facts cannot divest it of its jurisdiction. Thus, in the present case, when the Vadodara Court or Raigadh Court has jurisdiction at the time when the suit was filed since the registered office of the Company was situated within it, any subsequent change in the registered office will not defeat the suit nor will it divest the court of its jurisdiction which it had when the suit was filed.

33.7 It is directed by way of clarification that the Civil Suits filed by the ancillary industries against the transferor Company both at Vadodara Court in Gujarat and Raighad Court in Maharashtra shall be continued against the transferee Company after amalgamation order. The final decree (i.e. subject to challenge by the either party) that may be passed by the concerned Courts shall be binding on the transferee Company.

OBSERVATION & CONCLUSION RE: SC/ST RESERVATION:

34.1 This Court heard the submissions of Mr.Ramnandan Singh on behalf of some of the employees who belong to IPCL. This Court has also gone through Article 16(4) of the Constitution of India which provides that this it shall not prevent the State from making any provision for the reservation of appointments or posts in favour of any backward class of citizens, which, in the opinion of the State, is not adequately represented in the services under the State and Article 16(4A) provides that it shall not prevent the State from making any provision for reservation or classes of posts in the service under the State in favour of the Scheduled Castes and the Scheduled Tribes, which in the opinion of the State, are not adequately represented in the services under the State.

34.2 It appears some of the said employees have filed a petition before this Court regarding objection on amalgamation of the transferor Company, i.e. IPCL with the transferee Company, i.e. RIL. In that matter, this Court has passed an order on 8th May 2007 and directed them to make representation to the Government. In the event their rights are prejudiced, they can approach appropriate forum.

34.3 This Court has been informed that pursuant to the order of this Court, the employees have filed representations dated 5.6.2007 to the Central Government in connection with their objection to the merger or transfer of the transferor Company with the transferee Company.

34.4 It is no doubt true that the petitioner Company has objected to the said part, but if this Court directs that when the Central Government decides the representation of the SC/ST, the petitioner Company as well as transferee Company may be heard and they may put forward their case and after hearing the petitioner Company, IPCL or RIL after amalgamation, if the Central Govt. passes any order, the same will be binding on the workers as well as the transferee Company. However, it is directed by way of clarification that while considering the objections filed by the SC/ST employees dated 5.6.2007 before the Ministry of Chemicals and Petrochemicals, the said authority will pass order after hearing the said employees and also the transferee Company. The authority will pass a reasoned order. Such order will be subject to challenge by the either party before the appropriate forum in appropriate proceedings and the finally adjudicated order will be binding on the parties.

OBSERVATIONS & CONCLUSIONS RE: WORKERS MATTER.

35.1 The question whether the workers have right to be heard in connection with the scheme of amalgamation - in that connection this Court considered Sections 391 to 394 of the Companies Act. The said Sections provide consultation with the secured creditors, unsecured creditors and shareholders. They do not provide any consultation or hearing of the workers before the scheme of amalgamation is considered by two respective Companies particularly by transferor company and transferee Company also.

35.2 Over and above this, the Court has considered the relevant Rules of Company (Court) Rules. As regards compromise, arrangement or amalgamation, there are Company (Court) Rules - Rule 67 provides for summons for directions to convene a meeting, an advertisement must be in Form No. 33 and affidavit in support thereof in Form No. 34. Rule 69 provides for directions at hearing of summons which provides that the Company has to obtain directions in connection with determining the class or classes of creditors and/or members whose meeting or meetings have to be held for considering the proposed compromise or arrangement; fixing the time and place of such meeting or meetings; appointing a Chairman or Chairmen for the meeting or meetings to be held, as the case may be; fixing the quorum and the procedure to be followed at the meeting or meetings including voting by proxy; determining the values of the creditors and/or the members, or the creditors or members of any class, as the case may be, whose meetings have to be held; notice to be given of the meeting or meetings and the advertisement of such notice; the time within which the Chairman of the meeting is to report to the Court the result of the meeting; and such other matters as the Court may deem necessary. It is no doubt true that these Rules provide for meetings of secured creditors and the members. Rule 73 of the Company Court Rules provides for notice of meeting. Rule 74 provides for advertisement of the notice of meeting. Rule 75 provides for copy of compromise or arrangement to be furnished by the Company, Rule 76 provides for affidavit of service, Rule 77 provides for result of the meeting to be decided by poll, Rule 78 provides for report of the result of the meeting, Rule 79 provides for petition for confirming compromise or arrangement; Rule 80 provides for date and notice of hearing and Rule 81 provides

order on petition. Rule 82 provides application for directions under Section 394, Rule 83 provides for directions at hearing of application, Rule 84 provides for order under Section 394. Rule 86 provides for report on working of compromise or arrangement; Rule 87 provides for liberty to apply. All these Rules show that regarding amalgamation various notices and advertisements have to be published.

35.3 In view of this, a conjoint reading of the Act and the Rules also provides that the workers have no right to be heard or consulted before or at the time the scheme of amalgamation is discussed by the Company.

35.4 Whether the workers can be heard when the scheme is sanctioned by the Court?
This Court has stated in the earlier part of the order when the petition for amalgamation is filed the Court has ordered that the Company should advertise the matter in two newspapers regarding amalgamation. At this juncture this Court refers to Rule 25 of the Company (Court) Rules which provides for the contents of advertisement which is general and it provides for the nature of advertisement which must be in the form of Form No. 5. When such type of advertisement has been published in the newspaper any person including the worker has right to object to the amalgamation.

35.5 In view of this when the scheme is presented before this Court by virtue of the advertisement, any person including worker has right to be heard and in fact the workers have objected to the scheme before this Court. The transferor Company has not objected to the same and therefore this Court is of the view the workers have right to object against sanctioning of the scheme by the Court. The learned sr. counsel has relied on several judgements in connection with public interest which I am going to discuss while considering the question of public interest. Those judgements also support his submission that the workers have right to be heard when the scheme is sanctioned by this Court. It is no doubt true that learned sr. counsel has pressed into service the judgement of National Textile Workers' Union vs. Ramkrishnan reported in AIR 1983 SC 75 but the said decision was in connection with winding up of the Company where the workers' right is completely lost, so in that context the Hon'ble Supreme Court has held that the workers have right to be heard in winding up petitions particularly Court passes any order regarding winding up of the Companies. In this case the workers' right are not lost totally. Only their rights have been altered and therefore the said decision may not help the ld. sr. counsel. However, the decision definitely helps the case of workers regarding public interest and therefore not only on provisions of Rule 24 and Rule 25 but even on the question of public interest the workers have right to be heard.

WORKERS RIGHTS IN CONNECTION WITH ARTICLE 43A OF THE CONSTITUTION:

36.1 Article 43A has been introduced by the Constitution (Forty Second Amendment) Act, 1976 with effect from 3.1.1977. The importance of Article 43A has been referred to by the Hon'ble Apex Court in the case of National Textile Workers Union Vs. P.R. Ramakrishnan reported in AIR 1983 SC 75 where the Hon'ble Supreme Court has held that in view of the Preamble, the directive principles of State Policy and particularly, the introduction of Article 43A, it is idle to contend that the workers have no voice in proceedings for winding up of a company. Workers of a company and their trade Unions have the locus standi to appear and be heard. The Hon'ble Supreme Court in the case of Navnit R. Kamani Vs. R.R. Kamani reported in (1988) 4 SCC 387 endorsed for the first time in that case a scheme for the running of the company by workers which had been approved by the Board of Industrial and Financial Reconstruction. The Hon'ble Supreme Court in the case of All India Bank Officers Confederation Vs. Union of India reported in (1989) 4 SCC 90 considered the Circular permitting the Government to disregard the recommendation of the representative union for appointment to the Board of Directors of a nationalized bank and held that to be ultra vires Article 43A of the Constitution. All these cases show that Article 43A has very important role to play and as far as this case is concerned, in view of Article 43A and all these decisions, the workers have rights to be heard and in fact they have been heard by this Court at the time of sanctioning of the scheme of amalgamation.

36.2 Section 25FF of the Industrial Disputes Act provides for rights of the workers of the transferor company. Their consent to the transfer is not necessary. They have even no right to demand their absorption in the transferee company. If the new employer is not prepared to protect the existing service conditions and continuity of service, the only right of the employees of the transferor company is as specified in Section 25FF(1) of the Industrial Disputes Act. Indisputably, in Clause 8 of the Scheme, a provision has been made for protection of the service conditions and continuity of service, and therefore, there is no "deemed retrenchment" of the workmen. Section 25FF of the Industrial Disputes Act, which provides for transfer of ownership or management of an undertaking does not provide that even in case where transferee employer protects the service conditions and continuity of service and a workman still desires not to join the service of the transferee employer, such workmen should be entitled to anything more than what an employee gets on voluntary relinquishment of his service. In absence of such statutory or legal right and none has been pointed out, the question of making any such provision in the Scheme does not arise. In fact, Section 25FF has been enacted to avoid termination of service which would result on transfer of undertaking and for the benefit of the workmen.

36.3 The learned sr. counsel, has relied on Section 3A, 3B of the Industrial Disputes Act where provision of Joint Management Council and functions of the Council has been provided. I see considerable force in the submission of the learned sr. counsel because by similar Sections 53A and 53B as amended by Bombay Industrial Relations (Gujarat Amendment) Act along with Rules the State Government introduced Labour Management participation scheme. The intention of the Legislature is to assist the management to run in efficient, orderly and economic manner. The said provision was challenged before this Court and the Division Bench of this Court (Coram: J.B. Mehta and A.D. Desai, JJ (as they were then)) in the matter of MONOGRAM MILLS LTD., AHMEDABAD & ANR. VS. STATE OF GUJARAT reported in (1976) 17 GLR p. 265 has held that Sections 53A and 53B do not suffer from vice of excessive delegation and labour disputes and labour welfare fall in the State list - Labour participation in management of controlled Industries would not change its nature. Such measure would remain labour welfare measure and, therefore, State Legislature is competent to pass such legislation.

REGARDING CLAUSE 8:

36.4 During the course of his arguments, Mr.K.S.Nanavati, learned Senior Counsel who appeared on behalf of the petitioner Company clarified that there is no compulsion under the Scheme on the workers to join the new employment. It has been pointed out that relief in para 28(e) of the petition is intended to ensure that there is a continuity of service. Existing employees have an option not to join the service of the transferee company and leave the service and therefore the provision that if the relief as prayed for in para 28(e) is granted, the existing workforce will forcibly have to join the service of the transferee company is misplaced.

36.5 Clause 8 of the Scheme does not foreclose this right of the workmen in any manner. What Clause 8 of the Scheme provides is that "by virtue" of the Scheme, the employees of the transferor company shall not be entitled to the employment policies or any schemes or benefits that may be applicable and available to the employees of the Transferee Company. This does not obviously take away the rights of the employees on becoming the employees of the transferee company to raise such demands or disputes or claim benefits on whatever ground that may be permissible under the law, as the employees of the Transferee Company. Such demands if raised, would be adjudicated by the authorities under the Industrial Law. However, the transferee Company will not object solely on the ground that they are employees of IPCL and not RIL. The present scheme does not and cannot take away the statutory rights of the workmen under the Industrial Law.

36.6 Thereafter, I considered the relevant decisions in connection with the aforesaid aspect. This Court discussed the judgment in the case of **Hindustan Lever Employees Union vs. Hindustan Lever Limited and another reported in 1995(83) Company Cases 30** particularly on page 64 the Court has observed like this:

"Next it was urged on behalf of the employees of TOMCO that the scheme will adversely affect them. This argument is not understandable. The scheme has fully safeguarded the interest of the employees by providing that the terms and conditions of their service will be continuous and uninterrupted and their service conditions will not be prejudicially affected by reason of the scheme. The grievance made, however, is that there is no job security of the workers, after the amalgamation of the two companies. It has been argued that there should have been a clause in amalgamation of the two companies. There was no assurance on behalf of the TOMCO that the workers will never be retrenched. In fact, the performance of TOMCO over the last three years was alarming for the workers. It cannot be said that after the amalgamation they will be in a worse position than they were before the amalgamation.

We do not find that the amalgamation has caused any prejudice to the workers of TOMCO. The stand of the employees of HLL is equally incomprehensible. It has been stated that if the TOMCO employees continue to enjoy the terms and conditions of their service as before, then two classes of employees will come into existence. The terms and conditions of HLL employees were much worse than those of TOMCO employees. If these are two sets of terms and conditions under the same company, then a case of discrimination will arise against the HLL employees.

We do not find any substance in this contention. The TOMCO employees will continue to remain on the same terms and conditions as before. Because of this arrangement, it cannot be said that prejudice has been caused to HLL employees. They will still be getting what they were getting earlier. TOMCO employees who were working under better terms and conditions, will continue to enjoy their old service conditions under the new management.

Fear has been expressed both by TOMCO employees as well as HLL employees that the results of the amalgamation would necessitate streamlining of the operations of the enlarged company and the workers will be prejudiced by it.

No one can envisage what will happen in the long run. But on this hypothetical question, the scheme cannot be rejected. As of now, it has not been shown how the workers are prejudiced by the scheme (Emphasis added)."

36.7 This Court refers to and relies upon the judgment of the Hon'ble Supreme Court in the case of **AIR 1961 SC 627 (Jeshtamani Gulabrai Dholakia and ors. v. Scindia Steam Navigation Co., Bombay...),** and particularly, para 10 on page 630, which reads as under:

"para 10 - We are of opinion that there is no force in any of these contentions. Sec. 20(1) lays down that every officer or employee of the "existing air companies" employed by them prior to the first day of July of 1952 and still in their employment immediately before the appointed day shall become as from the appointed day an officer or employee, as the case may be, of the Corporation in which the undertakings are vested. The object of this provision was to ensure continuity of service to the employees of the "existing air companies" which were being taken over by the Corporation and was thus for the benefit of the officers and employees concerned. It is further provided in S. 20(1) that the terms of service etc. would be the same until they are duly altered by the Corporation .....Further there was no compulsion on the employees or the officers of the "existing air companies" to serve the Corporation if they did not want to do so. The proviso laid down that any officer or other employee who did not want to go into the service of the Corporation could get out of service by notice in writing given to the Corporation before the date fixed, which was in this case July 10, 1953. Therefore, even if the argument of Mr. Chatterjee that the contract of service between the appellants and their employers had been transferred or assigned by this section and that this could not be done, be correct, it loses all its force, for the proviso made it clear that any one who did not want to join the Corporation, was free not to do so, after giving notice up to a certain date."

36.8 After referring to the judgement in the case of Nokes v. Doncaster Amalgamated Collieries Ltd., 1940 AC 1014 the Hon'ble Supreme Court has further observed as under:

"This observation itself shows that a contract of service may be transferred by a statutory provision; but in the present case, as we have already said, there was no compulsory transfer of the contract of service between transfer of the contract of service between the "existing air companies" and their officers and employees to the Corporation for each of them was given the option not to join the Corporation, if he gave notice to that effect. The provision of S. 20(1) read with the proviso is a perfectly reasonable provision and, as a matter of fact, in the interest of employees themselves."

36.9 This Court also relies upon the judgement of this Court in the case of **Gujarat Nylons Limited vs. Gujarat State Fertilizers Co. Ltd., reported in 1992(1) GLH 637 (Per: C.K.Thakker,J.)(as he was then).** In para 27 the learned Judge has observed as under:

"I have heard Mr. K. S. Zaveri, the learned Counsel appearing for the employees of the transferor Company at length. However, I do not find any substance in any of the contentions raised by him. In my opinion, conjoint reading of Sections 391 and 394 of the Act make it amply clear that the workmen of the Transferor Company have no legal or statutory right of holding meeting and to express their opinion on the question of amalgamation. There is no statutory provision to that effect. No judgment has been shown to me wherein such a view has been taken by the Court that a meeting of the workmen is a condition precedent in the proceeding of amalgamation of scheme under Section 394 of the Act (Emphasis added)."

36.10 The learned Judge in Gujarat Nylon's case (supra) has also relied upon the judgment of **National Textile Workers' Union vs. Ramkrishnan reported in AIR 1983 SC 75.** The Hon'ble Supreme Court in NTC case has held that so far as winding up petition is concerned, the workers had locus standi. In para 30 this Court has observed like this:

"In my opinion, however, the said judgment (i.e. NCT's case)is not helpful to Mr.Zaveri since it cannot apply to the facts of the case on hand. As stated by me earlier, the statute does not empower or authorise the employees to object amalgamation. It also does not provide that workmen must be a party to the amalgamation proceedings. It is on the basis of the extended principles of natural justice that in certain circumstances, courts have interpreted certain provisions granting locus to a class of persons who are likely to be adversely affected thereby. Again, in my view, Mr. Raval appears to be right when he submits that at the most from the observations made in Mr. P.R. Ramkrishnan's case (i.e. NTC case) (supra), it can be said that even the workmen of the Transferor Company have locus to express their view in this Court when the proceedings under Sections 391 and 394 are pending. He has submitted that in the instant case, that has been done. They have appeared through their Counsel and they are heard by this Court and the transferee Company had not taken any objection against the locus standi of the employees of the transferor Company. It is, however, not necessary that a meeting of the workers is a condition precedent before a scheme of amalgamation is submitted and that if such a meeting is not held, the petition of amalgamation is not maintainable at law. Mr. Raval also appears to be right in submitting that when this Court has in fact heard the objections raised on behalf of the workmen of the transferor Company, the principles of natural justice have been complied with (Emphasis added)."

36.11 In that case on behalf of workers reliance was placed in the judgment of **Nokes vs. Doncaster Amalgamated Collieries Limited reported in 11 Company Cases 83** and also judgment of Hon'ble Apex Court in the case of **Jawaharlal Nehru University vs. K.S.Jawatkar reported in AIR 1989 SC 1577**. After referring to the said judgments, the learned Judge in paras 33 and 36 has observed as under:

"Almost an identical question arose in the case of Jeshtamini Gulabrai Dholakia v. Schindia Steam Navigation Co., reported in 1961 SC p.627. In that case, under the provisions of Section 20 of the Air Corporations Act, 1953, an order of transfer of contract of services of employees of the existing company to the corporation was passed and an option was granted to any officer or other employees who did not want to join the services of the Corporation, to get out of service by giving notice in writing to the corporation before the prescribed date. The Supreme Court held that if the employees of the existing company fail to exercise option given to them under the proviso to Section 20(1) of the Act, they would be governed by provisions of Section 20(1) of the said Act thereby becoming employees of the new company. I am in respectful agreement with the view expressed by the Supreme Court in Jeshtamini's case (supra). The underlying object of such a provision is that no one can compel an employee to serve with a particular employer against his wish. Therefore, it may happen that though particular employee may be willing to serve the transferee Company, i.e. GSFC. But such an objection can only be raised if such employee or a class of employees of the transferor Company are compelled to work with the transferee Company. If they are not compelled to join the transferee Company, in my opinion, they cannot have any grievance on the scores that such an auction was taken or an order was passed behind their back or without their consent, since even after the action or order they are at liberty not to join the transferee Company." (Emphasis added)

"Mr. Zaveri further contended that if there is amalgamation of transferor Company with the Transferee Company and if the workmen of the transferor Company are deemed to be workers of the transferee Company with effect from a particular date, all the workmen can be said to be only of one company, i.e. Transferee Company from that date. They cannot, therefore, be treated unequally, and there should not be any discrimination between the workers similarly situated. Mr. Raval, on the other hand, has submitted that this is not a question which can be agitated, dealt with or decided in the present proceedings by the company court. In amalgamation proceedings, interests of the workmen are required to be protected at the time of amalgamation as held by Division Bench of this Court in Jitendra Sukhadia v. Alembic Chemical Works Co. reported in 64 Company Cases 206. He also submitted that the classification can always be made on the basis of geographical situation of the Unit, educational qualifications of the workmen, nature of work to be performed by the employees, and the like. The Company Judge in the exercise of powers under Sections 391 and 394 of the Act is not concerned with all these matters. It is always open to the workers of the Company if they feel aggrieved by any action of the Company to raise a demand, dispute or claim in an appropriate proceeding. On the ground of potential liability, sanction cannot be refused. In this connection, Mr. Raval drew my attention to the decision of the Supreme Court in the case of Union of India v. Alembic Sarabhai Enterprise, reported in 55 Company Cases 623 and of the Karnataka High Court in the case of Mysore Electrical Works Ltd. v. I.T.O., Bangalore, reported in 52 Company Cases 32. In the latter case, it was specifically held by the High Court of Karnataka that the direction by the Company Court cannot relate to matters outside the scheme and obviously it is so. When the Company Court exercises jurisdiction under the Act, it has to decide the matter in accordance with the provisions of that Act. It is neither deciding any question nor expressing any opinion on the points which do not strictly fall within the purview of the Scheme of amalgamation. Therefore, if the employees of the transferee Company feel aggrieved in connection with payment of wages or other conditions of service, it is always open to them to approach an appropriate forum in accordance with law and all those questions will be decided in those proceedings. Granting of sanction of amalgamation of companies by this court would not come in the way of workmen, while deciding the question which may be raised in those proceedings. Even though this legal position is abundantly clear, Mr. Raval stated that if the employees of the transferee company feel aggrieved, they can approach an appropriate forum if so advised and those proceedings will be disposed of in accordance with law by appropriate authorities under the relevant statutes." (Emphasis added)

36.12 This Court has inquired in the office and this Court has been informed that against the judgment in Gujarat Nylons Limited and Gujarat State Fertilizers Co. Ltd., in Company Petition Nos.143 and 144 of 1990 decided by this Court (Coram: C.K. Thakker, J. (as he was then) dated 7.3.1991, O.J. Appeal No. 3/91 was filed by Gujarat Nylons Employees Union and O.J. Appeal No. 4/91 was also filed by Gujarat Nylons Employees Union through their learned advocate and these two appeals reached hearing before this Court (Coram: G.N. Ray, CJ. (as he was then) and R.K. Abichandani, J.) and the Division Bench of this Court disposed of the appeals by order dated 15.3.1991 and confirmed the judgment of learned Single Judge. [However, copy of the order is not available].

36.13 Similar situation arose in the case of Narmada Chematur Petrochemicals Limited in Company Petition No.147 of 2006 and other connected matters decided by this Court (Coram: M.R.Shah, J.) on 9.1.2007. After referring to the aforesaid Gujarat Nylon's case (supra) on page 28 the learned Judge has observed like this:

"Thus, considering the decision of this Court in the case of Gujarat Nylons Ltd.,[supra], if there is any disparity of the pay-scales of employees of two companies or two divisions, post merger, it will be open for the employees of the erstwhile NCPL to raise industrial dispute under the Labour Laws before the appropriate forum which can be adjudicated by the appropriate forum after taking appropriate evidence and after hearing all the parties in accordance with law".

36.14 Last contention regarding grievance is that they were not consulted in the process of negotiations and their consent was not taken to the Scheme of Amalgamation. Reference may be made to AIR 2006 SC 2056 para 10 which reads as follows:

"10. Elaborate arguments were advanced on the question as to whether an employee's consent is a must under Section 25FF of the Act. The common law rule that an employee cannot be transferred without consent, applies in master - servant relationship and not to statutory transfers. Though great emphasis was laid by learned counsel for the respondent on Jawaharlal Nehru University v. Dr.K.S. Jawatkar and others [1989 (supp) 1 SCC 679], a close reading of the judgment makes it clear that the common law rule was applied. But there is not any specific reference to Section 25FF or its implication. There is nothing in the wording of Section 25FF even remotely to suggest that consent is a pre-requisite for transfer. The underlying purpose of Section 25FF is to establish a continuity of service and to secure benefits otherwise not available to a workman if a break in service to another employer was accepted. Therefore, the letter of consent of the individual employee cannot be a ground to invalidate the action."

36.15 Consent of the workers of the transferor company to the Scheme of Merger, therefore is not necessary.

36.16 So far as the rights of the workers subsequent to amalgamation are concerned, it is well settled that it is always open to the workers to be employees of the transferee company, to raise such demand, to claim such benefit and raise such disputes as may be permissible under the Industrial Law.

36.17 So far as Rule 8 is concerned, the learned sr. counsel has made very forceful submissions. However, once this Court holds that so far as previous employees of IPCL are concerned, even after merger, their rights and interest are to be protected by the transferee Company and their conditions of service have not to be prejudicially affected by the transferee Company. Once this Court has directed that the same is in consonance with the judgement of the Hon'ble Supreme Court in the case of Hindustan Lever Limited (supra), the contention of the learned sr. counsel that clause 8 of the scheme of amalgamation be struck down cannot be accepted.

36.18 So far as clause 8 regarding compulsion is concerned, this Court has already observed that as per the concession given by the learned counsel for the transferee company that all the employees of the transferor company will be given an option of two months either to join or not to join with the transferee company. If they desire they can exercise their option. If they do not want to join the transferee Company, they may not join the transferee company. This clause of option is given only with a view to mitigate the hardship of the employees so they may not be compulsorily transferred to transferee company.

36.19 As regards future rights are concerned, it is no doubt clear that clause 8 has provided all the previous employees of IPCL who exercise the option and decide to join the transferee company by clause 8 which provides that they are not entitled to the benefits of the transferee company. However, this has been stated because they are allowed to enjoy whatever the benefits they were enjoying by the transferee company. However, this Court hopes and trusts that in future if the employees raise any demand after forgoing their benefits which they were enjoying from the transferor company against the transferee company, this Court hopes and trusts the transferee company will consider their demands. If it is referred to Industrial Court for adjudication, the concerned Court will consider the same.

36.20 If one sees the Financial Highlights - 10 years at a Glance for the periods 1996-97 to 2005-2006 which is a part of this judgement at Annexure-A it shows that in 1996-97 there were 13,013 employees whereas in 2001-2002 there were 13,740 employees and in 2005-2006 there are 14,274 employees. Now as contended by the learned sr. counsel Mr. Patel all the three unions have 5000 employees who oppose the scheme of amalgamation. So if one considers that out of 14,274 employees, 5000 employees are opposing the scheme, so at least more than 50% employees are not opposing the scheme and they are supporting the scheme. This is also one of the factors which this Court has considered for sanctioning the scheme.

RE: PUBLIC INTEREST & PUBLIC POLICY:

37.1 This Court has considered the submissions of learned counsel for the applicant and the company. Once the company merges, all particular items of assets and liabilities also get merged. The contention of applicant that Transferee Company has decided to misuse or wipe out the Transferor Company is baseless and without any substance. There is no material produced in this behalf. The contention that the Transferee Company desires to misutilize the assets of the Transferor Company is also baseless and without any substance. In this behalf I rely upon the judgment of Delhi High Court in the case of In Re. HCL Infosystems Limited, HCL Infinet Limited and HCL Technologies Limited (2004) Comp. Case 861 (Del), wherein the scheme of arrangement was challenged on the ground that the company is siphoning away the profitable business. The objector referred to a TV interview in this regard. It was held in para 31 that, "... Since in the present case the overwhelming majority of the shareholders has approved the scheme, the same cannot override the opinion of the intervener. The allegation of the objector that there is an effort to siphoning of the profitable business of the company in which case the minority shareholders would be deprived of the benefit is also considered by me giving due weightage thereto. No basis is provided in support of the aforesaid allegation. Therefore, the aforesaid contention is also without any merit".

37.2 If one examines the amalgamation scheme then it reveals that all the desired disclosures have been made in the Scheme. The rationale benefits of the Scheme have been dealt with in the Scheme itself. The Petitioner Company has already presented the Scheme with requisite details. It also shows that the scheme is beneficial not only to the Transferor Company and Transferee Company but also to the community at large. Once two companies get amalgamated, naturally the cost of the item will be less and company will be able to save certain administrative expenses. This is in the public interest.

37.3 As far as Official Liquidator is concerned, he had appointed one M/s.Malay J. Dalal, Chartered Accountants for carrying out the investigation work, and in their report, the Chartered Accountants after scrutiny of the Books of Accounts and affairs of the transferor company have submitted investigation report dated 4.6.2007. The said report contains brief history and activities of IPCL, objects of IPCL, activities of the company, management. The report ends with this observation that, as per the record made available to them i.e. Chartered Accountants, and as per the information and explanations provided to them (Chartered Accountants), there is no material litigation either against the Directors of IPCL or against the Company and there is no prosecution against them either under the Companies Act or any other law for the time being in force in connection with the business and operation of the company.

37.4 The report also speaks about the accounts and financial position of the company, and under the said head, the Chartered Accountants have also stated about the Fixed Assets, Leased Assets, Depreciation, Impairment of Assets, Foreign Currency Transactions, Investments, Inventories, Turnover, Excise Duty, Employees Retirement Benefits, Borrowing Costs, Financial Derivatives, Provision for Current and Deferred Tax, Notes on Accounts. Even Internal Audit, Tax Audit, Income-Tax, Sales Tax, Excise Duty, Profession Tax, Provident Fund / Superannuation /Gratuity/ ESIC, Contingent Liability, Summarised Financial Position, Summarised Profit and Loss Account, Summarised Balance Sheet, Maintenance of Books of Accounts and Statutory Records, Maintenance of Cost Records and Credit Facilities. The Chartered Accountants have also shown the details of Transferee Company. The Chartered Accountants have also taken into consideration the advantages of amalgamation, salient features of the Scheme of amalgamation, Inter-se Transactions, Legal Proceedings, Conduct of Business, Employees, Saving of concluded transactions, Issue of Equity Shares, Issue of New GDRs, Fractional GDRs, General Provisions, Exemption from Registration, Accounting Treatment, Declaration of dividends, validity of existing Resolutions, Modifications in the Scheme, Scheme conditional upon sanction, costs and in conclusion it has been stated that on the basis of their comments in above paras and according to the explanations given to them and the books of accounts produced before them, the acts and transactions of IPCL were conducted within the objects mentioned in the Memorandum of Association of Company and its affairs of the Company have not been conducted in a manner prejudicial to the interest of its members or the public interest.

37.5 The objectors have not been able to show any material whatsoever as to how the scheme is against the public interest and public policy. When the policy question of the Government particularly disinvestment policy or policy of the Companies Act regarding amalgamation is concerned, the Court jurisdiction is extremely limited. In this behalf this Court relies upon the judgment of Hon'ble Apex Court in the case of Balco Employees Union (Regd.) vs. Union of India, (2002) 108 Comp. Cases 193 (SC), page 236 where it has stated that: "Wisdom and advisability of economic policies are ordinarily not amenable to judicial review unless it can be demonstrated that the policy is contrary to any statutory provision or the Constitution. It is not for the Court to consider relative merits of different economic policies and consider whether a wiser or a better one can be evolved. For testing the correctness of a policy, the appropriate forum is Parliament and not the Courts. In the matter of policy decision of economic matters, the Courts should be very circumspect in conducting any enquiry or investigation and must be reluctant to impugn the judgements of the experts who may have arrived at a conclusion unless the Court is satisfied that there is illegality in the decision itself. The existence of rights of protection under Articles 14 and 16 of the Constitution cannot possibly have the effect of vetoing the Government's right to disinvest. Nor can the employees claim a right of continuous consultation at different stages of the disinvestment process. If the disinvestment process is gone through without contravening any law, then the normal consequences as a result of disinvestment must follow." (Emphasis added)

37.6 It may be noted that Section 394-A provides notice to be given to Central Government for applications under Secs. 391 and 394. Section 394-A makes it obligatory on the Court to give notice to the Central Government of every application made to it under Section 391 or 394 and to take into consideration the representations made by that Government before passing any order on the proposed compromise or arrangement or scheme of amalgamation. This would enable the Government to study the proposal and raise such objections thereto as it thinks fit in the light of the facts and information available with it, and also place the Court in possession of certain facts which might not have been disclosed by those who appear before it so that the interests of the investing public at large may be fully taken into account by the Court before passing its order. In this matter this Court has issued notice and the Regional Director has filed affidavit that he has no objection in this behalf and therefore in my view this also covers the aspect of public interest and public policy.

WHAT IS PUBLIC INTEREST - RIGHTS OF WORKERS:

37.7 Now this Court considers various judgements of the Hon'ble Supreme Court and other Courts where what is meant by public interest has been considered.

37.7(1) **FERTILIZER CORPORATION KAMAGAR UNION (REGD.) SINDRI & OTHERS VS. UNION OF INDIA & OTHERS** reported in AIR 1981 SC 344 particularly para 47 on page 356 where the Hon'ble Supreme Court has observed as under:

"In the present case a worker, who clearly, has an interest in the industry brings this action regarding an alleged wrong doing by the Board of Management. Article 43A of the Constitution confers, in principle, partnership status to workers in industry and we cannot, therefore, be deterred by technical considerations of corporate personality to keep out those who seek to remedy wrongs committed in the management of public sector."

37.7(2) **NATIONAL TEXTILE WORKERS' UNION VS. RAM KRISHNAN reported in AIR 1983 SC 75:** where the Hon'ble Apex Court has observed as under:

"para 4 ...The socio-economic objectives set out in Part IV of the Constitution have since guided and shaped this new corporate philosophy."

"para 5. A company, according to the new socio- economic thinking, is a social institution having duties and responsibilities towards the community in which it functions."

"para 6. We are concerned in these appeals only with the relationship of the workers vis-a-vis the company. It is clear from what we have stated above that it is not only the shareholders who have supplied capital who are interested in the enterprise which is being run by a company but the workers who supply labour are also equally, if not, more interested because what is produced by the enterprise is the result of labour as well as capital."

"... Then follows Article 43-A which is intended to herald industrial democracy and in the words of Krishna Iyer, J. mark "the end of industrial bonded labour". That Article says that the State shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry."

37.7(3) **HINDUSTAN LEVER EMPLOYEES' UNION VS. HINDUSTAN LEVER LTD. AND OTHERS** reported in 83 Company Cases 30 where at page 39 the Hon'ble Supreme Court has observed as under:

"What requires, however thoughtful consideration, is whether the company court has applied its mind to the public interest involved in the merger. In this regard the Indian law is a departure from the English law and it enjoins a duty on the court to examine objectively and carefully if the merger was not violative of public interest. No such provision exists in the English law. What would be public interest cannot be put in strait-jacket. It is a dynamic concept which keeps on changing. It has been explained in Black's Law Dictionary, as "something in which the public, the community at large, has some pecuniary interest, or some interest by which their legal rights or liabilities are affected. It does not mean anything so narrow as mere curiosity, whereas the interest of the particular locality which may be affected by the letters in question. Interest shared by citizens generally in affairs of local, State or National Government". It is an expression of wide amplitude. It may have different connotation and understanding when used in service law and yet a different meaning in criminal law or civil law and its share may be entirely different in company law. Its perspective may change when merger is of two Indian companies. But when it is with a subsidiary of a foreign company the consideration may be entirely different. It is not the interest of the shareholders or the employees only but the interest of the society which may have to be examined. And a scheme valid and good may yet be bad if it is against public interest.

Section 394 casts an obligation on the court to be satisfied that the scheme for amalgamation or merger was not contrary to public interest. The basic principle of such satisfaction is none other than the broad and general principles inherent in any compromise or settlement entered into between parties that it should not be unfair or contrary to public policy or unconscionable. In amalgamation of companies, the courts have evolved, the principle of "prudent business management test" or that the scheme should not be a device to evade law. But when the Court is concerned with a scheme of merger with a subsidiary of a foreign company then the test is not only whether the scheme shall result in maximising the profits of the shareholders or whether the interest of employees was protected but it has to ensure that the merger shall not result in impeding promotion of industry or obstruct the growth of national economy. Liberalised economic policy is to achieve this goal. The merger, therefore, should not be contrary to this objective. Reliance on the English decision for Hoare, In re (1933) All BR 105 (Ch D) and Bugle Press Ltd., In re (1961) Ch 270 that the power of the Court is to be satisfied only whether the provisions of the Act have been complied with or that the class or classes were fully represented and the arrangement was such as a man of business would reasonably approve between two private companies may be correct and may normally be adhered to but when the merger is with a subsidiary of a foreign company then economic interest of the country may have to be given precedence. The jurisdiction of the court in this regard is comprehensive."

37.7(4) WOOD POLYMER LIMITED, In Re. AND BENGAL HOTELS PVT. LTD., In Re. Reported in 47 Company Cases 597 relevant page 615 where it is observed as follows:

"The question that should be fairly posed is : whether it is shown that the affairs of the company have not been carried on in a manner prejudicial to the public interest? What then is the concept of "public interest" in company law. In the heydays of laissez faire, it was quite well-known for the leaders of trade and industry not only to ignore but disavow public interest involved in carrying on business. Their sole attention was confined to the interest of creditors and members. But other important consumers of industry-cum-commercial service were wholly ignored, namely, employees and consumers of the goods produced by the industry, I mean, the society."

37.7(5) **PANCHMAHALS STEEL LTD. VS. UNIVERSAL STEEL TRADERS reported** in 46 Company Cases 706 (Coram: D.A. Desai, J (as he was then)) particularly at pages 718-719 it is observed thus:

"Law must take note of the existing situation in which problems that arise in law and have a human content have to be disposed of. Law cannot divorce itself off the mores of the day. Philosophy of law is functional and not analytical. Now, if law takes note of the existing situation in which a problem has been put in the lap of the Court, a solution must be sought through the machinery of law. Law cannot be static and its interpretation has to be dynamic. Law cannot operate in vacuum. Either by its pragmatic approach or progressive interpretation, law must find and offer a solution or it must perish. Socio-economic problems of the contemporary times cannot be solved by the arid nineteenth century approach to the provisions of company laws. Time-honoured approach that the company law must safeguard the interest of investors and shareholders of the company would be too rigid a framework in which it can now operate. New problems call for a fresh approach. And in ascertaining and devising this fresh approach, the objective for which the company is formed may provide a guideline for the direction to be taken. As Prof. De Wool of Belgium puts it, the company has a three-fold reality - economic, human and public each with its own internal logic. The reality of the company is much broader than that of an association of capital; it is a human working community that performs a collective action for the common good. In recent years a debate is going on in the world at large on the functions and foundations of corporate enterprise. The 'preservationists' and the 'reformers' are vigorously propounding their views on the possible reform of company, the modern trend emphasising the public interest in corporate enterprise. And what is the modern trend? Prof. Gower in his "The Principles of Modern Company Law", third edition, at page 634, had dealt with this problem in its true perspective and it is worth quoting:

'One section of the community whose interests as such are not afforded any protection, either under this head or by virtue of the provisions for investor or creditor protection, are the workers and employees of the taken-over company. This is a particularly unfortunate facet of the principle that the interest of the company means only the interest of the members and not of those whose livelihood is in practice much more closely involved.'

In the same book in Chapter "The Future of Company Law in a Mixed Economy", the same author has pointedly drawn attention to the reversal of priority as a future modification of the company law and it bears the quotation (page 62).

'The vexed question of the relationship between the employees and the company which employs them is, in fact, a dominant theme in the current debate which flows over from company to labour law. It is generally accepted that it is unreal for the company law to ignore, as at present our law largely does, that the workers are as much, if not more, a part of the company as members of it"

37.7(6) **In re HATHISING MANUFACTURING COMPANY LTD. (IN LIQUIDATION)** reported in 46 Company Cases 59 particularly at pages 79-80 where this Court has observed thus:

"The third criteria is whether the scheme of compromise and arrangement is such as a man of business would reasonably approve. The position can be examined in the wider context and not in the narrower context of the interest adversely affected by the scheme. Today, in our country, the corporate sector of economy has to play vital role both for phased

expansion of the economic growth rate which can only be brought about by production and higher production, and the corresponding obligation to provide job avenues is of equal importance. It is the upward trend in growth resulting in higher economic growth rate which will provide expanded job avenues. And these are the twin objects visualised in the world of economic planning. One cannot push up the living standard of those living below starvation line, unless some job is offered to them. Expansion of job avenues is the need of the day and this can keep pace with the economic growth rate, provided production is pushed up."xxxxxxxxxx but an honest businessman with genuine commercial judgement can feel very happy as to how by judicial process and legal contrivance a dead unit of production can be revived, revitalised and resurructed. That is our attempt and if one can avoid scrapping machine by profit-oriented businessman, the scheme must go through. I would, therefore, say that this is a scheme of compromise and arrangement which must appeal to a businessman of the type herein discussed and that should be the approach of the Court."

37.7(7) GUJARAT KAMDAR SAHAKARI MANDAL AND OTHERS VS. RAMKRISHNA MILLS LTD. (92 Company Cases 92) at page Nos. 710-711 where this Court has observed as under:

"(viii) .....The way and the manner in which the industry is to be run is yet to be discussed and deliberated upon and at this stage the scheme cannot be turned down by this Court on the ground that the applicant is lacking experience to run the textile mill. Even otherwise, the workers' scheme for running the sick unit or worker' co- operative coming forward with a scheme to restart the sick unit is a step towards fulfilment of one of the Directive Principles of State Policy which came to be introduced by the 42nd Amendment in the Constitution. Article 43A provides that the State shall take steps by suitable legislation or in any way to secure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry. This constitutional mandate has found executive asset as it is reported that the Minister of State for Labour has on behalf of the Government of India informed the Rajya Sabha that it was willing to hand over the sick industrial units to employees' co-operatives for their revival and that it would provide all possible encouragements. It is also reported that the Finance Ministry had even indicated that it could consider writing off liabilities of the sick units if they were taken over by the employees' co-operatives. Even the Board for Industrial and Financial Reconstruction has sanctioned four schemes for revival of sick industries through workers' co-operatives, one of terms and conditions of the proposed scheme inter alia stipulates that secured creditors (financial institutions) shall waive their dues as per the policy of the Government of India."

37.7(8) LARSEN AND TOUBRO LIMITED reported in 121 Com. Cases 523 (Bom.) where at page 571 it is observed as under:

"The public interest, in sanctioning of the scheme of any kind, cannot be decided merely on the basis of general allegations of fraud, illegality or breach of public policy or public interest. There is no material placed on the record to justify the allegations of breach of public policy or public interest or that the scheme is unfair and contrary to the laws. After perusal of the scheme and after hearing all counsel for the respective companies and after considering the objections filed on record, there is nothing to show that the present scheme is against public interest or public policy. The corporate purpose and object of the scheme of arrangement as a whole is fair, just and reasonable on all material aspects."

MEANING OF PUBLIC INTEREST:

37.8 The expression is 'an elusive abstraction' meaning general social welfare or 'regard for social good' and predicating 'interest of the general public in matters where regard for the social good is of the first moment'. {See. Public Administration and the Public Interest by E.Pendleton Herring}.

37.9 A thing is said to be in the public interest where it is or can be made to appear to be contributive to the general welfare rather than to the special privileges of a class, group or individual. DICTIONARY OF SOCIOLOGY, para 161.

37.10 It is essentially a majoritarian ethic measured rather in terms of results or consequences than of interest or motive. Any decision as to public interest should be based on the results or consequences that will follow.

37.11 In common parlance it is taken to mean the interest of the community or nation as a whole as also the State or Government which represents it.

{Re: Companies Act by A. Ramaiya, Sixteenth Edition 2004 particularly page 3363 and 3364}.

37.12 The learned counsel has relied on page 37 of Hindustan Lever Employees Union's case (supra) regarding jurisdiction of the Court, fairness of the scheme which is already referred to earlier and page 39 regarding public interest which is also referred to earlier.

37.13 All the above cases show the importance of public interest. It is no doubt true that in the Scheme of amalgamation the Court has to see public interest. However, the objectors have not been able to show as to how the scheme of amalgamation is against the public interest or public policy.

RE. MONOPOLY:

38. It is no doubt true that the IPCL was originally a public limited company run by Central Government, but from 2002 when disinvestment policy came about 26% shares of IPCL were purchased by Reliance Industries Limited. The said fact has already been divulged by the Transferor Company. The US Guidelines of Department of Justice, as relied upon by the learned advocates for the objectors are not relevant in the present amalgamation proceedings. There is no statutory requirement restricting amalgamation of associate company with the parent company under anti-trust laws in India. In this behalf both Regional Director and the Official Liquidator being statutory authorities, after examining this Scheme and all relevant correspondence and documents called for by them from the Petitioner Company, were fully satisfied with the Scheme and certified to the Court that the Scheme was not against the public policy and that the affairs of the Petitioner Company have not been conducted in a manner prejudicial to interest of the members or to public interest.

38.1 In addition, both Bombay Stock Exchange Limited and National Stock Exchange of India Limited have approved the Scheme under Clause 24(f) of the Listing Agreement. In this behalf I rely upon the judgment of Hon'ble Apex Court in the case of Hindustan Lever Limited, (1995) 83 Company Cases 30, page 65, para F to G as well as judgment of this Court in Reliance Petroleum Limited vs. Union of India (2002) (O) GLHEL 210579, para 17, "One more objection is to the effect that the Court should refuse to grant its approval to the Scheme on the ground of public interest as the amalgamation will

result in creation of monopoly in relation to production and marketing of goods. Nothing has been shown under any Act, Rule or Regulation or any other law under which the Company Court cannot exercise jurisdiction to sanction a Scheme in the event of a possibility or likelihood of monopoly resulting on the Scheme being sanctioned. The Apex Court has stated time and again that it is for the shareholders to decide what is in the best interest of the Company and if the shareholders have arrived at such a decision by applying approach of a prudent businessmen, it is not for Court to sit in judgment. Furthermore, nothing has been brought on record to show that even if a monopoly results, it would affect the public interest or the economic interest of the country adversely, which may be a factor having relevant bearing." (Emphasis added)

38.2 In this behalf, This Court states that the Monopolies and Restrictive Trade Practices Act which was originally aimed to prevent monopoly has been repealed by the Parliament. Therefore, Therefore, the Parliament has enacted the Competition Act, 2002 which provides for keeping in view the economic development of the country, for the establishment of a Commission to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interests of consumers and to ensure freedom of trade carried on by other participants in markets, in India, and for matters connected therewith or incidental thereto.

38.3 When the Competition Act was enacted, one of the statements of objects and reasons of the Competition Act, was as follows:

"In the pursuit of globalisation, India has responded by opening up its economy, removing controls and resorting to liberalisation. The natural corollary of this is that the Indian market should be geared to face competition from within the country and outside. The Monopolies and Restrictive Trade Practices Act, 1969 has become obsolete in certain respects in the light of international economic developments relating more particularly to competition laws and there is a need to shift our focus from curbing monopolies to promoting competition."

38.4 In view of the above situation when the entire Monopolies and Restrictive Trade Practices Act is repealed and new Competitive Act is enacted and in view of the objects and reasons of the Competitive Act, the entire question of of monopoly has no relevance. If one takes judicial notice of the fact that even the Government has also merged Air India with Indian Airlines to achieve the economy scale.

OBSERVATIONS RE.: DOCTRINE OF LIFTING OF VEIL OF CORPORATE PERSONALITY.

39.1 The doctrine of 'lifting the veil of corporate personality' is the one that is concerned with looking behind that juristic person called the 'corporation'.

39.2 Broadly speaking, the corporate veil may be lifted where the statute itself contemplates lifting veil, or fraud or improper conduct is intended to be prevented, or a taxing statute or a beneficent statute is sought to be evaded.

39.3 So if there is any ulterior motive for amalgamation then one can lift the veil. Here there is no whisper about the same and there is no question of lifting the veil. This contention is not well founded.

HIDDEN ASPECT:

40. As regards hidden aspect, both the companies have shown their balance sheets, public notice has been issued. Official liquidator has also filed report. The Regional Director has also filed report. Considering all these aspects, in my view the contention of hidden objects which is being contended is not right.

OBSERVATION REGARDING SHARE EXCHANGE RATIO AND VALUATION REPORT:

41.1 This Court has considered the rival submissions in the above connection. The first contention that the objectors were not given share exchange ratio is not tenable because in fact the Official Liquidator has filed his report and along with affidavit of Official Liquidator, the report of auditors who are appointed by IPCL namely Pricewaterhouse Coopers Private Limited and Ernst & Young Private Limited dated 9.3.2007 has been produced. The same shows the share exchange ratio.

41.2 It may be noted that the above share exchange ratio report is only for the guidance and assistance of the Board of Directors of companies to propose a share exchange ratio. The share exchange ratio has been calculated by the two eminent Chartered Accountants firms. The report shows about the procedure adopted by them. They have relied upon the data explanation. They have considered the financial position of the transferor company and transferee company. Along with the report there is further schedule which shows the factors determining share exchange ratio of equity shareholders where they have considered the financial position of both transferor company and transferee company. They have also stated the methodology, net assets value, earnings value and market value of the shares. These methods are well- known methods in share exchange ratio report. Once that is so, the jurisdiction of the Court is very Limited.

41.3 From the facts it has been clear that valuation report was kept open for inspection for all shareholders before the meeting. Notice convening the meeting of shareholders clearly stated that the report of the valuers regarding share exchange ratio was available for inspection at least for 21 days before the date of the meeting. In spite of this, none of the Objectors availed of the opportunity to inspect the same or objected for such inspection, asking for a copy of the report.

41.4 In view of the same, the objectors' present contention that they had no opportunity to see the valuation report is clearly an after-thought and without any basis. Once the report of the valuation is annexed with the Official Liquidator Report, the same is part of record in this behalf.

41.5 The reliance placed by the applicant in Sultania's case is not relevant in this behalf as that case was pertaining to SEBI Takeover Regulations, which specifies principles of valuation to be stated in case the shares are infrequently traded. Such specifications are not at all relevant in the present scheme of amalgamation under Sections 391-394 of the Act. Since it is not the case of the objectors that the shares of the transferor company are infrequently traded.

41.6 In this behalf this Court relies upon the judgment of Hindustan Lever's case reported in (1995) 83 Comp. Cases 30, at page 37, para B and C, "... the jurisdiction of the court in sanctioning a claim of merger is not to ascertain with mathematical accuracy if the determination satisfied the arithmetical test. A Company Court does not exercise an appellate jurisdiction. It exercises a jurisdiction founded on fairness. It is not required to interfere only because the figures arrived at by the valuer was not as good as it would have been if another method had been adopted. What is imperative is that such determination

should not have been contrary to law and that it was not unfair for the shareholders of the company which was being merged. The Court's obligation is to be satisfied that valuation was in accordance with law and it was carried out by an independent body". (Emphasis added)

41.7 This Court also refers to page 57 of the above judgement, wherein the Hon'ble Supreme Court has approved the Division Bench judgment of this Court in the case of Jitendra R.Sukhadia vs. Alembic Chemical Works Ltd., (1987) 3 Comp LJ 141 : (1988) 64 Comp Cases 206, where the Court has observed that how exchange ratio was worked out, however, was not required to be stated in the statement contemplated under Section 391(a) of the Companies Act." (Emphasis added). The contention of the applicant that valuation report in the present case is not as per the specifications is without any substance and devoid of any merits. Section 391 does not require detailed workings to be shown to shareholders.

41.8 It may be noted that in this case the equity shareholders of the petitioner company have approved the scheme incorporating the share exchange ratio by an overwhelming majority. Once that is so, the Court jurisdiction is very limited. This Court relies on the Hon'ble Supreme Court judgment in Miheer H.Mafatlal vs. Mafatlal Industries Ltd. (supra), particularly para 40 which reads as under:

"It has also to be kept in view that which exchange ratio is better is in the realm of commercial decision of well informed equity shareholders. It is not for the Court to sit in appeal over this value judgment of equity shareholders who are supposed to be men of world and reasonable persons who know their own benefit and interest underlying any proposed scheme. With open eyes they have okayed this ratio and the entire scheme."

41.9 This Court further refers to the judgment of this Court in the case of Reliance Petroleum Ltd., 2002(O) GLHEL 210579 (Company Petition No. 75 of 2002 decided on 13.9.2002 (per D.A. Mehta, J), wherein this Court dealt with identical issues and in para 27 this Court has held as under:

"para 27. Thus, by an overwhelming majority, those present have voted in favour of the resolution i.e. in favour of approving the Scheme as per share exchange ratio proposed on the basis of the valuation report dated 3.3.2002. In these circumstances, it is not open to the Court to hold that there was any impropriety in the valuation of the shares. In fact, the valuation report has stated that it has based its conclusion of value on the figures of assets and liabilities of both RPL and RIL reflected in the Balance Sheet as on 31.3.2001 along with the audited financial statement for the year ended on 31.3.1999 and 31.3.2000. The valuation report has also taken into consideration extracts of unaudited financial statements for the 9 months period ended on 31.12.2001. This is over and above the discussions with the management of both RPL and RIL, other informations, explanations and representations as were required and provided by the respective managements along with such other analysis, reviews and inquiries as were found necessary. The valuation report further states that the valuers have not made any independent investigation and assume no responsibilities for the various informations, details, explanations and representations placed before the valuers. It was vehemently urged during the course of hearing that this sort of disclaimer would virtually amount to the valuers denying any responsibility as regards the validity or genuineness of the share exchange ratio. It is necessary to note that the figure of exchange ratio arrived at by the valuers could not be shown to be vitiated by fraud and/or mala fide. It is settled legal position that merely because the determination is done by a slightly different method which might result in a different conclusion would not justify interference unless it was found to be unfair. There is nothing on record to hold that the exchange ratio, brought on record by the aforesaid valuation report, is in any manner unjust or unfair. At the cost of repetition, it requires to be stated that it is the commercial wisdom of the parties to the Scheme who have taken an informed decision about the usefulness and propriety of the Scheme by supporting it by the requisite majority vote that has to to be kept in view by the Court. The Court has neither the expertise nor the jurisdiction to delve deep into the commercial wisdom exercised by the creditors and members of the company who have ratified the Scheme by the requisite majority".

41.10 The learned sr. Counsel for the objectors has relied upon the judgment of Miheer Mafatlal's case (supra) but the same is not relevant in this behalf. In fact the Hon'ble Supreme Court has not pointed out that the details of the working for arriving at the share exchange ratio have to be covered in the valuation report, and therefore the contention of the Objectors that the valuation report is contrary to Section 391(2) of the Companies Act is without any merit and baseless.

41.11 As regards valuation not as per HLL/ TOMCO Case, it is no doubt true that the Hon'ble Supreme Court has referred to the principle specified by 'Weinberg and Blank' in the book 'Takeovers and Mergers', but that was only recommendatory or illustrative in nature. It is not that if the same is not followed, the report of share exchange ratio becomes bad. In the present case the valuers have taken into account the relevant factors and methods as set out in the valuation report to arrive at the share exchange ratio and as such the same is very relevant, legal and valid.

41.12 The contention that valuation report is not as per FEMA regulations/CCI Guidelines is also not well-founded. The Objectors have failed to show as to which FEMA regulations are applicable for arriving at share exchange ratio in relation to amalgamation under Sections 391-394 of the Act. Further, CCI (Controller of Capital Issues) guidelines have already been repealed way back in the year 1992 and therefore there is no question of referring the said guidelines in this behalf.

41.13 In view of these facts and circumstances of the case, there is no basis for the objection regarding share exchange ratio and valuation report and the said contention cannot be accepted in this behalf.

41.14 In the above case, the share exchange ratio, which was worked out by a recognized firm of Chartered Accountants, was accepted by the shareholders and no mistake was pointed out in the process of valuation. The Court refused to interfere in this aspect of the scheme. This Court also relies upn the case of NAVJIVAN MILLS LTD. Re: (1972) 42 Com. Cases 265 at p. 320 (Guj).

41.15 As regards share exchange ratio, it was submitted that though the appointed date in the Scheme is 1st April, 2006, for the purpose of valuation, the auditor has not considered the said date. The Company has submitted that the appointed date in the scheme is 1st April, 2006. For the purpose of valuation, the valuers have analyzed and considered the audited financial statements of RIL and IPCL for the three years ending on 31st March, 2006. It is, therefore, that the appointed date in the scheme is fixed as 1st April, 2006.

OBSERVATION REGARDING DEBENTURE HOLDERS ARE SEPARATE CLASS FROM THE SECURED CREDITORS.

42.1 This Court has considered the objections filed by Mr. Shalin Mehta, learned advocate in this behalf.

42.2 The contention of the applicant that Debenture Holders are separate class and distinct from Secured Creditors of IPCL on the basis of the provisions of Section 117A of the Companies Act which provides for Debenture Trust Deed; Section 117B which provides for appointment of Debenture Trustee and duties of Debenture Trustees and Section 117C which provides for liability of Company to create Security and debenture redemption reserves. The issue is that debenture holders are to some extent separately treated by Company Law from the secured creditors. It is also no doubt that Articles of Association also treat debenture holders differently from secured creditors. Even the balance sheet of IPCL also treats debenture holders separately from secured creditors. Therefore, there is considerable force in the submission of Mr. Mehta, learned advocate in this behalf.

42.3 However, the debenture holders are also a part of the secured creditors. The contention of the applicant that debenture holders of IPCL and secured creditors of IPCL have dissimilar charges over the Company's assets is not borne out from the record of the case. The concept of 'preferential creditors' is not relevant in the context of amalgamation. Section 530 of the Companies Act lists out different categories of preferential creditors such as Government revenues, wages of workmen, provident fund, pension fund, gratuity fund and so on. Debenture holders are not one among them. Like any other secured creditors, debenture holders are entitled to lay their hands on the assets secured in their favour for recovery of their dues. They are placed on the same footing as other secured creditors. The sub-classes of creditors may be relevant only if different treatment is given/ offered in the scheme. If the same treatment is given to all secured creditors including debenture holders in the scheme, then there is no requirement of classifying the debenture holders as a separate class. In this behalf I refer to the Division Bench judgement of this Court in the case of Mafatlal Industries reported in (1996) 87 Comp. Cases 705 (Guj) (Coram: C.K. Thakkar (as he was then) & R. Balia, JJ). On page 733 of the said judgement, it has been observed as under:

"In our opinion, a plain reading of the Section does not leave any doubt where separate terms are offered to separate classes of shareholders or creditors under the proposed compromise or arrangement, separate meetings are required to be held in respect of each class of creditors or shareholders for whom separate compromise or arrangement has been offered Therefore, before adverting to the question whether the appellant-objector constitutes a separate class of shareholders or not, it has to be seen whether any different terms have been offered to different classes of creditors or members and whether any classification of members is required to be made in accordance with those distinctions in terms of the compromise offered to them and whether any such separate meeting was required to be called. The classification of members or creditors will be founded on the basis of the difference in the terms offered under the scheme. The difference in terms of the scheme can be the only criterion for identifying the separate class for the purpose of convening a separate meeting for such class."

42.4 This Court relies upon the judgement of this Court in the case of Arvind Mills Ltd., reported in (2002) 111 Comp. Cases 118 (Guj). In the said judgement, in para 12 on page 31, it has been observed as under:

"The classification of members or creditors can be founded on the basis of difference in the terms offered under the scheme. The difference in terms of the scheme can be the only criterion for identifying separate class for the purpose of convening a separate meeting for such class."

42.5 The objectors' contention that the classification should be based on 'different rights' besides 'differential treatment' is both legally untenable as also without any substance. It has been consistently held by this Court that the classification of creditors should be based on the treatment which is being offered to them under the scheme of arrangement. Merely because debenture-holders have first charge does not make them a separate class distinct from other secured creditors.

42.6 This Court also relies on the decision in the case of SIEL LIMITED, In re reported in 122 Company Cases 536 where the Delhi High Court has observed on page 553 as under:

" The scheme proposed may be regarded as a single arrangement with those creditors whom it is intended to bind, if only if the rights of those creditors are not so dissimilar as to make it impossible for them to consult together with a view to their common interest. If the rights of those creditors whom the scheme is intended to bind are such as to make it impossible for them to consult together with a view to their common interest, then the scheme must be regarded as a number of linked arrangement. In the latter case it will be necessary to have a separate meeting of each class of creditors; a class being identified by the test that the rights of those creditors within it are not so dissimilar as to make it impossible for them to consult together with a view to their common interest."

42.7 On page 555 of the above judgement, the Court has further observed as under:

" Consequently, there was no necessity of having a separate meeting so far the UTI is concerned as the UTI was also a secured lender like all other secured creditors and it did not constitute a separate class. In Arvind Mills Limited (supra) the Gujarat High Court has held that there cannot be a class within the class and the class has to be one type of creditors, namely, secured creditors, unsecured creditors and working capital lenders as all the secured creditors have similar rights in the company."

42.8 Reliance is placed on the decision of this Court in the case of KRIL STANDARD PRODUCTS PRIVATE LTD., In re reported in 46 Company Cases 203, the judgement delivered by D.A. Desai, J.

42.9 It is no doubt true that in balance sheet, the secured creditors and debenture holders are separately shown. But it is clear that disclosures in balance sheet are as per the statutory requirements of Schedule VI to the Companies Act and the applicable accounting standards. But mere separate disclosures cannot make debenture holders a separate class of creditors. On the contrary, in a balance sheet of a company drawn up in the form given in Schedule VI, debenture holders are classified under "Secured Creditors", which shows debenture holders are one part of the "Secured Creditors."

42.10 This Court relies upon the judgement of the Hon'ble Supreme Court in the case of National Rayon Corporation Ltd. vs. Commissioner of Income Tax reported in AIR 1997 SC 3487 page 3490 and the relevant portion is para 12 page on 3490.

42.11 As regards Articles of Association of the Transferor Company, they contain the standard provisions based on the provisions of the Companies Act read with relevant rules. There is no specific provision treating debenture holders as a class separate from the other secured creditors.

DEBENTURE HOLDERS: SEC.117A, 117B & 117C ARE CONSIDERED:

43.1. Sec.117A provides for Debenture trust deed; Sec.117B provides for appointment of debenture trustees and duties of debenture trustees, and Sec.117C provides for liability of company to create security and debenture redemption reserve. The issue of debentures is commonly secured by a trust deed by which the property forming the security is charged by way of mortgage to the trustees. The trust deed provides, the terms and conditions on which the charge is held and may be enforced. Sub- section (1) provides for time limit for execution of trust deed; sub-section (2) provides for inspection of copies; and sub-section (3) provides for penalty for default.

43.2. Sec.117B relates to appointment of debenture trustees and their duties. Before issue of prospectus or a letter of offer for subscription of debentures, the Company has not only to appoint trustees but has also to state on the face of the said documents that the trustees have given their consent to act as such. The trustees are statutorily required to protect the interests of the debenture-holders and redress their grievances, in case the company defaults in the payment of interest or repayment of the principal amount on redemption, as per terms and conditions of issue of debentures. Sub-section (1) relates to appointment of debenture trustee and proviso to sub-section (1) relates to disqualification for appointment as debenture trustees. Sub- section (2) to (4) provides for functions of debenture trustees.

43.3. Duties of debenture trustees under SEBI (Debenture Trustees) Regulations, 1993. Duty of debenture trustee to furnish information to SEBI. Duties and powers of debenture trustees under SEBI Guidelines, 2000. Power of Company Law Board to restrict creation of further liabilities [sub-section (4)].

43.4. Sec.117C provides for liability of company to create security and debenture redemption reserve. This section makes it obligatory for every company to issue only secured debentures. In other words, debentures which are not backed by security cannot be issued. The security is required to be created for issue of debentures, whether through prospectus or by rights issue or by way of private placement. A charge is required to be created on the properties of the Company particulars of which have to be filed with the Registrar within 30 days of the creation of the charge vide provisions of Section 125 of the Act. It also provides for creation of Debenture Redemption Reserves (DBR) under SEBI Guidelines, 2000. It also provides for filing of particulars of charge with the Registrar, redemption of debentures [Sub-section (3)], default in redemption - petition before Company Law Board {Sub-section (4)]. If there is a violation in redeeming the debentures on the date of maturity, the Directors can be disqualified on failure to redeem debentures on maturity as per provisions of Section 274(g) of the Companies Act. All these show that the debenture holders are one kind of secured creditors with different protection but nonetheless they are also one of the class of secured creditors and their right and interest are the same. The Company gives similar treatment to the debenture holders and secured creditors.

SECTION 391 - 394 - RE: AMALGAMATION: (SEPARATE MEETING OF DEBENTURE HOLDERS & SECURED CREDITORS)

43.5. Section 391 of the Act, particularly deals with the power to compromise or make arrangements with creditors and members where a compromise or arrangement is proposed - (a) between a company and its creditors or any class of them; or (b) between itself and its members or any class of them. It covers restructuring, merger, demerger and hiving off of a unit by a company. The consent of the company in general meeting under section 293(1) of the Act is also required for hiving off an undertaking of the company.

43.6. The creditors can be divided into three categories of preferential creditors, secured creditors and unsecured creditors. In the case of Miheer H.Mafatlal v. Mafatlal Industries Ltd. (1996) 87 Com. Cases 792 at 833 (SC), the Hon'ble Apex Court considered Sec. 391 and observed that this clearly pre-supposes that if the scheme of arrangement or compromise is offered to the members as a class and no separate scheme is offered to any sub-class of members which has a separate interest and a separate scheme to consider, no question of holding a separate meeting of such a sub- class would at all survive. Consequently when one and the same scheme is offered to the entire class of equity shareholders for their consideration and when commercial interest of the appellant so far as the scheme is concerned is in common with other equity shareholders, he would have a common cause with them either to accept or to reject the scheme from commercial point of view.

43.7 The Supreme Court in Mafatlal's case (supra) has referred to PALMER'S COMPANY LAW, 24th Edition; and also some English cases, and ultimately on page 34, the Hon'ble Apex Court observed that, it is therefore, obvious that unless a separate and different type of scheme of compromise is offered to a sub-class of a class of creditors or shareholders otherwise equally circumscribed by the class, no separate meeting of such sub-class of the main class of members or creditors is required to be convened.

43.8 As the company has offered similar compromise to both secured creditors and debenture holders and the secured creditors have similar interest with that of debenture holders, both of them have common interest and thus the debenture holders and secured creditors can be treated as single. This is a question of fact and the Chairman of the Company has considered this aspect in this behalf.

43.9 As regards different treatment given to debenture holders from the secured creditors on the basis of the balance sheet of the IPCL, the Company submitted that under the Scheme, the treatment given to the secured creditors including debenture holders is identical. There is no change in the rights and interest of the secured creditors (including debenture holders), post amalgamation. The securities which are in favour of the secured creditors (including debenture holders) or the reserves for debenture holders is not going to be affected any change post amalgamation. Thus, as per the well settled principle of law that a common meeting can be convened, for the class of creditors who are given same/similar treatment in the scheme of amalgamation; a common meeting was convened in the instant case, for the class comprising secured creditors and debenture holders. The said action is, therefore, neither irregular nor illegal.

43.10 'Classes of creditors': The Court has to classify creditors or members if there are such classes and before sanctioning the scheme, to see that their respective interests are taken care of. (Maneckchowk & Ahmedabad Mfg. Co. Ltd. Re: (1970) 40 Com. Cases 819 (Guj.). Re: BUCKLEY ON THE COMPANIES ACT, 13th Edition, page 406 (para 525.24)

OBSERVATION REGARDING DEBENTURE HOLDERS AND SECURED CREDITORS:

44. The learned counsel has relied on several contentions and the Company has also tried to reply to the same. This Court has considered all the aspects. There are certain factors which this Court has set out. As regards meeting of Secured Creditors, initial aspects this Court has recorded. As regards Secured Creditors including debenture holders there were 51 persons present and all have voted in favour of the scheme. No debenture holder or secured creditor has voted against the scheme. Only three votes were declared invalid, value of which is 0.25 crores. In view of the fact that there were 51 secured creditors including debenture holders present, all of whom have voted in favour, this Court is of the view that the contention of the learned counsel for the applicants will not survive. Even if one takes into consideration the different value attached to the debenture holders or the secured creditors, that will have no effect as far as approval of the scheme is concerned.

44.1 In view of the same, reliance placed by the learned counsel for the applicant- objector on the judgement of the National Rayon Corporation Ltd. as well as the judgement of the Madras High Court will have no relevance in this behalf.

PROXY:

45.1 Objection of objector regarding blank proxies is that they are signed by some of the employees-shareholders under pressure. This Court considered the contention of the applicant as well as the Company's reply. The aforesaid objections raised by the applicant/ objector is not well founded and is clearly an afterthought because earlier no single person has addressed any letter to the Chairman of the Court convening meeting or before the Company for withdrawal of the proxies.

45.2 In view of the averments made by the learned counsel for the Company, at the time of the meetings, the Chairman had assured that even if the employee-shares have given proxies earlier, but if they are personally present in the meeting, then they will be entitled to vote and the proxy would be held invalid while their votes would be considered. The Chairman had also instructed scrutineers accordingly. The Chairman's report also states in this behalf. In view of this report of the Chairman, in my view, the contention of the objector regarding blank proxy forms is not well founded and is liable to be rejected.

SCHEME OF SECTIONS 391 TO 394:

45.3 After considering all the objections, now this Court considers Sections 391 to 394A of the Companies Act which read as under:

45.4 (1) "Section 391 of the Companies Act - Power to compromise or make arrangements with creditors and members -

"(1) Where a compromise or arrangement is proposed - (a) between a company and its creditors or any class of them; or (b) between a company and its members or any class of them; the Court may, on the application of the company or of any creditor or member of the company, or, in the case of a company which is being wound up, of the liquidator, order a meeting of the creditors or class of creditors, or of the members or class of members, as the case may be, to be called, held and conducted in such manner as the Court directs.

(2) If a majority in number representing three-fourths in value of the creditors, or class of creditors, or members, or class of members, as the case may be, present and voting either in person or, where proxies are allowed (under the rules made under Section 643), by proxy, at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Court be binding on all the creditors, all the creditors of the class, all the members, or all the members of the class, as the case may be, and also on the company, or in the case of a company which is being wound up, on the liquidator and contributories of the company: (provided that no order sanctioning any compromise or arrangement shall be made by the Court unless the Court is satisfied that the company or any other person by whom an application has been made under sub-section (1) has disclosed to the Court, by affidavit or otherwise, all material facts relating to the company, such as the latest financial position of the company, the latest auditor's report on the accounts of the company, the pendency of any investigation proceedings in relation to the company under Sections 235 to 251 and the like).

45.4(2) **Power of Court to enforce compromise and arrangement:**

"Section 392(1) Where the Court makes an order under section 391 sanctioning compromise or an arrangement in respect of a company, if -

(a) shall have a power to supervise the carrying out of the compromise or an arrangement; and

(b) may, at the time of making such order or at any time thereafter, give such directions in regard to any matter or make such modifications in the compromise or arrangement as it may consider necessary for the proper working of the compromise or arrangement.

(2) If the Court aforesaid is satisfied that a compromise or arrangement sanctioned under Section 391 cannot be worked satisfactorily with or without modifications, it may, either on its own motion or on the application of any person interested in the affairs of the company, make an order winding up the company, and such an order shall be deemed to be an order made under Section 433 of this Act."

45.4 (3) Notice to be given to Central Government for application under Sections 391 and 394

"Sec. 394A - The Court shall give notice of every application made to it under Section 391 or 394 to the Central Government, and shall take into consideration the representations, if any, made to it by that Government before passing any order under any of these Sections."

45.4 (4) Section 392 - Power of Court to enforce compromise and arrangement: This section provides for enforcement of the scheme of arrangement etc. sanctioned under Sec.391.

45.4 (5) Section 393: Information as to compromises or arrangements with creditors and members.

45.4 (6) Section 394: This section provides provisions for facilitating reconstruction and amalgamation of companies.

IMPORTANCE OF SECTIONS:

45.5 The word 'arrangement' means something analogous in some sense to a compromise. Sec.391 applies to 'compromise' or 'arrangements'.

45.6 The word 'arrangement' in this section is liable to be interpreted widely. When a proposed scheme affected the contractual relationship subsisting between the company and its members by requiring the company to register a third party applicant in place of existing members as the holder of the company's shares, the scheme was an arrangement within the meaning of this section.

45.7 "Arrangement", the word is of wide import and includes reorganisation of share capital by the consolidation of different classes of shares or division of shares into shares of different classes or by both the methods.

MERGER / AMALGAMATION:

45.8 What is meant by "Merger" - Meaning of "merger" -

"Merger means the fusion or absorption of one company by another, the latter retaining its own name and identity and acquiring assets, liabilities, franchises and powers of former, and the absorbed company ceasing to exist as a separate entity. It differs from a consolidation wherein all the corporations terminate their existence and become parties to a new one. (Halsbury's Laws of India Vol. 27, para 40.634 page No. 415)

45.8A What is meant by amalgamation -

"Amalgamation or reconstruction has no precise legal meaning. In amalgamation, two or more companies are fused into one by merger or by taking over by another. When two companies are merged and are so joined as to form a third company or one is absorbed into the other or blended with another, the amalgamating company loses its identity. Amalgamation is a blending of two or more existing undertakings into one undertaking, the shareholders of each blending company becoming substantially the shareholders in the company which is to carry on the blended undertakings. There may be amalgamation either by the transfer of two or more undertakings to a new company, or by the transfer of one or more undertakings to an existing company. Strictly, amalgamation does not, it seems, cover the mere acquisition by a company of the share capital of the other company which remains in existence and continues its undertakings, but the context in which the term is used may show that it is intended to include such an acquisition." (Re: Halsbury's Laws of India, Vol.27, para 40.636 page No. 415)

45.9 The duties of the Court under these Sections are onerous and have to be carefully performed. Consideration of public interest has to be considered while exercising power under Sec.394 of the Act.

Hindustan Lever Employees Union v. Hindustan Lever Ltd. s(1995) 83 Com. Cases 30 [at pp.39, 40, 63, 64].

GENERAL OBSERVATIONS REGARDING THE SCHEME:

45.10 When considering sanction of a scheme, the Court has to consider the following aspects:

(1) The meeting was duly held and conducted;

(2) The compromise was a real compromise;

(3) It was accepted by a competent majority;

(4) That the majority was acting in good faith and for common advantage of the whole class; and

(5) that what they did was reasonable, prudent and proper.

45.11 The Court has also to satisfy itself that:

45.11 (1) Whether the provisions of the statute have been complied with;

45.11 (2) Whether the scheme is reasonable and practical or whether there is any reasonable objection to it;

45.11 (3) Whether the creditors acted honestly and in good faith and had sufficient information;

45.11 (4) Whether the Court ought in the public interest to override the decision of the creditors and shareholders.

[Re: CHPL Enterprises P.Ltd. Re. (2000) 2 Comp. L.J. 218 (AP)].

45.12 In a scheme, which is fair and reasonable and made in good faith, may be sanctioned if it could reasonably be supported by sensible people to be for the benefit to each class of the members or creditors concerned. If the Court is satisfied that the scheme is fair and reasonable and in the interests of the general body of shareholders, the Court will not make any provision in favour of the dissentients.

45.13 Where a scheme is found to be reasonable and fair, it is not a function of the Court to substitute its judgment for the collective wisdom of the shareholders of the companies involved.

45.14 Where the scheme of amalgamation which enjoyed an all-round approval including that of the official liquidator, creditors and employees, it was confirmed by the Court with effect that it became binding on all the shareholders, creditors, secured and unsecured of both the Companies.

45.15 Where there is no allegation of mala fides or fraud against the valuation done for the share exchange ratio. The Company Court would not go into the controversy of the valuation as the shareholders of the transferee company had accepted the ratio arrived at by the auditors. The scheme had to to be presumed to be fair and just, as, except a fraction of the concerned shareholders, all had consciously voted for the scheme and had accepted it to be in their larger interests, it had to be sanctioned.

45.16 The effective date of scheme : A compromise or arrangement takes effect from the date when it is arrived at subject to the sanction of the court. If the court refuses sanction, it becomes without effect. If the court grants sanction, it takes effect, not from the date of the sanction, but from the date when it was arrived at. Sanction of the Court to a compromise has relation back and a scheme or arrangement agreed to by the creditors of a company becomes operative from the date of the meeting in which it is agreed to and not from the date on which the Court's sanction is given.

45.17 This Court relies upon the decision of the Hon'ble Supreme Court in Hindustan Lever and another v. State of Maharashtra and another (2004) 9 SCC 438, para 11, "While exercising its power in sanctioning a scheme of agreement, the Court has to examine as to whether the provisions of the statute have been complied with. Once the Court finds that the parameters set out in Section 394 of the Companies Act have been met then the Court would have no further jurisdiction to sit in appeal over the commercial wisdom of the class of persons who with their eyes open give their approval, even if, in the view of the Court a better scheme could have been framed".

45.18 This Court further relies on para 9 to 13 and 18 of the judgment reported in Hindustan Lever and Another Vs. State of Maharashtra and another (2004) 9 SCC 438. This Court also relies upon Miheer Mafatlal vs. Mafatlal Industries Ltd., (1997) 1 SCC 579 and also on the Torrent Powers - AEC Ltd., (2007) 138 Comp. Cases 139 (Guj).

GENERAL OBSERVATIONS:

46.1 On behalf of some of the employees shareholders it was contended that IPCL was originally Government of India undertaking. In 2002 in part disinvestment, the Reliance Petroleum took 26% shares of the Company and took control over the IPCL. It was further submitted that now the IPCL as well as Reliance desires to amalgamate. The idea of Reliance is to take advantage of the assets of IPCL so that they may use its reserves and some of the assets of IPCL. The aforesaid contention is wholly erroneous in this context. Along with Company Petition No.93/07, they have annexed the Balance Sheet for the year 2005-2006 i.e. Year ended 31.3.2006. In the said Balance Sheet, on page 29, the financial highlights of 10 years at a glance have been shown. In that for the year ended 31.3.2002, the turnover was 5527 crores. The total income was 5691 crores and profit after tax was 107 crores. After Reliance Petroleum took 26% shares and handle the management for the year 2005-2006, the turn over comes to 12,362 crores, total income comes to Rs.12,629 crores and profit after tax comes to 1164 crores. This shows that the financial management of IPCL is very well and the turn over comes almost more than double, but profit is increased 10 times. This shows that the policy has been carried out and put the IPCL in great profitable things.

46.2 One of the contentions on behalf of some of the employees shareholders stated that recent amalgamation of six sick units, viz., Apollo Fibers Limited, Central India Polyesters Limited, India Polyfibers Limited, Orissa Polyfibers Limited, Recron Synthetics Limited and Silvassa Industries Private Limited into IPCL in the year 2006 has resulted in a reduction of IPCL's profit at least on paper. This aspect ought to have been factored in by the experts while determining the share exchange ratio.

46.3 The aforesaid contention is also clearly an afterthoughts as this amalgamation was in 2006 and the said order of amalgamation has not been challenged and therefore the shareholders of IPCL was already acquiesced in this behalf. There is great delay in challenging the said acquisition in the present proceedings. In fact, the present proceedings is not proper proceedings to challenge the said amalgamation in this behalf.

46.4 As indicated above, even the turn over, the total income and profit after tax has substantially increased from time to time. The turn over for the year 3.3.2005, it was 9386 crores rose to 12,362 crores. The turn over in 2005 was 9518 crores rose to 12,620 crores in 31.3.2006 and the profit it was 786 crores for the year 2005 rose to 1164 crores. So the aforesaid fact clearly shows that the aforesaid contention is not borne out from the record of the case.

46.5 The Transferor Company has annexed the balance-sheet of IPCL for the year ended on 31.3.2006. In one page Financial Highlight for 10 years at a glance have been shown. The said page is annexed to this judgement at **Annexure- A** which shows that since 10 years IPCL has made immense growth particularly after 2002 when disinvestment of the IPCL took place. The turnover has increased almost more than two and half times. Income is also increased almost two and half times. Earning before depreciation, interest and tax is also increased. Profit after tax is increased almost ten times. Equity dividend percentage is almost doubled. Dividend payout is also increased. Equity share capital reserves and surplus have also been increased. As regards key indicators, earning per share is also increased. Turnover per share, book value per share, net profit margin have also been increased. This shows that the Company has worked very well. Therefore, the allegation of the objectors that RIL who has taken over after 2002 wants to take advantage of the assets of IPCL as well as its reserves is misplaced and baseless.

FINAL DIRECTION:

47.1 That the arrangement embodied in the Scheme of Amalgamation being Exhibit "G" to the petition is sanctioned by this Court as to be binding with effect from 1st April, 2006, the Appointed Date, on the Company and the Transferee Company and all their respective shareholders and creditors and all concerned persons;

47.2 That with effect from the Appointed Date and subject to Part III of the Scheme of Amalgamation, the whole of the undertaking of the Transferor Company including all the properties, rights and powers of the Transferor Company as specified in Schedule I hereto and all other properties, rights and powers of the Transferor Company shall, pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing so as to become the undertaking of the Transferee Company by virtue of and in the manner provided in the Scheme of Amalgamation.

47.3 That with effect from the Appointed Date, all liabilities of every kind, nature and description of the Transferor Company shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act and other applicable provisions, if any, of the Companies Act, be restructured in the manner set out in Part III of the Scheme of Amalgamation.

47.4 That with effect from the Appointed Date, all liabilities of every kind, nature and description of the Transferor Company shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act and other applicable provisions, if any, of the Companies Act, stand transferred or be deemed to be transferred to the Transferee Company, without any further

act, instrument, deed, matter or thing and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company and the Transferee Company shall meet, discharge and satisfy the same and 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 such transfer.

47.5 That the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor company, whose names are registered in the Register of Members of the Transferor Company on the Record Date (to be fixed by the Board of Directors of the Transferee Company or a Committee of such Board of Directors) or his/ her/ its heirs, executors or, as the case may be, successors, equity shares of Rs.10/- (Rupees Ten only) each, credited as fully paid up of the Transferee Company, in the ratio of 1 equity share of the face value of Rs.10/- (Rupees Ten only) of the Transferee Company with rights attached hereto as mentioned in this Scheme for every 5 equity shares of the face value of Rs.10/- (Rupees Ten only) each credited as fully paid-up held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in the Transferor Company.

47.6 That in consideration of the transfer and vesting of the undertaking of the Petitioner Company in the Transferee Company, pursuant to the provisions of this Scheme, the Transferee Company shall instruct its depository (the "Transferee Depository") to issue GDRs of the Transferee Company to the existing eligible holders of GDRs of the Transferor Company in an appropriate manner in respect of the existing GDRs of the Transferor Company, in accordance with applicable law and the terms of the deposit agreement entered into amongst the Transferee Company, the Bank of New York and all registered holders of and beneficial owners from time to time of the GDRs of the Transferee Company (the "Deposit Agreement"). The Transferor Company shall issue necessary instructions to its depository (the "Transferee Depository") and the Transferee Company, the Transferee Depository, the Transferor Company and the Transferor Depository shall enter into such further documents as may be necessary and appropriate in this behalf, which shall contain all detailed terms and conditions of such issue.

47.7 That all the employees of the Petitioner Company who are in employment as on the Effective Date shall become the employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and on the same terms and conditions as to employment and remuneration on which they are engaged or employed by the Petitioner Company (subject to option which is provided in operative order).

47.8 That on and from the Effective Date, all suits, actions and legal proceedings by or against the Petitioner Company shall be continued and/ or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same and been instituted and/ or pending and/or arising by or against the name of the Transferee Company (it also includes operative direction given regarding ancillary industries also).

47.9 That the Petitioner Company shall stand dissolved without winding-up as provided for in the Scheme of Amalgamation.

48. Here in this case IPCL has merged with Reliance Industries Limited. It is no doubt true that both the Companies are big and once these two companies are merged, the amalgamated Company will be bigger and global Company. However, this Court is of the view that even if the Company becomes big in size but this has no relevance unless the Company improves its quality of service to its customers, workers, shareholders and ultimately for itself then the Company will become globally competitive. The Company is not known for its size but the quality of service. For that purpose this Court relies on the fundamental Code of Conduct which may apply to the new company.

FUNDAMENTAL CODE OF CONDUCT

48.1 CONDUCT which is of the highest ethical standards- intellectual, financial and moral and reflects the highest levels of courtesy and consideration to others.

48.2 CONDUCT which builds and maintains Team work, with mutual trust as the basis of all working relationship.

48.3 CONDUCT which puts the customer first, the Company second and the self last.

48.4 CONDUCT which exemplifies care for the customer through anticipation of need, attention to detail, excellence, aesthetics and style and respect for privacy along with warmth and concern.

48.5 CONDUCT which demonstrates two-way communication accepting constructive debate and dissent whilst acting fearlessly with conviction.

48.6 CONDUCT which demonstrates that people are our key asset, through respect for every employee, and leading from the front regarding performance achievements as well as individual development.

48.7 CONDUCT which at all times safeguards the safety, security, health and environment of customers, employees and the assets of the Company.

48.8 CONDUCT which eschews the short-term quick-fix for the long-term establishment of healthy precedent.

48.9 Once the transferee company tries to follow the said conduct, this Court hopes and trusts that the new company will consider that they are committed to meeting and exceedings the expectations of their customers through their unremitting dedication to perfection, in every aspect of service to their general public; the company will commit to the growth, development and welfare of their people including the employees upon whom they rely to make this happen; and the company will have their distinctiveness together the company shall continue to have their tradition of pioneering in the manufacturing industry, striving for unsurpassed excellence in high potential areas all throughout India and the world and as a result of that they will create extraordinary value for their stakeholders.

[Quoted from the recent Annual Report 2006-2007 of EIH LIMITED, a member of The Oberoi Group pages 6 & 7 with slight modifications]

48.10 Before part with this judgement, this Court is extremely grateful to the learned sr. counsel, Shri K.S. Nanavati, Shri Mihir Thakore and Shri S.N. Soparkar who have appeared with Mr. Nandish Chudgar, learned advocate for the petitioner Company and Shri Girish Patel, learned sr. counsel who has appeared with Mr. Shalin Mehta, Mr. P.R. Thakkar and Mr. Ramnandan Singh, learned advocates for workers/objectors for rendering their valuable assistance in connection with this matter.

49. **FINAL DIRECTIONS/ OPERATIVE ORDER WHICH WAS PRONOUNCED BY THIS COURT ON 16.8.2007.**

1. **As regards ancillary industries,** it is directed by way of clarification that the Civil Suits filed by the ancillary industries against the transferor Company both at Vadodara Court in Gujarat and Raighad Court in Maharashtra shall be continued against the transferee Company after amalgamation order. The final decree (i.e. subject to challenge by the either party) that may be passed by the concerned Courts shall be binding on the transferee Company.

2. **So far as Scheduled Castes/Scheduled Tribes employees are concerned,** it is directed by way of clarification that while considering the objections filed by SC/ ST employees dated 5.6.2007 before the Ministry of Chemicals and Petrochemicals, the said authority will pass order after hearing the said employees and also the transferee Company. The authority will pass a reasoned order. Such order will be subject to challenge by the either party before appropriate forum in appropriate proceedings and the finally adjudicated order will be binding on the transferee Company.

3. **So far as the objections raised by employees of four Trade Unions are concerned,** in view of the statement made by the learned senior counsel for the transferor Company agreeing of the following directions it is directed that:

   (a) The (Transferor)/Transferee Company will give an option to the present employees of the Transferor Company either to join (or work with) the Transferee Company or not to join [by putting a notice on Notice Board] so that there will not be any coercion or compulsion to the concerned employees. Such option shall be executed within a period of two months from the date of the order of this Court.

   (b) It is also directed that the employees of the Transferor Company who join the Transferee Company shall be governed by the Scheme with modification that such employees shall be continued to be paid the same salary and other perquisites as well as other benefits as they are being paid and given by the Transferor Company before amalgamation. It is also directed that the payment and other benefits including the salary as well as Provident Funds that are to be paid and given to such employees shall be paid and given to them at Vadodara as at present it is paid.

4. **As far as objection regarding monopoly is concerned,** in view of the discussion, which this Court has there is no substance in the objection and the same is rejected.

5. **So far as lifting of veil is concerned,** in view of this Court's discussion , the objectors have not been able to show any ground for lifting the veil. Hence this objection is also rejected.

6. **As regards hidden object,** there is no substance in this objection raised by the objector. Hence the same is rejected.

7. **As regards objection regarding valuation of share,** once two eminent Chartered Accountants have followed the methodology which is known to law and they are independent and they are renowned Chartered Accountants and independent Chartered Accountants, this Court will not interfere with the exchange ratio approved by them. All these contentions are therefore rejected.

8. **As far as debenture holders and Secured Creditors are concerned,** in view of this Court's discussion, there is no substance in this objection. Hence the same is rejected.

9. In light of the above observations, the prayer in terms of para 28(a), (b), (c), (f), (g) are granted and the prayers in terms of para 28(d) and (e) are granted subject to the above modifications.

10. In the result, the petition is allowed with the above observations and directions and the scheme of amalgamation is sanctioned accordingly.

11. Towards fees of Assistant Solicitor General Mr. Harin P. Raval, the same is quantified at Rs. 3500/- and the transferee Company is directed to pay the same.

12. At this juncture, the learned Senior counsel has invited my attention to Rule 37 of the Companies (Court) Rules which provides orders to be drawn up. He has further invited my attention to Form No. 41 under Rule 81 and Form No. 42 under Rule 84. In view of Rule 37 of The Companies (Court) Rules, 1959 this Court directs that no order need be drawn up by the Registrar and this order will be a final order and once the Transferor Company files final judgement of this Court along with operative order, the same will be in compliance with Section 394 read with Form 42 under Rule 84 there will be sufficient compliance and the Transferor Company need not file Schedule particularly Part-I, II and III of the said Form No. 42. The same will be sufficient compliance of Sections 391(3) & 394(3) of the Companies Act.

sd/-

(K.M. MEHTA, J)

Date: 16/8/2007

11. After pronouncement of the judgment, Shri Girish Patel, learned Senior Counsel with Mr. Shalin Mehta, learned advocate appeared for some of the objectors submitted that the effect and operation of implementation of the judgment be stayed for some time enabling the objectors to approach the appellate forum.

12. Mr. K.S. Nanavati, learned Senior Counsel states that in amalgamation matter normally when the Court sanctioned the scheme, there is no question of granting any stay. He has relied upon the judgment of this Court in [2007] 138 Company Cases 204 in the matter of Core Health Care Limited where also in similar circumstances when the objectors asked for stay, this Court rejected the said prayer of stay. He has further stated that in that very matter, O.J. Appeal was filed being O.J. Appeal No. 36 of 2007 by HDFC Bank Limited and in that Civil Application No.99 of 2007 was filed. The Division Bench of this Court (Coram: M.S. Shah and H.B. Antani, JJ.) by order dated 4.4.2007 pleased to pass the following order:

"Rule returnable on 18.4.2007. Mrs. Swati Soparkar waives service of rule on behalf of Core Health Care Ltd. and Nirma Ltd. Any action which the respondents take shall be subject to the result of the appeal and the beneficiary shall also be informed accordingly.

Notice shall also be issued to the learned Standing Central Government Counsel."

13. In view of this, Mr. Nanavati stated that even the Appellate Court also does not grant stay, there is no question of granting stay by this Court.

14. In view of the order passed by this Court, one by learned Single Judge and also Division Bench, this Court therefore reject the prayer of stay made by learned Senior Counsel Shri Girish Patel with Mr.Shalin Mehta. In view of the same, the said prayer is rejected.

sd/-

(K.M. MEHTA, J)

Date: 16/8/2007

AMALGAMATION

OF

RELIANCE PETROLEUM LIMITED

WITH

RELIANCE INDUSTRIES LIMITED

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION NO. 296 OF 2009

CONNECTED WITH

COMPANY APPLICATION NO. 288 OF 2009

Reliance Industries Ltd. ..Petitioner.

Mr.I. M. Chagla, Sr. Counsel a/w Mr. Janak Dwarkadas, Sr. Counsel a/w. Virag Tulzapurkar, Sr. Counsel, Mr. Tapan Deshpande, Mr. Aditya Mehta i/b. Amarchand Mangal Das & S. A. Shroff & Co. for petitioner. Mr. Vinod Joshi, Ms. Lata Pate, Mr. S. C. Pal & C. J. Joy i/b. S. K. Mohapatra for Regional Director.

Mr. Rohit Kapadia a/w. Yash Kapadia i/b. Vivek M. Sharma for objector Shailesh Mehta.

Mr. F. E. D'Vetre a/w Sandeep Parikh and Ms. Swati Bamugad i/b. India Law Alliance for objector Mr. Anookumar Seth.

Mr. Vishvesh Mahadeorao Raste in person-objector.

CORAM : A. M. KHANWILKAR, J

DATE : JUNE 29, 2009

JUDGMENT :

1. This Petition is moved by Reliance Industries Ltd. to obtain sanction to the scheme of Amalgamation of Reliance Petroleum Ltd. (Transferor company) with Reliance Industries Limited (Transferee Company). The Transferor Company is 75% subsidiary of the Transferee Company.

2. The Petitioner Company was incorporated as Mynylon Limited sometime on 8th May, 1973 in the State of Karnataka under the provisions of Companies Act, 1956. That name was subsequently changed to Reliance Textile Industries Limited on 11th March, 1977. Later on, the place of registered office of the Petitioner company was changed from State of Karnataka to State of Maharashtra, on the 2nd day of July, 1977. Thereafter, the name of the Petitioner Company was changed to Reliance Industries Limited on 27th June, 1985. The shares of the Petitioner Company are listed on the Bombay Stock Exchange and the National Stock Exchange of India.

3. The Petitioner Company has been established to carry on business set out in the Memorandum of Association, which is appended to the Petition. The Board of Directors of both the Transferor as well as Transferee Company in their respective Board Meetings approved the proposed scheme, keeping in mind the exchange ratio suggested by M/s. Ernst & Young Private Limited and M/s. Morgan Stanley India Company Private Limited. The said swap ratio was approved by other two consultants appointed to give their fairness report namely Merrill Lynch and City Group Global Market India Ltd.

4. The Board of Directors of the Petitioner Company in its meeting on 2nd March, 2009 approved the scheme. The Scheme also received approval from the Bombay Stock Exchange and National Stock Exchange on 2nd March, 2009. On the basis of the said approval, the Petitioner Company filed Company Application No.288 of 2009 in this Court seeking direction to convene meetings of its Equity Shareholders, Secured Creditors(including Debenture holders) and unsecured Creditors to seek their approval to the Scheme. That application was filed on 3rd March, 2009. This Court, by Order dated 6th March, 2009, directed the Petitioner Company to convene requisite meetings on 4th April, 2009. Accordingly, separate meetings of the Equity Shareholders, Secured Creditors(including Debenture Holders) and unsecured Creditors of the Petitioner Company were convened and held on 4th April, 2009. In the meeting of the Equity Shareholders, 5813 Equity Shareholders holding 106,76,27,438 Equity Shares attended either personally or by proxy or by authorized representatives. Out of these 5642 Equity Shareholders holding in aggregate 106,75,59,806 equity shares constituting 98.861% in number and representing 99.9998% in holding Equity Shares were present in person or by proxy and voting at the meeting, voted in favour of the Scheme. On the other hand, 65 equity shareholders holding in aggregate 2143 equity shares constituting 1.139% in number and representing 0.0002% in holding of the equity shares, present in person or by proxy and voting at the meeting, voted against the Scheme. Besides, 106 Equity shareholders holding 65,489 votes were declared invalid. As a result, the Scheme was approved by overwhelming majority of the Equity Shareholders, present and voting either in person or by proxy at the said meeting. In the meeting of Secured Creditors held on the same day on 4th April, 2009, it was attended by 39 Secured Creditors (including debenture holders) either personally or by proxy or by authorized representative. Out of them 38 Secured Creditors(including debenture holders) having aggregate outstanding value of Rs.5878 Crore and constituting 100% in number representing 100% in value, present in person or by proxy and voting at the meeting, voted in favour of the Scheme. No Secured Creditors(including debenture holders) present in person or by proxy and voting at the meeting, voted against the Scheme. The vote of one secured creditor (including debenture holders) having aggregate outstanding value of Rs.12 Crore was declared invalid. Accordingly, the scheme was approved unanimously by the Secured creditors(including debenture holders) present and voting, either in person or by proxy at the said meeting. In the meeting of unsecured Creditors, 994 unsecured creditors either personally or by proxy or authorized representative attended the said meeting. Out of them 801 unsecured creditors having aggregate outstanding value of Rs.566.76 Crore and constituting 100% in number representing 100% in value, present in person or by proxy and voting at the meeting, voted in favour of the Scheme. No unsecured creditors present in person or by proxy and voting at the meeting, voted against the Scheme. Whereas, votes of 193 unsecured creditors having outstanding value of Rs.13.37 crores were declared invalid. Accordingly, the scheme was approved unanimously by the unsecured creditors present either in person or by proxy and voting at the said meetings.

5. After the Scheme was duly approved by overwhelming majority of the Equity shareholders and unanimously by the Secured and unsecured Creditors, present Petition has been moved by the Transferee Company for sanction of the scheme of amalgamation under section 391/394 of the Companies Act, on 6th April, 2009. The Petition was admitted on 9th April, 2009 and fixed for final hearing on 8th May, 2009. The record indicates that Notice of hearing of the Petition was duly served on the Regional Director, Registrar of Company and Central Government Advocate, as can be discerned from the affidavit of service filed in this Court. Besides, notice of hearing was published in specified newspapers as is stated in the affidavit of service. After publication of notice, three objectors have come forward to oppose the scheme. One Mr.Anup Kumar Seth filed his affidavit to oppose the scheme, on 6th May, 2009. Similarly, one Mr.Jayendra M. Shah filed his affidavit to oppose the scheme, on 6th May, 2009. The third objector Mr.Shailesh Mehta filed his affidavit on 7th May, 2009. When the Petition came up for hearing on 8th May, 2009, it was adjourned as the Regional Director did not file his report. Later on, the matter was directed to be listed on 19th June, 2009 when the objector Mr.Shailesh P. Mehta submitted his affidavit titled as Revised limited Affidavit of objection, which he wanted to be taken on record and to ignore his previous affidavit already filed on record . That request was accepted. Matter was then taken up for hearing on 25th June, 2009. On that date, the above said objectors were represented by Counsel. After the Counsel for the said Objectors were fully heard, one Mr.Vishvesh M. Raste appeared in person and wanted to hand over his affidavit to oppose the present scheme. That request was rejected keeping in mind that his objection was not filed within the time prescribed by Rule 34 of the Company Court Rules. The arguments were then concluded and the Petition deferred for pronouncement of order. However, on 26th June, 2009, the Company Registrar drew my attention to the fact that one more objection has been received in the Registry by post from one Mr. Rasiklal S. Mardia. For the same reason noted in my order dated June 25, 2009, I would not take cognizance of this objection received by post; and especially because it has been brought to my notice(in chamber)after conclusion of the hearing of the Petition.

6. Be that as it may, it is noticed from the record that the Petitioner company has complied with all the statutory formalities. In that, the Board of Directors of the Petitioner Company as well as the Transferor Company in their respective Board meetings held on 2nd March, 2009, have approved the proposed scheme. Both the Transferor and Transferee companies being listed Companies, have obtained approval from the concerned Stock Exchanges. The Petitioner thereafter filed application seeking direction from this Court to hold meeting of its shareholders and creditors to seek their approval to the scheme. This Court issued certain directions on 6th March, 2009, including to hold meetings on 4th April, 2009. The Petitioner Company has complied with the directions given by this Court. It is noticed that all the relevant documents including valuation report and fairness opinion issued in relation to the scheme were kept for inspection of the shareholders and creditors of the Petitioner Company upto the date of meetings. In the meeting

of the Equity Shareholders, Secured Creditors(including debenture holders) and Unsecured Creditors of the Petitioner company convened on 4th April, 2009, the Scheme was approved with overwhelming majority of the Equity Shareholders and unanimously by the Secured Creditors(including debenture holders) and Unsecured Creditors of the Petitioner Company, present and voting at the respective meetings. Significantly, the Regional Director and the Registrar of Companies have also consented for approving the proposed scheme. Ordinarily, in this backdrop, the Court would readily accord approval to the proposed scheme keeping in mind, the well established position restated in the case of Mafatlal Industries Ltd. reported in (1996)87 Comp. Cases page 792. The Supreme Court has expounded the broad contours to be borne in mind while considering the request for sanction of the scheme. It is well established that the Court cannot undertake the exercise of scrutinising the scheme placed for its sanction with a view to find out whether a better scheme could have been adopted by the parties. In the same decision, the Apex Court has observed that such exercise remains only for the parties and is in the realm of commercial democracy permeating the activities of the concerned creditors and members of the company who in their best commercial and economic interest of majority agree to give green signal to such a compromise or arrangement.

7. However, the objectors who appeared before this Court through Counsel have vehementally argued that the Court should decline to exercise its discretion in according approval to the proposed scheme. Although the objectors have filed detailed affidavit in this Court, however, the points agitated before the Court at the time of argument by the learned Counsel were as follows.

8. Firstly, it was contended that the act of the Petitioner Company smacks of undue haste, as can be seen from the admitted dates. In that, the Board Meeting of the Transferee Company was held on 27th February, 2009, in which decision to amalgamate two companies was taken. It was a Friday. It is intriguing that in a short interval of only two days during the weekend, valuation report was prepared by Morgan Stanley on Monday the 2nd March, 2009. Not only that, the fairness report of other two experts was obtained on the same day on 2nd March, 2009 and the Board of Directors proceeded to pass resolution at 10.15 a.m. on the same day on 2nd March, 2009. These circumstances clearly indicate that the matter was hastened by the Petitioner Company for reasons best known to them. It is also possible to suggest, contends the Learned Counsel that it is a clear case of non- application of mind- not only of the Board of Directors, but also by the valuers appointed by the Petitioner Company. The next criticism by the Counsel for objector Shailesh Mehta was in relation to the contents of the valuation report. He was at pains to point out that the valuers' report if read clause by clause or as a whole clearly indicates that no details are forthcoming. Forecast is not given, nor the valuation of the shares of the Transferee Company and the basis on which the same is done can be discerned. He submits that the Report clearly admits of the fact that due diligence has not been carried out. In his submission, the report gives conflicting opinion, without disclosing any logic. Besides, it is only a document stating the conclusion of the valuers. Even with regard to the contents of the fairness report, similar criticism was made. It was stated that the basis on which the report is founded is not disclosed in any of this report. Adopting the same argument Counsel for the other objector Mr.Anup Kumar Seth, additionally argued that valuation done by the third Valuer M/s. City Group has not been produced by the Petitioner Company. The Valuation/Fairness Reports, according to him, fail to give arithmetical calculation on the basis of which the final conclusion has been reached by the concerned expert. It is argued that the reports are unintelligible. In that, no relevant and material information is made available to the Court by the experts regarding the justification of swap ratio. The report is a veiled document so as to deny the relevant information in relation to the subject matter on hand. That would disable the Court to reach at a correct conclusion. It is further submitted that objectors have suggested different methods, which would benefit the shareholders. Moreover, it is contended that crucial fact that there are some proceedings pending regarding Gas Supply Agreement between the Petitioner Company and M/s.Reliance Natural Resources Ltd, have not been taken into account. For, the impact due to the outcome of the said proceedings qua the Petitioner Company has not been reckoned at all though relevant. Indeed, the reply filed by the Petitioner company records that the same has been duly considered, which fact, however, cannot be substantiated from the reports. It was then argued that 41% shares of the Petitioner Company have been acquired by group companies. It was argued that the swap ratio determined was unfair to the Shareholders of the Petitioner Company. Counsel for the said objectors in the alternative submitted that the Court may direct revaluation and invite fresh report from an independent valuer. It was argued that the two companies ought to prepare separate books of accounts which alone would facilitate the true valuation of the shares of the respective companies. Relying on the averments in the affidavit filed by the Regional Director that all intercompany transactions between the Transferor Company and Petitioner company will be eliminated in the Books of Account, it was argued that even Regional Director has taken exception to grant of approval to the proposed scheme. It was also argued that there are certain proceedings and investigations pending against the Petitioner company before the Regulatory Authority. The attempt of propounding the present scheme was to frustrate the said pending action. For all these reasons, it was argued that the Court may reject the present Petition. These are the broad arguments which were canvassed across the bar and in my Judgment I would deal with the same a little later.

9. As aforesaid, the scope of intervention by the Company Judge while considering the scheme of amalgamation such as the present one, is no more res integra. The objections which are canvassed before this Court in my opinion, would not militate against the Petitioner Company. For, it cannot be said that any requisite statutory procedure has not been complied with. Nor it is a case where the scheme is not supported by requisite majority of votes of class of stakeholders. Significantly, in the present case the Companies appointed a renowned firm to undertake the determination of swap ratio of the respective shares. No one has doubted the integrity or honesty of the said expert. Moreover, the Company got checked and approved the opinion of the former by two other independent firms, who in turn have agreed with the said determination to be fair. It is also not possible to take the view that the concerned meetings of the Creditors or members or any class of them were not furnished with the relevant material to enable them to arrive at an informed decision for approving the scheme in question. On the other hand, it is noticed that requisite majority of the concerned class of voters have found the scheme to be just and fair to the class as a whole. If so, their decision would legitimately bind even the dissenting members of that class. It is not the case of the objector that necessary material indicated under section 393 was not placed before the voters at the concerned meeting, as was required to be held in terms of Section 391 and directions given by this Court. Moreover, all the requisite material envisaged under section 391(2) have been placed before the Court by the Petitioner Company. Going by the said material, it is not possible to take the view that the scheme is prejudicial either to the shareholders or the public. As a matter of fact, the Registrar of Companies as well as the Regional Director including the concerned Stock Exchanges have given approval/consent to the proposed scheme. Nothing has been brought to my notice so as to take the view that the scheme is violative of any provisions of law or against the public policy. The scheme as a whole is found to be just, fair and reasonable from the point of view of taking commercial decision which is beneficial to class represented by them for whom the scheme is made.

10. In other words, all parameters to be borne in mind have been fulfilled in the present case. It necessarily follows that the Court will have no jurisdiction to sit over the commercial wisdom of the majority of the class of persons, who with their open eyes have given approval to the scheme. The Apex Court in the case of Hindustan Lever Employees' Union Vs. Hindustan Lever Ltd [AIR

1995 SC 470] has rejected similar argument of the Petitioner therein-that if some other method was to be adopted, probably the determination of valuation could have been bit more in favour of the shareholders. In other words, merely because some other method of valuation could be resorted to and would be bit favourable to the shareholders, that alone cannot militate against granting approval to the scheme propounded by the Company. The Court expounded that what is imperative is that the determination should not contrary to law and/or unfair for the Shareholders of the Company which was being merged. The Court's obligation is to be satisfied that valuation was in accordance with law and it was carried out by an independent body.

11. In the case of Re Tata Oil Mills Co. Ltd. in (1994) 81 Comp.Cases 754(Bom)]. This Court while considering objection of the shareholders that alternative share exchange ratio would have been appropriate and that the exchange ratio arrived at by the Company was incorrect, observed thus:

> *"In my opinion, the exchange ratio as arrived at by Mr.Malegam has received the approval of shareholders holding more than 99 per cert.(in number and value) shares at the meetings. No one except the shareholders holding minimum percentage of shares have complained before me. The valuation has been confirmed to be fair by two eminent firms of auditors. It would be extremely difficult to hold that the same is unfair. In any case, it has been approved by an overwhelming majority of persons affected and there is no basis to doubt their judgment. I, therefore, do not find any substance in this objection."*

This view taken by the High Court has been approved by the Apex Court in the case of Hindustan Lever Employees' Union (Supra). As observed earlier, the Apex Court went on to hold that what is imperative is that such determination of valuation or determination done by the company should not be contrary to the provisions of law or unfair to the class of stakeholder of the Company, which was being merged. If it was a case covered by such situation, the Court would be within its power to refuse approval to the proposed scheme. Reliance is rightly placed on the exposition in the decision of our High Court in the case of Re: German Remedies Ltd reported in (2003) 4 Com.L.J.89(Bom.), which reads thus:

> *"The valuers had made valuation by considering three methods of valuation namely the Net Asset value, Profit Earning Value and the Market Value of the shares of the companies as quoted on the Stock Exchange. The valuers have arrived at the valuation on the basis of relative valuation of shares of both the companies based on the aforesaid methodologies and various qualitative factors relating to each company, business dynamics and growth potential of business. Valuation is not an exact science. Different methods are applied for valuation. Valuations made by different methods may widely differ and valuers generally consider appropriate to adopt weighted average of the valuation determined by different methodologies to arrive at the fair market value. What weightage should be given to which factor would depend upon the facts and circumstances of the case..... As stated earlier, it is again to be kept in mind that the exchange ratio is in the realm of commercial wisdom of wellinformed equity share holders. It is not for the court to sit in appeal over th valued judgment of the equity share holders who are supposed to be commercial men. Commercial men who know their common benefit and interests underlying the proposed scheme, with open eyes, have okayed the swap ratio of 7 to 4 as above by an overwhelming majority of 90 per cent in numbers and 99 per cent in value of the members present and voting. The limited jurisdiction of the Court is only to see whether the ratio is so wrong or the error is so gross as would make the scheme unfair or unjust or oppressive to the majority of the members or any class of them."*

12. That takes me to the grievance of the objectors that the Petitioner Company has introduced the scheme with undue haste, or for that matter it is a case of non-application of mind. If, the meeting of the transferee company was held on 27th February, 2009 and the reports of the experts were made ready on 2nd March, 2009 coupled with the fact that the Board of Directors approved the proposed scheme on the same day on 2nd March, 2009, that, by itself, in my opinion, does not mean that it is a case of non-application of mind. The report of the valuers either prepared by Morgan Stanley or the fairness report prepared by Merrill Lynch if read as a whole, it takes into account all the relevant factors which ought to be kept in mind to form an opinion about the swap ratio. The valuers have indicated the approach and the basis of the amalgamation. It has referred to four possible methods that could be borne in mind for arrival of the decision. Each method has been analysed in the report. Insofar as net asset value methodology is concerned, it is mentioned that the valuers have computed net asset value of equity shares of both the Companies. They have used the provisional consolidated balance sheet as at December 31, 2008 of RIL, and provisional balance sheet as at December 31, 2008 of RPL to make suitable adjustment as deemed appropriate. The valuers have adverted to the Comparable Companies' Multiple (CCM) Method. It is noted in the report that the valuers have used Enterprises Value(EV) to EBITDA valuation multiple of comparable listed companies for the purpose of the valuation analysis. They have then considered Historical and Current Market Price Method which is with reference to the equity shares quoted on a Stock Exchange. Significantly, the valuers have adverted to the exposition of the Apex Court in the case of CWT vs. Mahadev Jalan [86 ITR 621], as to the basis on which valuation of shares needs to be done. Relevant extract of the said decision is reproduced in the valuation report itself. It then proceeds to observe that in the present case shares of RIL and RPL are listed on BSE and NSE and there are regular transactions in their equity shares with reasonable volumes. Keeping that in mind, the volume weighted average share price of RIL over an appropriate period was considered for determining the value of RIL and RPL under the market price methodology. It is clearly mentioned that Discounted cash Flows(DCF) Method was not applied in the facts of the present case. At the end, the basis of amalgamation is spelt out in the report to give swap ration of 1:16, the same reads thus:

> "BASIS OF AMALGAMATION
>
> The basis of merger of RPL into RIL would have to be determined after taking into consideration all the factors and methodologies as mentioned hereinabove. Though different values have been arrived at under each of the above methodologies for the purposes of recommending an exchange ratio of equity shares it is necessary

to arrive at a single value for the shares of RIL and of RPL. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity value of RIL and RPL but at their comparative values to facilitate the determination of an exchange ratio. For this purpose, it is necessary to given appropriate weightings to the values arrived at under each methodology.

Since RIL is a listed company and frequently traded on BSE and NSE, we have used Historical and Current Market Price method. We have also used sum of the parts valuation method for RIL by valuing the operations in different business segments by using CCM method. We have given a higher weight to the equity value of RIL computed under Historical and Current Market Price method and sum of the parts method. We have assigned a lower weight to the NAV method of valuation. Since RPL is also a listed company and frequently traded on BSE and NSE, we have used Historical and Current Market Price method and CCM method and given higher weight to the same.

The exchange ratio of equity shares of RIL and RPL has been arrived on the basis of a relative equity valuation for RIL and RPL based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the business of the Companies, having regard to information base, management representations and perceptions, key underlying assumption and limitations.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. Quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, etc., which are not evident fro the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in case reported in 176 ITR 417 as under:

> "If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainly is not demanded, nor indeed is it possible."
>
> Again, it is understood that this analysis does not represent a fairness opinion.
>
> In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we consider that the exchange ratio of equity shares for the merger of RPL into RIL should be a ratio of 1(One) equity share of RIL of Rs.10/- each fully paid up for every 16(sixteen) equity shares of RPL of Rs.10/- each fully paid up."

Notably, the fairness report of Merrill Lynch also refers to share valuation report submitted by Ernst & Young Morgan Stanley. On analysing all the relevant aspects, even the Fairness Report prepared by Merrill Lynch approves the swap ratio recommended by Morgan Stanley. It is noted that exchange ratio is fair from the financial point of view to the holders of equity shares of the transferee company as a class. The report sets out the basis for arriving at that opinion. The report clearly mentions that the opinion is necessarily based upon the market, economic and other conditions as they exist and can be evaluated on, and on the information made available to the valuers as of the date of the report, including the capital structure of the Transferor Company and Transferee Company as of the date of the report. Besides, it clearly records that they have assumed that in the course of obtaining the necessary regulatory or other consents or approvals(contractual or otherwise) for the Merger, no restrictions, including any divestiture requirements or amendments or modifications, will be imposed that will have material adverse effect on the contemplated benefits of the Merger. The third report of City Group Global Market India Pvt.Ltd., copy whereof was produced, also more or less reiterates the same position.

13. The question is: whether the experts have given their opinion without analysing the relevant matter. Looking at the report, it is not possible to come to that conclusion. The report refers to aspects which according to the experts would require consideration for arriving at decision regarding appropriateness of share swap ratio. It is not the case of the objectors that said considerations were extraneous as such. Nor the objectors are in a position to point out as to how the opinion recorded by the experts regarding swap ratio can be termed as absurd or manifestly wrong. Suffice it to observe that the reports given by the experts which were the basis to accord approval by the Board of Directors cannot be said to suffer from the vice of non-application of mind. The fact that the entire process was completed in short spell, may at best indicate that the Experts gave their opinion on urgent basis. We cannot be oblivious to the fact that with the development in computer technology, the working of calculation can be programmed. If the basic figures are fed in the computer, the calculations howsoever complicated would become readily available. Moreover, even due to the development in communication technology on account of fax, email, video conferencing etc, communication is instant. Significantly, the Offices of the Petitioner Company as well as of the Experts is located in Mumbai. Suffice it to observe that the Experts gave their opinion on urgent basis presumably because of the insistence of the Petitioner Company, who in turn was keen to speed up the entire merger process. The fairness of the scheme cannot be doubted with reference to those facts. It is not the case of the objectors that the

Experts' opinion(Reports) were not placed before the Board of Directors when the decision was taken by the Board of Directors, albeit at 10.15 a.m. the same day. In other words, the fact that on the same day, the Board of Directors proceeded to give approval to the proposed scheme does not per se mean that the decision of the Board of Directors suffers from non-application of mind. Nor it is possible to doubt the fairness of the Scheme merely because the Petitioner Company was keen to speed up the entire process of amalgamation. The fact remains that the class of stakeholders got complete opportunity and information before they took a conscious decision to approve the Scheme with requisite majority. Suffice it to note that the Board of Directors obviously have gone by the opinion given by the experts of good standing and reputation, particularly with regard to the shares swap ratio. Decision so taken by the Board of Directors cannot be termed as contrary to law or against the public policy. The Objectors are not in a position to demonstrate as to how the valuation reports are unfair and to whom. They have not substantiated their plea as to why the swap ratio determined by the Experts is wrong. No other Expert Report is relied by the Objectors to make good that argument. Nor any legal basis is pointed out to persuade me to discard the said Valuation/Fairness Reports. If so, this Court cannot sit over the decision of the Board of Directors and of the class of stakeholders as Court of Appeal and scrutinise the criticism pressed into service by the Objectors disregarding the commercial wisdom of the overwhelming majority of the Equity Shareholders as a class.

14. Insofar as the criticism with regard to the contents of the valuation report either on the ground that it does not give any forecast or disclose any logic but only conclusion. Even this argument does not commend to me. As aforesaid, on reading the reports clause by clause and as a whole, no fault can be found with the ultimate opinion reached by the experts regarding share swap ratio, which is founded on tangible material and basis. I am not at all impressed by the argument of the objectors that the report is manifestation of conflicting opinion in any manner. The fact that the language of the report would give an impression that the Expert does not take the responsibility of the accuracy of the figures furnished to them by the Company or that they have not made any independent valuation of the assets and liability of the companies on their own, does not mean that the relevant factors for determination of swap ratio have not been considered by the experts. Obviously, the opinion of the Experts is based on the information provided by the Company. There is nothing to show that the figures available in the Books of Accounts provided to the Experts were incorrect or otherwise. Thus, there is nothing in the said Reports to indicate that the consideration weighed with the Experts in arriving at the opinion is impermissible or unacceptable. It is not possible to countenance the grievance of the objectors that the reports deprive the Court from basic information regarding justification of share swap ratio. As aforesaid, experts have adverted to different methods of evaluation of shares before recording their opinion and have given justification for the ultimate conclusion reached by them. It may be apposite to refer to the decision of the Madras High Court in the case of Kamala Sugar Mills Ltd. reported in (1984) 55 Comp Cases 308(Mad), which had occasion to consider similar criticism of the Valuation report submitted by the Experts. It went to observe thus:

> "It is not disputed that the auditors who have filed the report of the valuation on behalf of the applicants are recognized firm of the chartered accountants. The auditors have adopted the same method of valuation of valuing the shares of both the companies. I do not find any reason to reject the valuation of the auditors who have given their opinion as experts in the field of valuation. Apart from this, Mr. U.N.R.Rao was not in a position to convincingly point out any mistake in the valuation adopted by the auditors. Besides, the exchange ratio has been accepted without demur by the overwhelming majority of the mistake in the valuation two companies."

The above decision has been adverted to by the Apex Court in the case of Mihir H. Mafatlal(Supra), the Apex Court observed thus:

> "We may also refer to a decision of the Gujarat High Court in Kamala Sugar Mills Limited 55 Company Cases p. 308 dealing with an identical objection about the exchange ratio adopted in the Scheme of Compromise and Arrangement. The Court observed as under:
>
> Once the exchange ratio of the shares of the transferee- company to be allotted to the shareholders of the transferor- company has been worked out by recognized firm of chartered accountants who are experts in the field of valuation and if no mistake can be pointed out in the said valuation, it is not for the court to substitute its exchange ratio, especially when the same has been accepted without demur by the overwhelming majority of the shareholders of the two companies or to say that the shareholders in their collective wisdom should not have accepted the said exchange ratio on the ground that it will be detrimental to their interest".
>
> These observations in our view represent the correct legal position on this aspect."

Even in the present case, no one has doubted the integrity and honesty of the valuers, who have given their share valuation report or fairness report, as the case may be. Nor the objectors have been able to point out that the method adopted by the valuers was impermissible or absurd. If so, I find no reason to discard the valuation of shares or the swap ratio determined by the Experts.

15. Insofar as the grievance made by the objectors that the experts have not reckoned the impact of the liability of the Company in relation to the pending proceedings against the Company pertaining Gas Supply Agreement. The Petitioner in the reply filed before this Court has stated that the facts relating to the said proceedings have been in public domain. The valuers and advisors were aware of and took the same into account as is normally done in similar circumstances. Even if this statement appearing in the affidavit was to be ignored as it is not supported by the contents of the Reports, in my opinion, it would make no difference. Inasmuch as, once the valuation report is accepted, the impact due to the outcome of the pending legal proceedings cannot be the basis to reject the scheme propounded by the Company, especially when the same has been approved by overwhelming majority of shareholders and unanimously by the secured and unsecured creditors.

16. Even the argument of the objectors that 41% of the shares have been acquired by the group companies does not take the matter any further. There is force in the submission made on behalf of the Petitioner that at best that is a grievance concerning misutilisation of funds of the group company, which cannot be reckoned while considering the issue of approval of the scheme submitted under Section 391 of the Act by the Transferee Company.

17. The argument of the objectors that the Company, consequent to approval of the scheme, would resort to elimination of transaction between transferor company and Petitioner company in their Books of Account, is based on the statement appearing in the affidavit of Regional Director. That statement however, cannot be read out of context. For, elimination of all transaction between the transferor and transferee Company would be the natural consequence of merger. In as much as, the transaction of Transferor Company would naturally be adjusted after the merger and would not continue to remain in the Books of Account of the Transferee Company. Even the argument of the objectors that separate accounts of the two Companies ought to be prepared is an argument of desperation.

18. Insofar as the apprehension of the objectors that consequent to merger, the Petitioner company would be extricated from all pending proceedings and investigations pending before the Regulatory authority, the same is also misplaced. There is no such provision in the present scheme. On the other hand, the pending proceedings and investigations will have to be continued and carried to its logical end irrespective of the approval to the present scheme of merger.

19. In the circumstances, I have no hesitation in taking the view that since the petitioner Company has complied with all the statutory requirements and formalities and the Regional Director as well as Registrar of Companies including the concerned Stock Exchanges have given their approval/consent to the proposed scheme and the scheme not being prejudicial to any stakeholders of the petitioner Company or public, the Petition deserves to be allowed in terms of prayer clause (a) to (g). Ordered accordingly.

20. The Petitioner in the Company Petition to pay cost of Rs. 7500/- to the Regional Director, Western Region. Costs to be paid within four weeks from today.

21. Filing and issuance of the drawn up order is dispensed with.

22. All authorities concerned to act on a copy of this Order alongwith Scheme duly authenticated by the Company Registrar, High Court, Bombay.

23. Counsel for the objector Mr.Shailesh Mehta prays for stay of operation of this decision for four weeks. The Petitioner has opposed this request. However, I would accede to the request of the objector. Hence, it is ordered that this decision not to be acted upon for four weeks from today.

(A. M. KHANWILKAR, J)

SCHEME OF AMALGAMATION

Under Sections 391 To 394 of The Companies Act, 1956

OF

Reliance Petroleum Limited

(the “Transferor Company”)

WITH

Reliance Industries Limited

(the “Transferee Company”)

GENERAL

A. Description of Companies

I. Reliance Petroleum Limited (**"RPL"** or the **"Transferor Company"**) is a company incorporated under the Companies Act, 1956 having its Registered Office at Motikhavdi, P.O. Digvijaygram, District - Jamnagar, Gujarat - 361140, India. RPL was formed with the objective of harnessing the emerging opportunities in the global energy sector by setting up a 5,80,000 barrels of crude oil per stream day greenfield petroleum refinery and a 0.9 million tonnes per annum polypropelene plant in a Special Economic Zone in Jamnagar, Gujarat and has commenced refining of crude.

II. Reliance Industries Limited (**"RIL"** or the **"Transferee Company"**), is a company incorporated under the Companies Act, 1956 having its Registered Office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai - 400 021. The Transferee Company is one of India's largest private sector industrial enterprises in terms of net turnover, total assets, net worth and net profit and is a Fortune 500 company. RIL ranks amongst the world's top 10 producers for almost all its products and also operates a 6,60,000 barrels of crude oil per stream day refinery in Jamnagar, Gujarat which is one of the largest complex refineries globally.

III. The Transferor Company is a subsidiary of the Transferee Company.

IV. This Scheme of Amalgamation provides for the amalgamation of the Transferor Company with the Transferee Company pursuant to Sections 391 to 394 and other relevant provisions of the Act.

B. Rationale for the Scheme

The amalgamation of the Transferor Company with the Transferee Company would *inter alia* have the following benefits:

(a) Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and will improve the competitive position of the combined entity.

(b) Greater efficiency in cash management of the amalgamated entity, and unfettered access to cashflow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value.

(c) Improved organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.

(d) Benefit of operational synergies to the combined entity in areas such as crude sourcing, product placement, freight optimization and logistics, which can be put to the best advantage of the stakeholders.

(e) Greater leverage in operations planning and process optimization and enhanced flexibility in product slate.

(f) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, improved procurement, and the elimination of duplication, and rationalization of administrative expenses.

(g) Strengthened leadership in the industry, in terms of the asset base, revenues, product range, production volumes and market share of the combined entity. The amalgamated entity will have the ability to leverage on its large asset base, diverse range of products and services, and vast pool of intellectual capital, to enhance shareholder value.

In view of the aforesaid, the Board of Directors of RPL as well as the Board of Directors of RIL have considered and proposed the amalgamation of the entire undertaking and business of RPL with RIL in order to benefit the stakeholders of both companies. Accordingly, the Board of Directors of both the companies have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of RPL with and into RIL pursuant to the provisions of Section 391 to Section 394 and other relevant provisions of the Act.

C. Parts of the Scheme:

This Scheme of Amalgamation is divided into the following parts:

(i) **Part I** deals with definitions of the terms used in this Scheme of Amalgamation and sets out the share capital of the Transferor Company and the Transferee Company;

(ii) **Part II** deals with the transfer and vesting of the Undertaking (as hereinafter defined) of the Transferor Company to and in the Transferee Company;

(iii) **Part III** deals with the issue of new equity shares by the Transferee Company to the equity shareholders of the Transferor Company;

(iv) **Part IV** deals with the accounting treatment for the amalgamation in the books of the Transferee Company and dividends;

(v) **Part V** deals with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and integrally connected thereto.

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

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

1.1 **"Act"** means the Companies Act, 1956 and includes any statutory re-enactment or amendment(s) thereto, from time to time;

1.2 **"Appointed Date"** means 1 April, 2008;

1.3 **"Board of Directors"** or **"Board"** means the board of directors of the Transferor Company or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof;

1.4 **"Effective Date"** means the last of the dates on which the conditions referred to in Clause 18.1 of this Scheme have been fulfilled and the Orders of the High Courts sanctioning the Scheme are filed with the respective Registrar of Companies by the Transferor Company and by the Transferee Company. 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;

1.5 **"Governmental Authority"** means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction;

1.6 **"High Court"** means the High Court of Gujarat at Ahmedabad having jurisdiction in relation to the Transferor Company and the High Court of Judicature at Bombay having jurisdiction in relation to the Transferee Company, as the context may admit and shall, if applicable, include the National Company Law Tribunal, and **"High Courts"** shall mean both of them, as the context may require;

1.7 **"Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the equity shareholders of the Transferor Company, who shall be entitled to shares of the Transferee Company upon coming into effect of this Scheme as specified under Clause 10.2 of this Scheme;

1.8 **"Scheme"** or **"Scheme of Amalgamation"** means this Scheme of Amalgamation as submitted to the High Courts together with any modification(s) approved or directed by the High Courts;

1.9 **"Transferee Company"** or **"RIL"** means Reliance Industries Limited, a public limited company incorporated under the Act, and having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai - 400 021, India;

1.10 **"Transferor Company"** or **"RPL"** means Reliance Petroleum Limited, a public limited company incorporated under the Act, and having its registered office at Motikhavdi, P.O. Digvijaygram, District - Jamnagar, Gujarat - 361140, India;

1.11 **"Undertaking"** means the whole of the undertaking and entire business of the Transferor Company as a going concern, including (without limitation):

(a) All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Company, including, without being limited to, plant and machinery, equipment, buildings and structures, offices, residential and other premises, capital work in progress, sundry debtors, furniture, fixtures, office equipment, appliances, accessories, power lines, depots, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash balances or deposits with banks, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Company, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, 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 interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, other benefits (including tax benefits), easements, privileges, 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 Company or in connection with or relating to the Transferor Company 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, whether in India or abroad;

(b) All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised;

(c) All agreements, rights, contracts, entitlements, permits, licences, approvals, authorizations, concessions, consents, quota rights, fuel linkages, engagements, arrangements, authorities, allotments, security arrangements (to the extent provided herein), benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Company's business activities and operations;

(d) All intellectual property rights, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the Transferor Company's business activities and operations;

(e) All permanent employees engaged by the Transferor Company as on the Effective Date.

All capitalized terms not defined but used in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations and byelaws, as the case may be, or any statutory amendment(s) or re-enactment thereof, for the time being in force.

2. SHARE CAPITAL

2.1 ***Transferor Company:***

The authorised, issued, subscribed and paid-up share capital of the Transferor Company as on 31 December, 2008 was as under:

	Rs.
Authorised Share Capital:	
1000,00,00,000 Equity Shares of Rs.10/- each	10000,00,00,000
500,00,00,000 Preference Shares of Rs.10/- each	5000,00,00,000
Issued, Subscribed and Paid up Share Capital:	
450,00,00,000 Equity Shares of Rs. 10/-	4500,00,00,000
each fully paid up	
Less : calls in arrears	95,250
Total	**4499,99,04,750**

2.2 ***Transferee Company:***

The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on 31 December, 2008 was as under:

	Rs.
Authorised Share Capital:	
250,00,00,000 Equity Shares of Rs. 10/- each	2500,00,00,000
50,00,00,000 Preference Shares of Rs. 10/- each	500,00,00,000
Issued, Subscribed and Paid up Share Capital:	
157,37,97,633 Equity Shares of Rs. 10/-	1573,79,76,330
each fully paid up	
Less : calls in arrears	25,59,419
Total	**1573,54,16,911**

Note:

The Transferee Company has reserved issuance of 6,96,75,402 equity shares of face value of Rs. 10/- each for offering to eligible employees of the Transferee Company and its subsidiaries under its Employee Stock Option Scheme (ESOS).

3. DATE WHEN THE SCHEME COMES INTO OPERATION

The Scheme shall come into operation from the Appointed Date, but the same shall become effective on and from the Effective Date.

PART II

TRANSFER AND VESTING OF UNDERTAKING

4. TRANSFER OF UNDERTAKING

4.1 ***Generally:***

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Undertaking of the Transferor Company shall, pursuant to the sanction of this Scheme by the High Courts and pursuant to 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, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

4.2 ***Transfer of Assets:***

4.2.1 Without prejudice to the generality of Clause 4.1 above, upon the coming into effect of this Scheme and with effect from the Appointed Date:

(a) All the assets and properties comprised in the Undertaking of whatsoever nature and wheresoever situate, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, the assets and properties of the Transferee Company.

(b) Without prejudice to the provisions of Clause 4.2.1 (a) above, in respect of such of the assets and properties of the Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Company and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking, without requiring any separate deed or instrument or conveyance for the same.

(c) In respect of movables other than those dealt with in Clause 4.2.1 (b) above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferee Company may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositee, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Transferee Company).

(d) All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

4.2.2 All assets and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets and properties which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act, provided however that no onerous asset shall have been acquired by the Transferor Company after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.

4.3 ***Transfer of Liabilities:***

4.3.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the **"Liabilities"**), shall, pursuant to the sanction of this Scheme by the High Courts 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, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with, save and except as provided in Clause 4.4.7 hereunder, any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who

is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

4.3.2 All debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date, whether or not provided in the books of the Transferor Company, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Company on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.

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

4.3.4 All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Company in the ordinary course of its business 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 or 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.

4.3.5 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

4.4 *Encumbrances*

4.4.1 The transfer and vesting of the assets comprised in the Undertaking to and in the Transferee Company under Clauses 4.1 and 4.2 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.

4.4.2 Save and except as provided in Clause 4.4.7 below, all the existing securities, mortgages, charges, encumbrances or liens (the **"Encumbrances"**), if any, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the assets comprised in the Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to Liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no Encumbrances shall have been created by the Transferor Company over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.

4.4.3 The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.

4.4.4 Save and except as provided in Clause 4.4.7 below, any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, theTransferor Company and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s)of charge(s), with the Registrar of Companies to give formal effect to the above provisions, if required.

4.4.5 Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.

4.4.6 It is expressly provided that, save as herein provided and in particular under Clause 4.4.7 hereunder, no other term or condition of the Liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

4.4.7 Notwithstanding anything to the contrary contained in this Scheme, any Encumbrances over the assets of the Undertaking which relate to any external borrowings or assistances provided by banks/institutions through their offices located outside India (the **"Foreign Liabilities"**) of the Transferor Company shall on the Effective Date, to the extent that the same are existing on the Effective Date, stand immediately released and discharged without any further act, document or deed and such Encumbrances shall cease to relate and attachto such assets or any part thereof to which they are related or attached priorto the Effective Date and as are transferred to the Transferee Company, andthe Foreign Liabilities shall, as and from the Effective Date, become unsecured liabilities of the Transferee Company ranking *pari passu* with all other unsecured and unsub ordinated creditors of the Transferee Company, save inrelation to those whose claims are preferred solely by any bankruptcy,insolvency, liquidation, or other laws of general application, and irrespectiveof the terms governing the aforementioned Foreign Liabilities

such dischargewill not accelerate or trigger any obligation of the Transferor Company or theTransferee Company in relation to such aforementioned Foreign Liabilities.Without prejudice to the foregoing provisions, the Transferor Company andthe Transferee Company may execute any instruments or documents or doall the acts and deeds as may be considered appropriate, including the filingof necessary particulars and/or satisfaction(s) of charge(s), with the Registrarof Companies to give formal effect to the above provisions, if required.

4.4.8 The provisions of this Clause 4.4 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

4.5 ***Inter - se Transactions*****:**

Without prejudice to the provisions of Clauses 4.1 to 4.4, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.

5. CONTRACTS, DEEDS, ETC.

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

5.2 Without prejudice to the other provisions of this Scheme and not withstanding thefact that vesting of the Undertaking occurs by virtue of this Scheme itself, theTransferee 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, take such actions and execute such deeds (including deeds of adherence),confirmations or other writings or arrangements with any party to any contract orarrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

5.3 For the avoidance of doubt and without prejudice to the generality of the foregoing,it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney givenby, issued to or executed in favour of the Transferor Company shall without anyfurther act or deed, stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

6. LEGAL PROCEEDINGS

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

7. CONDUCT OF BUSINESS

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

(a) The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.

(b) All the profits or income accruing or arising to the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company.

(c) All taxes (including income tax, sales tax, excise duty, customs duty, servicetax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shallbe on account of the Transferor Company and, insofar as it relates to the taxpayment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of its business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

(d) Any of the rights, powers, authorities and privileges attached or related orpertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for theTransferee Company.

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

(a) The Transferor Company shall preserve and carry on its business and activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking or any part thereof save and except in each case in the following circumstances:

(i) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Courts; or

(ii) if the same is permitted by this Scheme; or

(iii) if written consent of the Board of Directors of the Transferee Company has been obtained.

(b) The Transferor Company shall not take, enter into, perform or undertake, as applicable (i) any material decision in relation to it's business and affairs and operations (ii) any agreement or transaction (other than an agreement ortransaction in the ordinary course of the Transferor Company's business); and(iii) such other matters as the Transferee Company may notify from time totime; without the prior written consent of the Board of Directors of the Transferee Company.

(c) Without prejudice to the generality of Clause 7.2 (b) above, the Transferor Company shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Exchange Ratio (as provided in Clause 10.2 below), except under any of the following circumstances:

(i) by mutual consent of the respective Board of Directors of the Transferor Company and of the Transferee Company; or

(ii) as may be permitted under this Scheme.

8. EMPLOYEES

8.1 Upon the coming into effect of this Scheme:

(a) All the permanent employees of the Transferor Company who are in its employment as on the Effective Date shall become the permanent employees ofthe Transferee Company with effect from the Effective Date without any breakor interruption in service and on terms and conditions as to employment and remuneration not less favourable than those on which they are engaged oremployed by the Transferor Company. It is clarified that the employees of theTransferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company (including the benefits of or under any Employee Stock Option Schemes applicable to or coveringall or any of the employees of the Transferee Company), unless otherwise determined by the Board of Directors of the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, validly entered into by the Transferor Company with any union/employee of the Transferor Company recognized by the Transferor Company. After the Effective Date, the Transferee Company shall be entitled to vary the terms and conditionsas to employment and remuneration of the employees of the Transferor Companyon the same basis as it may do for the employees of the Transferee Company.

(b) The existing provident fund, gratuity fund and pension and/or superannuationfund or trusts or retirement funds or benefits created by the Transferor Company or any other special funds created or existing for the benefit of the concerne dpermanent employees of the Transferor Company (collectively referred to as the **"Funds"**) and the investments made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit ofthe concerned employees. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute there to, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to such funds of the Transferee Company.

9. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Undertaking of the Transferor Company under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded 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 Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

PART III

ISSUE OF EQUITY SHARES BY

TRANSFEREE COMPANY

10.1 The provisions of this Part III shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.

10.2 Issue of new equity shares by Transferee Company

10.2.1 Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, subject to the provisions of Clause 10.3 and 10.4, without any further application, act, instrumentor deed, issue and allot to the equity shareholders of the Transferor Company, whose names are registered in the Register of Members of the Transfer or Company on the Record Date (to be fixed by the Board of Directors of theTransferee Company) or his /her/its legal heirs, executors or administrators or,as the case may be, successors, equity shares of Rs. 10/- (Rupees Ten only) each, credited as fully paid up of the Transferee Company, in the ratio of 1 equity share of the face value of Rs. 10/- (Rupees Ten only) each of the Transferee Company with rights attached there to as mentioned in this Scheme for every 16 equity shares of the face value of Rs. 10/- (Rupees Ten only) each credited as fully paid-up held on the Record Date by such equity shareholders or their respective legalheirs, executors or administrators or, as the case may be, successors in the Transferor Company.

10.2.2 Where new equity shares of the Transferee Company are to be allotted to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of the Transferor Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of the Transferee Company.

10.2.3 The ratio in which equity shares of the Transferee Company are to be issuedand allotted to the shareholders of the Transferor Company is herein referred toas the **"Share Exchange Ratio"**. In the event that the Transferee Company restructures its equity share capital by way of share split/consolidation/issue ofbonus shares during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of such corporate actions.

10.3 Not with standing the provisions of Clause 10.2 above such portion of the share capital ofthe Transferor Company held by the Transferee Company shall stand cancelled upon the Scheme becoming effective without any further application, act or deed and there would be no issuance of shares by the Transferee Company in relation to such shares.

10.4 Any share of the Transferor Company that is transferable to the Transferee Company, pursuant to an agreement existing as on date under which the Transferee Company has a right to purchase and the counter party has an obligation to sell such share, to the extent the same has not been transferred prior to the Effective Date, shall, without any further act, document or deed, upon the Scheme becoming effective, be deemed to have been transferred to the Transferee Company pursuant to this Scheme for the express purpose of cancellation, and shall, in terms of Clause 10.3 above, be so cancelled and there would be no issuance of shares by the Transferee Company in relation to such shares so held. The Transferee Company shall make payment, to the extent not already made, on the Effective Date, to the holder of such equity shares of the amount payable for the transfer in terms of the agreement. To the extent that the shares pursuant to aforesaid agreement have already been transferred prior to effectiveness of the Scheme, they shall be deemed to have been transferred pursuant to this Clause 10.4 for the express purpose of cancellation in terms of Clause 10.3 above.

10.5 Increase in authorised, issued, subscribed and paid-up capital of Transferee Company

(a) Upon the Scheme coming into effect, the authorised share capital of the Transferee Company in terms of its Memorandum of Association and Articles of Associationshall automatically stand enhanced without any further act, instrument or deedon the part of the Transferee Company, including payment of stamp duty and feespayable to Registrar of Companies, by an amount of Rs. 3000,00,00,000/- (RupeesThree Thousand Crores Only), and the Memorandum of Association and Articlesof Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modifiedand amended, and the consent of the shareholders to the Scheme shall be deemedto be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 16, Section 31, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transfer or Company on its authorised share capital shall be utilized and applied to the increased share capitalof the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fees / stamp duty onthe authorised share capital so increased.

Accordingly, in terms of this Scheme, the authorised share capital of the Transferee Company shall stand enhanced to an amount of Rs. 6000,00,00,000 (Rupees Six Thousand Crores Only) divided into 500,00,00,000 equity shares of Rs.10/- each and 100,00,00,000 preference shares of Rs. 10/- 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. 6000,00,00,000/- (Rupees Six Thousand Crores Only) consisting of 500,00,00,000 (Five Hundred Crores) equity shares of Rs. 10/- (Rupees Ten Only) each and 100,00,00,000 (One Hundred Crores) preference shares of Rs. 10/- (Rupees Ten Only) each, with power to increase or 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 respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company."

Article 5(a) of the Articles of Association of the Transferee Company shall, on the Effective Date, also stand substituted to read as follows:

"5(a) The authorized share capital of the Company is Rs. 6000,00,00,000/- (Rupees Six Thousand Crores Only) consisting of 500,00,00,000 (Five Hundred Crores) equity shares of Rs. 10/- (Rupees Ten Only) each and 100,00,00,000 (One Hundred Crores) preference shares of Rs. 10/- (Rupees Ten Only) each, with power to increase or 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 respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company."

Upon the Scheme becoming effective, the issued, subscribed and paid-up capital of the Transferee Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with Clause 10.2 above.

(b) It is clarified that no Special Resolution under Section 81(1A) of the Act shall be required to be passed by the Transferee Company separately in a general meeting for issue of shares to the shareholders of the Transferor Company under this Scheme and on the members of the Transferee Company approving this Scheme, it shall be deemed that they have given their consent to the issue of equity shares of the Transferee Company to the shareholders of the Transferor Company in the Share Exchange Ratio.

10.6 General provisions:

(a) **Issue of shares in dematerialized/physical form:**

(i) In so far as the issue of new equity shares by the Transferee Company pursuant to Clause 10.2 above is concerned, each of the shareholders of the Transferor Company holding shares in physical form shall have the option, exercisable by notice in writing by them to the Transferee Company on or before the Record Date, to receive, the new equity shares of the Transferee Company either in certificate form or in dematerialised form, in lieu of their shares in the Transferor Company in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares of the Transferee Company shall be issued to such members in physical form. Those of the members of the Transferor Company who exercise the option to receive the shares in dematerialised form shall be required to have an account with a depository participant and shall provide full details thereof and such other confirmations as may be required in the notice provided by such shareholder to the Transferee Company. It is only thereupon that the Transferee Company shall issue and directly credit the demat/dematerialised securities account of such member with the new equity shares of the Transferee Company. The physical share certificates representing the equity shares of the Transferor Company shall stand automatically and irrevocably cancelled on the issue of new equity by the Transferee Company in terms of Clause 10.2 above.

(ii) Each of the members of the Transferor Company holding shares of the Transferor Company in dematerialised form shall have the option, exercisable by notice in writing by them to the Transferee Company on or before the Record Date, to receive, the new equity shares of the Transferee Company either in certificate form or in dematerialised form, in lieu of their shares in the Transferor Company in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares of the Transferee Company shall be issued to such members in dematerialised form as per the records maintained by the National Securities Depository Limited and/or Central Depository Services (India) Limited on the Record Date in terms of Clause 10.2 above.

(b) **Pending share transfers, etc.:**

(i) In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company, after the effectiveness of this Scheme;

(ii) The new equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Transferee Company.

(c) **Partly Paid up shares:**

In respect of equity shares of the Transferor Company where calls are in arrears, without prejudice to any remedies that the Transferor Company or the Transferee Company as the case may be, shall have in this behalf, the Transferee Company shall not be bound to issue any shares of the Transferee Company (whether partly paid or otherwise) nor to confer any entitlement to such holder until such time as the calls in arrears are paid in full.

(d) **New Equity Shares subject to same terms:**

(i) The new equity shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall inter-se rank pari passu in all respects with the then existing equity shares of the Transferee Company, including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date;

(ii) The new equity shares of the Transferee Company issued in terms of Clause 10.2 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited where the shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.

(e) **Obtaining of approvals:**

For the purpose of issue of equity shares to the shareholders of the Transferor Company, the Transferee Company shall, if and to the extent required, apply for and obtain the required statutory approvals and approvals of other concerned regulatory authorities for the issue and allotment by the Transferee Company of such equity shares.

(f) **Fractional Entitlement:**

No fractional certificates, entitlements or credits shall be issued or given by the Transferee Company in respect of the fractional entitlements, if any, to which the shareholders of the Transferor Company are entitled on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme. The Board of Directors of the Transferee Company shall instead consolidate all such fractional entitlements to which the shareholders of the Transferor Company may be entitled on issue and allotment of the equity shares of the Transferee Company as aforesaid and shall, without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to an individual trustee or a board of trustees or a corporate trustee (the "Trustee"), who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the Trustee may in its sole discretion decide and on such sale pay to the Transferee Company the net sale proceeds thereof and any additions and accretions, whereupon the Transferee Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements.

PART IV

ACCOUNTING TREATMENT AND DIVIDENDS

11. ACCOUNTING TREATMENT

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

(b) As considered appropriate for the purpose of reflecting the fair value of assets and liabilities of the Transferor Company and the Transferee Company in the books of the Transferee Company on the Appointed Date, suitable effect may be given including, but not restricted to, application of uniform accounting policies and methods.

(c) The aggregate excess or deficit of value of the net assets determined as per sub- clause (a) above and the net effect of the adjustments referred in sub-clause (b) above over the paid-up value of the shares to be issued and allotted to the shareholders of the Transferor Company pursuant to this Scheme shall be transferred by the Transferee Company to its Securities Premium Account. Amounts debited to the Profit And Loss Account of the Transferee Company in connection with giving effect to this Scheme including, but not restricted to, any costs, charges, stamp duty and cancellation of shares referred to in Clause 10.3 of this Scheme may be adjusted by a corresponding transfer from the General Reserve.

12. DECLARATION OF DIVIDEND

12.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the respective record date for the purpose of dividend.

12.2

(a) In the event that the Transferee Company declares any dividend between the date of filing of the Scheme and the Record Date, then in such event, the shareholders of the Transferor Company who are entitled to receive shares of the Transferee Company pursuant to Clause 10.2 above (the **"Transferor Company Shareholders"**) shall, on the Record Date, also be eligible to receive an amount representing such dividend proportionate to the shares they are entitled to receive. For this purpose, the Transferee Company shall, at the time of declaration of dividend to its shareholders as aforesaid, reserve the amount required for payment of dividend to the Transferor Company Shareholders. The Board of Directors of the Transferee Company will declare the aforesaid reserved amount as dividend to the Transferor Company Shareholders after the Record Date and the amount set apart will be appropriated towards such declaration. For the avoidance of doubt it is clarified that no interest shall be payable by the Transferee Company to the Transferor Company Shareholders in relation to such amount to be applied towards payment of such dividend.

(b) The Transferor Company shall not make any declaration of dividend between the date of filing of this scheme and the Effective Date.

12.3 Until the coming into effect of this Scheme, the holders of equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Association.

12.4 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

PART V

DISSOLUTION OF TRANSFEROR COMPANY AND GENERAL TERMS AND CONDITIONS

13. DISSOLUTION OF TRANSFEROR COMPANY

On the coming into effect of this Scheme, the Transferor Company shall stand dissolved without winding-up, and the Board of Directors and any committees thereof of the Transferor Company shall without any further act, instrument or deed be and stand dissolved.

14. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of this Scheme the resolutions, if any, of the Transferor Company, 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.

15. MODIFICATION OF SCHEME

15.1 The Transferor Company and the Transferee Company by their respective Boards of Directors or any Director/Executive authorised in that behalf (hereinafter referred to as the **"Delegate"**) may assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme which the High Courts or any authorities under law may deem fit to approve of or may impose and which the Board of Directors of the Transferor Company and the Transferee Company may in their discretion accept, or such modification(s) or addition(s) as the Board of Directors of the Transferor Company and the Transferee Company or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme. The Transferor Company and the Transferee Company by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme. In the event that any conditions are imposed by the High Courts or any Governmental authorities, which the Board of Directors of the Transferor Company or the Transferee Company find unacceptable for any reason, then the Transferor Company and the Transferee Company shall be at liberty to withdraw the Scheme.

15.2 For the purpose of giving effect to this Scheme or to any modification(s) thereof or addition(s) thereto, the Delegates (acting jointly) of the Transferor Company and Transferee Company may give and are authorised to determine and give all such directions as are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the Transferor Company) or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. For the avoidance of doubt it is clarified that where this Scheme requires the approval of the Board of Directors of the Transferor Company or the Transferee Company to be obtained for any matter, the same may be given through their Delegates.

16. FILING OF APPLICATIONS

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

17. APPROVALS

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 own the Undertaking and to carry on the business of the Transferor Company.

18. SCHEME CONDITIONAL UPON SANCTIONS, ETC.

18.1 This Scheme is conditional upon and subject to:

(a) The Scheme being agreed to by the requisite majority of the respective classes of members and/or creditors of each of the Transferor Company and of the Transferee Company as required under the Act and the requisite orders of the High Courts being obtained;

(b) Such other consents, sanctions and approvals as may be required by law in respect of the Scheme being obtained; and

(c) The certified copies of the Orders of the High Courts sanctioning this Scheme being filed with the Registrar of Companies, Gujarat and the Registrar of Companies, Maharashtra, Mumbai.

18.2 In the event of this Scheme failing to take effect finally by December 31, 2009, or by such later date as may be agreed by the respective Board of Directors of the Transferor Company and the Transferee Company or their respective Delegates, this Scheme shall become null and void and be of no effect and in that event no rights and liabilities whatsoever shall accrue to or be incurred or claimed inter- se by the parties or their shareholders or creditors or employees or any other person. In such case, each company shall bear its own costs, charges and expenses or as may be mutually agreed.

19. COSTS, CHARGES, EXPENSES AND STAMP DUTY

All costs, charges and expenses (including any taxes and duties) incurred or payable by each of the Transferor Company and Transferee Company in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company with the Transferee Company in pursuance of this Scheme, including stamp duty on the Orders of the High Courts, if any and to the extent applicable and payable, shall be borne and paid by the Transferee Company.

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
IN ITS ORIGINAL JURISDICTION
COMPANY PETITION NO. 81 OF 2009
CONNECTED WITH
COMPANY APLICATION NO. 65 OF 2009

In the matter of the Companies Act, 1956;

And

In the matter of Sections 391 to 394 of the Companies Act, 1956;

And

In the matter of Reliance Petroleum Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Motikhavdi, P.O. Digvijaygram, District: Jamnagar - 361 140, Gujarat;

And

In the matter of the Scheme of Amalgamation of Reliance Petroleum Limited with Reliance Industries Limited.

Reliance Petroleum Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Motikhavdi, P.O. Digvijaygram, District: Jamnagar - 361 140, Gujarat. } Petitioner Company (Transferor Company)

BEFORE THE HONOURABLE Mr. JUSTICE JAYANT PATEL
DATED: 22nd and 29th JULY, 2009

ORDER ON PETITION UNDER SECTION 391 OF COMPANIES ACT, 1956

The above Petition coming for hearing on 22nd and 29th day of July, 2009 **AND UPON READING** the said Petition, the Order dated the 5th day of March 2009 in Company Application No. 65 of 2009 filed by the Petitioner Company whereby the Petitioner Company was ordered to convene a meetings of its Equity Shareholders, Secured Creditors (Class-I and Class-II) and Unsecured Creditors for the purpose of considering and, if thought fit, approving, with or without modification, the arrangement embodied in the Scheme of Amalgamation of Reliance Petroleum Limited, the Transferor/Petitioner Company with Reliance Industries Limited, the Transferee Company, **AND UPON READING** the Affidavit of Shri Ramesh Kumar Damani, the Company Secretary of the Petitioner Company, verifying the Petition, filed on the 15th day of April, 2009 and copies of public advertisements, published in the newspapers, viz. Financial Express and Indian Express (Ahmedabad Edition dated 16.03.2009) and Indian Express (Vadodara Edition dated 18.03.2009), Gujarat Samachar and Sandesh (all Gujarat Editions dated 16.03.2009), and Noubat (Jamnagar Edition dated 16.03.2009) each containing the advertisement of the notice convening the said meetings, directed to be held on 9th day of April, 2009 as per the said Order dated the5th day of March, 2009, **AND UPON READING** the Affidavit of the Hon'ble Mr. Justice S.D. Dave(Retd.), the Chairman appointed by this Court for the meetings of Equity Shareholders, SecuredCreditors (Class-I and Class-II) and Unsecured Creditors of the Petitioner Company, filed onthe 1st day of April, 2009, showing the publication and despatch of the notices convening the said meetings, the Affidavits dated the 13th day of April, 2009 of the Hon'ble Mr. Justice S.D.Dave (Retd.), the Chairman of the said meetings and the Report/s of the Chairman of the said meetings, dated the 13th day of April, 2009, as to the result of the said meetings and it appearing that the proposed Scheme of Amalgamation has been approved by the Equity Shareholders, with over whelming majority and unanimously by the Secured Creditors (Class-I and Class-II) as wellas the Unsecured Creditors of the Petitioner Company, present and voting, at the said meeting,in person or by proxy, **AND UPON READING** the Order dated the 17th day of April, 2009, admitting the Petition, the Affidavit of Shri Ramesh Kumar Damani, the Company Secretary of thePetitioner Company, dated the 15th day of April, 2009, showing publication of the notice of hearingof this Petition in newspapers on 20th April, 2009 viz. Financial Express (Ahmedabad Edition),Indian Express, Gujarat Samachar and Sandesh (all Gujarat Editions), and Noubat (Jamnagar Edition) AND the Affidavit of Shri Ramesh Kumar Damani, the Company Secretary of thePetitioner Company dated 29th day of April, 2009 proving the service of the notice of hearing of the Petition upon the Regional Director, Western Region, Department of Company Affairs,Central Government AND the Affidavit dated 27th day of April, 2009 of Shri Pradyuman Ambalal Soni proving the service of the Notice of the hearing of Petition upon the Office of the OfficialLiquidator, attached to this Hon'ble Court AND the Affidavit dated 6th day of May, 2009 of Shri Pradyuman Ambalal Soni evidencing the publication of public advertisement in the newspapers with regard to hearing of the Petition **AND UPON READING** the Affidavit dated 12th day of June,2009 filed by Deputy Registrar of Companies on behalf of the Regional Director, giving their 'Noobjection' to the Petition **AND UPON READING** the Report dated 21st day of May, 2009 filed by the Official Liquidator submitting that the affairs of the Petitioner Company have not been conducted in a manner prejudicial to the interest of its Members or Public **AND UPON HEARING** Mr. K. S. Nanavati, Mr. S.N. Soparkar. Mr. Mihir Thakore, Mr. S.N. Shelat, Senior Advocateswith Mr. Nandish Chudgar, Advocate of M/s. Nanavati Associates, Advocates for the PetitionerCompany and Mr. Harin Raval, A.S.G. appearing for the Central Government instructed by theRegional Director / Registrar of Companies, Gujarat and the Official Liquidator AND ALSO Mr.V.K. Shah, Advocate, on behalf of Mr. Shailesh Mehta, the Objector, Mr. Shalin Mehta, Advocateon behalf of Mr. V. M. Raste, the Objector and Shri Rasiklal Maradia as Party in Person - Objectorand no other person or persons entitled to appear at the hearing of the Petition appearing thisday to show cause against the same, **THIS COURT DOTH HEREBY SANCTION** the Scheme of Amalgamation as set forth in Exhibit 'G' to the Petition and also in Schedule-A annexed hereto **AND THIS COURT DOTH DECLARE** the Scheme of Amalgamation to be binding on the Transferor Company, the Transferee Company and all their respective shareholders and creditors and allconcerned persons with effect from the 1st day of April, 2008, which is the Appointed Date.

AND THIS COURT DOTH ORDER that the Petitioner Company shall file a certified copy of this Order with the Registrar of Companies, Gujarat within 30 (Thirty) days from the date of receipt of this Order for registration under Section 391 and Section 394 of the Companies Act, 1956on such certified copy being so delivered, the Petitioner Company shall be dissolved and the Registrar of Companies shall forward all the documents and the files relating to the PetitionerCompany to the Registrar of Companies, Mumbai where the registered office of the Transferee Company is situated and upon receipt of the certified copy of the order passed by the Hon'ble Bombay High Court sanctioning the Scheme in the petition filed by the Transferee Company, files relating to the said two companies shall be consolidated by the Registrar of Companies, Mumbai.

AND THIS COURT DOTH ORDER that petitioner company to pay cost of the Central Government amounting to Rs.5,000/- to Mr. Harin Raval, A.S.G. by Account Payee Cheque and also the cost of Official Liquidator amounting to Rs. 1,500/- by Account Payee Cheque.

AND THIS COURT DOTH FURTHER ORDER that the Petitioner Company shall be at liberty toapply to this Hon'ble Court as and when occasion may arise for any directions that may be necessary.

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
IN ITS ORIGINAL JURISDICTION
COMPANY PETITION NO. 81 OF 2009
CONNECTED WITH
COMPANY APLICATION NO. 65 OF 2009

In the matter of the Companies Act, 1956,

And

In the matter of Sections 391 to 394 of the Companies Act, 1956;

And

In the matter of Reliance Petroleum Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Motikhavdi, P.O. Digvijaygram, District: Jamnagar - 361 140, Gujarat;

And

In the matter of the Scheme of Amalgamation of Reliance Petroleum Limited with Reliance Industries Limited.

Reliance Petroleum Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Motikhavdi, P.O. Digvijaygram, District: Jamnagar - 361 140, Gujarat. } Petitioner Company (Transferor Company)

BEFORE THE HONOURABLE Mr. JUSTICE JAYANT PATEL
DATED: 22nd and 29th JULY 2009

ORDER UNDER SECTION 394 OF COMPANIES ACT, 1956

The above Petition coming for hearing on 22nd and 29th day of July, 2009 **AND UPON READING** the said Petition, the Order dated the 5th day of March 2009 in Company Application No. 65 of2009 filed by the Petitioner Company whereby the Petitioner Company was ordered to convenea meetings of its Equity Shareholders, Secured Creditors (Class-I and Class-II) and Unsecured Creditors for the purpose of considering and, if thought fit, approving with or without modification, the arrangement embodied in the Scheme of Amalgamation of Reliance Petroleum Limited,the Transferor/Petitioner Company with Reliance Industries Limited, the Transferee Company, **AND UPON READING** the Affidavit of Shri Ramesh Kumar Damani, the Company Secretary ofthe Petitioner Company, verifying the Petition, filed on the 15th day of April, 2009 and copiesof public advertisements, published in the newspapers, viz. Financial Express and Indian Express (Ahmedabad Edition dated 16.03.2009) and Indian Express (Vadodara Edition dated 18.03.2009),Gujarat Samachar and Sandesh (all Gujarat Editions dated 16.03.2009), and Noubat (Jamnagar Edition dated 16.03.2009) each containing the advertisement of the notice convening the said meetings, directed to be held on 9th day of April, 2009 as per the said Order dated the 5th dayof March, 2009, **AND UPON READING** the Affidavit of the Hon'ble Mr. Justice S.D. Dave (Retd.), the Chairman appointed by this Court for the meetings of Equity Shareholders, Secured Creditors (Class-I and Class-II) and Unsecured Creditors of the Petitioner Company, filed on the 1st day of April, 2009, showing the publication and despatch of the notices convening the said meetings,the Affidavits dated the 13th day of April, 2009 of the Hon'ble Mr. Justice S.D. Dave (Retd.), theChairman of the said meetings and the Report/s of the Chairman of the said meetings, datedthe 13th day of April, 2009, as to the result of the said meetings and it appearing that the proposed Scheme of Amalgamation has been approved by the Equity Shareholders, with overwhelmingmajority and unanimously by the Secured Creditors (Class-I and Class-II) as well as the Unsecured Creditors of the Petitioner Company, present and voting, at the said meeting, inperson or by proxy, **AND UPON READING** the Order dated the 17th day of April, 2009, admitting the Petition, the Affidavit of Shri Ramesh Kumar Damani, the Company Secretary of the Petitioner Company, dated the 15th day of April, 2009, showing publication of the notice ofhearing of this Petition in newspapers on 20th April, 2009 viz. Financial Express (AhmedabadEdition), Indian Express, Gujarat Samachar and Sandesh (all Gujarat Editions), and Noubat (Jamnagar Edition) AND the Affidavit of Shri Ramesh Kumar Damani, the Company Secretary of the Petitioner Company dated 29th day of April, 2009 proving the service of the notice of hearing of the Petition upon the Regional Director, Western Region, Department of Company Affairs, Central Government AND the Affidavit dated 27th day of April, 2009 of Shri Pradyuman Ambalal Soni proving the service of the Notice of the hearing of Petition upon the Office of theOfficial Liquidator, attached to this Hon'ble Court AND the Affidavit dated 6th day of May, 2009of Shri Pradyuman Ambalal Soni evidencing the publication of public advertisement in thenewspapers with regard to hearing of the Petition **AND UPON READING** the Affidavit dated 12thday of June, 2009 filed by Deputy Registrar of Companies on behalf of the Regional Director,giving their 'No objection' to the Petition **AND UPON READING** the Report dated 21st day of May,2009 filed by the Official Liquidator submitting that the affairs of the Petitioner Company havenot been conducted in a manner prejudicial to the interest of its Members or Public **AND UPON HEARING** Mr. K. S. Nanavati, Mr. S.N. Soparkar, Mr. Mihir Thakore, Mr. S.N. Shelat, Senior Advocates with Mr. Nandish Chudgar, Advocate of M/s. Nanavati Associates, Advocates for thePetitioner Company and Mr. Harin Raval, A.S.G. appearing for the Central Governmentinstructed by the Regional Director / Registrar of Companies, Gujarat and the Official LiquidatorAND ALSO Mr. V. K. Shah, Advocate, on behalf of Mr. Shailesh Mehta, the Objector, Mr. ShalinMehta, Advocate on behalf of Mr. V. M. Raste, the Objector and Shri Rasiklal Maradia as Partyin Person - Objector and no other person or persons entitled to appear at the hearing of the Petition appearing this day to show cause against the same, **THIS COURT DOTH HEREBYSANCTION** the Scheme of Amalgamation as set forth in Exhibft 'G' to the Petition and also inSchedule -A annexed hereto **AND THIS COURT DOTH DECLARE** the Scheme of Amalgamationto be binding on the Transferor Company, the Transferee Company and all their respective shareholders and creditors and all concerned persons with effect from the 1st day of April, 2008,which is the Appointed Date.

AND THIS COURT DOTH ORDER

(1) That the Scheme of Amalgamation being Exhibit "G" to the Petition and Schedule "A" attached hereto, is sanctioned by this Court so as to be binding with effect from the 1st day of April, 2008, the Appointed Date on the Petitioner Company and all its equity shareholders, creditors and concerned persons;

(2) That with effect from the Appointed Date, the entire business and the whole of the Undertaking of the Petitioner Company (i.e. Tranfreror Company) shall, pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern, without any further act, instrument, deed, matter or thing so as to become the Undertaking of the Transferee Company by virtue of and in the manner provided in the Scheme of Amalgamation;

(3) That with effect from the Appointed Date, all the assets, properties, rights and powers comprised in the Undertaking of the Petitioner Company specified in the First, Second and Third Parts of the Schedules - "B" shall, pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern, without any further act, instrument, deed, matter or thing so as to become the assets of the Transferee Company by virtue of and in the manner provided in the Scheme of Amalgamation;

(4) That under Section 394 of the Companies Act, 1956 that with effect from the Appointed Date, all debts, liabilities, duties and obligations of the Petitioner Company as set out in the Scheme shall, without any further act or deed be transferred to or deemed to be transferred to the Transferee Company so as to become the debts, liabilities, duties and obligations of the Transferee Company;

(5) That under Section 394 of the Companies Act, 1956 that all suits, actions and proceedings by or against the Petitioner Company pending and / or arising on or before the date on which the said Scheme shall finally takes effect be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising by or against the Transferee Company;

(6) That under Section 394 of the Companies Act, 1956 that upon the Scheme taking effect and in consideration of the transfer and vesting of the Undertaking of the Petitioner Company in the Transferee Company, the Transferee Company shall, without any futher application, act, instrument or deed, issue and allot to the equity shareholders of the Petitioner Company, whose names are registered in the Register of Members of the Petitioner Company on the Record Date (fixed by the Board of Directors of the Transferee Company or a Committee of such Board of Directors) or his / her its legal heirs, executors or administrators or, as the case may be, successors, equity shares of Rs.10/- (Rupees Ten only) each, credited as fully paid-up of the Transferee Company, in the ratio of 1 equity share of the face value of Rs.10/- (Rupees Ten only) each of the Transferee Company for every 16 equity shares of the face value of Rs.10/- (Rupees Ten only) each credited as fully paid-up held on the Record Date by which equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in the Petitioner Company and as provided in Clause 10.2 of the Scheme of Amalgamation and that the order under Section 394 of the Companies Act 1956 will constitute the basis for issuance of the Transferee Company's shares to the eligible shareholders of the Petitioner Company residing in the United States of America, without registration under the Securities Act;

(7) That under Section 394 of the Companies Act, 1956, that all permanent employees of the Petitioner Company as on the Effective Date shall become the employees of the Transferee Company in accordance with the provisions set out in the Scheme;

(8) That the Petitioner Company be dissolved by this Hon'ble Court without order of winding up of the Petitioner Company;

AND THIS COURT DOTH ORDER that the Petitioner Company shall file a certified copy of the order with the Registrar of Companies, Gujarat within 30 (Thirty) days from the date of receipt of this Order for registration under Section 391 and Section 394 of the Companies Act, 1956 on such certified copy being so delivered, the Petitioner Company shall be dissolved and the Registrar of Companies shall forward all the documents and the files relating to the Petitioner Company to the Registrar of Companies, Mumbai where the registered office of the Transferee Company is situated and upon receipt of the certified copy of the order passed by the Hon'ble Bombay High Court sanctioning the Scheme in the petition filed by the Transferee Company, files relating to the said two companies shall be consolidated by the Registrar of Companies, Mumbai.

AND THIS COURT DOTH ORDER that petitioner company to pay cost of the Central Government amounting to Rs. 5,000/- to Mr. Harin Raval. A.S.G. by Account Payee Cheque and also the cost of Official Liquidator amounting to Rs. 1,500/- by Account Payee Cheque.

AND THIS COURT DOTH FURTHER ORDER that the Petitioner Company shall be at liberty to apply to this Hon'ble Court as and when occasion may arise for any directions that may be necessary.

SCHEDULES
(AS PER ATTACHMENTS)

SCHEDULES

PART I

Description of the freehold property of the Transferor Company

As on July 29,2009

-NIL-

PART II

Description of the Leasehold property of the Transferor Company
As on July 29, 2009

All those places and pieces of and measuring 730 Hectares 63 Are 66 Square Meters in aggregate, approximating to 1805 Acres, In the villages Padana, Navagam and Kanalus as per the details given below and the fixed assets Including Plant and Machinery affixed thereon

1. 159 Hectares 29 Are and 86 Square Meters of Land situated at Village Padana, Taluka Lalpur, District Jamnagar in the State of Gujarat, India
2. 310 Hectares 18 Are and 64 Square Meters of Land situated at village Kanalus, Taluka Lalpur, District Jamnagar in the State of Gujarat, India.
3. 261 Hectares 15 Are and 16 Square Meters of Land situated at Village Navagam, Taluka Lalpur, District Jamnagar in the State of Gujarat, India.

PART III

Description of all stocks, shares. debentures, and other charges in action of the Transferor Company

As on July 29, 2009

	Rs. in Crore
1,900,000 Equity Shares of Reliance Utilities Private Limited of Rs. 1 each	0.19
364 Days Treasury Bills	4.92
Certificate of deposit With Axis Bank	21.85
79,449,110 Units of LIC Mutual Fund Liquid Fund	130.00

WITNESS K. S. Radhakrishnan, Esquire, the CHIEF JUSTICE, at Ahmedabad aforesaid this 22nd - 29th day of July, 2009, Two thousand nine.

By the Order of the Court
Sd/-
Incharge Registrar (Judicial)
This 10 day of September, 2009

Seal
Sd/-
Deputy Registered
This 10 day of September, 2009

Order drawn by
Sd/-
(Nandish Chudgar)
Advocate Partner M/s Nanavati Associates
41, Premier House, Opp: Gurudwara,
Near Thaltej Cross Roads,
Bodakdev P. O., Ahmedabad - 380 054.

ANNEXURE (ix)

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
IN ITS ORIGINAL JURISDICTION

COMPANY PETITION NO. 80 OF 2012
CONNECTED WITH

COMPANY APPLICATION NO. 120 OF 2012

In the matter of the Companies Act, 1956;

-And-

In the matter of Sections 391 to 394 of the Companies Act, 1956;

-And-

In the matter of Reliance Jamnagar Infrastructure Limited, a company incorporated under the Companies Act, 1956 having its Registered Office at Raman Rati Apartment, Near Ashapura Hotel, Saru Section Road, Jamnagar - 361 002, Gujarat;

-And-

In the matter of the Scheme of Amalgamation of Reliance Jamnagar Infrastructure Limited with Reliance Industries Limited;

RELIANCE JAMNAGAR INFRASTRUCTURE LIMITED,)
a company incorporated under the Companies Act, 1956)
and having its registered office at Raman Rati Apartment,)
Near Ashapura Hotel, Saru Section Road,
Jamnagar - 361 002, Gujarat) …Petitioner Company

BEFORE HONOURABLE SMT. JUSTICE ABHILASHA KUMARI
DATED: 08.10.2012

ORDER ON PETITION

The above Petition coming on for hearing on the 10th day of September, 2012, 13th day of September, 2012, 24th day of September, 2012, 26th day of September, 2012 and 8th day of October, 2012 **AND UPON READING THE** said Petition, the Order dated the 3rd day of April, 2012 in Company Application No. 120 of 2012 filed by the Petitioner Company whereby the convening and holding of the meetings of Equity Shareholders and Preference Shareholder of the Petitioner Company were dispensed with in view of all the Equity Shareholders and Preference Shareholder having given their respective consents in writing to the arrangement embodied in the Scheme of Amalgamation of Reliance Jamnagar Infrastructure Limited (the "**Petitioner Company**" or the "**Transferor Company**") with Reliance Industries Limited (the **"Transferee Company**") and the meeting of the Secured Creditors of the Petitioner Company was also dispensed with in view of the Petitioner Company having no secured creditors and whereby the convening and holding of the meeting of the Unsecured Creditors of the Petitioner Company was directed for the purpose of considering and if thought fit, approving, with or without modification(s), the arrangement embodied in the said Scheme of Amalgamation **AND UPON READING** the Affidavit of Mr. Pradyuman Ambalal Soni, Authorised Signatory of the Petitioner Company, verifying the Petition filed on the 7th day of May, 2012 **AND UPON READING** the consents in writing of all the Equity Shareholders and Preference Shareholder of the Petitioner Company **AND UPON READING** the Affidavit dated the 26th day of April, 2012 of Ms. Komal Chhapru, Authorised Signatory of the Petitioner Company, showing publication of the notice of the meeting of the Unsecured Creditors in newspapers and proving service of individual notice of the convening of the meeting on the Unsecured Creditors of the Petitioner Company **AND UPON READING** the Report dated the 6th day of May, 2012 of Hon'ble Mr. Justice K.A. Puj (Retired), Chairman appointed for the meeting of the Unsecured Creditors of the Petitioner Company stating that the Scheme of Amalgamation was approved and the resolution was passed by 26 Unsecured Creditors out of 32 Unsecured Creditors present and voting, at the meeting, either in person or by proxy, along with the Affidavit dated the 6th day of May, 2012 of Hon'ble Mr. Justice K. A. Puj (Retired) in support of the Report of Chairman **AND UPON READING** the Order dated the 9th day of May, 2012 admitting the Petition, the Affidavit dated the 18th day of June, 2012 of Mr. Dilip L. Kanojiya, Advocate for the Petitioner Company, proving service of notice of hearing of the above petition upon the Regional Director, North Western Region, Ministry of Corporate Affairs, Central Government, the Registrar of Companies, Ministry of Corporate Affairs, Gujarat, Dadra & Nagar Havelli, the Office of the Official Liquidator, attached to this Hon'ble High Court and proving publication of the notice of hearing of the Petition in the 'Indian Express' - Ahmedabad edition in English, issue dated the 9th day of June, 2012; 'Divya Bhaskar' - Rajkot edition in Gujarati, issue dated the 10th day of June, 2012 and 'Nobat' - Gujarati Daily, issue dated the 9th day of June, 2012 **AND UPON READING** the Report dated the 13th day of July, 2012 filed by the Official Liquidator submitting that the affairs of the Petitioner Company have not been conducted in a manner prejudicial to the interests of its Members or Public **AND UPON READING** the Affidavit dated 25th July, 2012 filed by Mr. Kashmir Lal Kamboj, Regional Director on behalf of the Central Government wherein the Regional Director has set out the observations of the Central Government that the Transferee Company ought to have filed an application / petition in the High Court of Bombay which has jurisdiction over it and that the Order of this Court dated 3rd April 2012 passed in Company Application No. 120 of 2012, dispensing with filing an application by the Transferee Company, is without jurisdiction and that apart from the above, the Regional Director has not raised any other objection and has submitted that the Scheme does not, prima facie, appear to be prejudicial to the interest of the shareholders and public at large **AND UPON READING** the Affidavit in Rejoinder dated 17th August 2012 filed by the Petitioner Company submitting that the High Court dealing with the Petition filed by the Transferor Company is entitled to examine the Scheme and requirement of filing proceedings under Sections 391 to 394 of the Companies Act, 1956 by the Transferee Company and is also entitled to dispense with such a requirement **AND UPON READING** the written submissions dated 12th September 2012 filed by the Petitioner Company **AND UPON READING** the written submissions dated 25th September 2012 filed by Mr. B.C. Meena on behalf of the Regional Director, North Western Region **AND UPON HEARING** Mr. S.N. Soparkar and Mr. R. S. Sanjanwala, Senior Advocates along with Mr. Dilip L. Kanojiya, Advocate for the Petitioner Company **AND UPON HEARING** Mr. Pankaj S. Champaneri, Assistant Solicitor General of India, appearing for the Central Government instructed by the Regional Director **AND UPON HEARING** the Official Liquidator and no other person or persons entitled to appear at the hearing of the Petition appearing this day to show cause against the same **THIS COURT DOTH**

DECLARE that in the facts of the case and the prevailing legal position, the objections raised by the Regional Director are rejected and that while examining the application of the Transferor Company, this Court can observe that there is no requirement for the Transferee Company to initiate separate proceedings and **THIS COURT DOTH DECLARE** that under the circumstances, the proposed Scheme of Amalgamation would be in the interest of the Transferor Company and the Transferee Company, their members and creditors **AND THIS COURT DOTH HEREBY SANCTION** the arrangement embodied in the Scheme of Amalgamation as set forth in **Exhibit 'G'** to the Petition and also in the **Schedule "A"** annexed hereto **AND THIS COURT DOTH DECLARE** the Scheme of Amalgamation to be binding on the Petitioner Company, the Transferee Company and all their respective members and creditors and all concerned persons with effect from the 1st day of April 2011, which is the Appointed Date;

AND THIS COURT DOTH FURTHER ORDER that the Petitioner Company do file with the Registrar of Companies, Gujarat, a certified copy of this order within 30 days from the receipt of the same and on such certified copy being so delivered, the Petitioner Company shall be dissolved and the Registrar of Companies shall forward all the documents and the files relating to the Petitioner Company to the Registrar of Companies, Maharashtra, Mumbai where the registered office of the Transferee Company is situated and the files of the said two companies shall be consolidated by the Registrar of Companies, Maharashtra, Mumbai;

AND THIS COURT DOTH FURTHER ORDER that the parties to the arrangement or other persons interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to the working of the arrangement;

AND THIS COURT DOTH FURTHER ORDER that payment of Rs. 7500/- in aggregate as the cost of this Petition awardable to Mr. Pankaj S. Champaneri, Assistant Solicitor General of India, appearing for the Central Government and Rs. 7500/- in aggregate as cost of this Petition awardable to the Official Liquidator.

SCHEDULES

Scheme of Amalgamation as sanctioned by the Court - Schedule "A"

Dated this 8th day of October, 2012

WITNESS BHASKAR BHATTACHARYA, ESQUIRE, THE CHIEF JUSTICE at Ahmedabad aforesaid this 8th day of October, Two Thousand and Twelve.

By the order of the Honourable Court

Sd/-

REGISTRAR (JUDICIAL)

This 6th day of November, 2012

Sd/-

Sealer

DEPUTY REGISTRAR

This 06th day of November, 2012

Order drawn by:

Sd/-

(DILIP L. KANOJIYA)
Advocate for the Petitioner

Address:
Opp: Shrinathji Society,
Panchwati IInd Lane,
Ellisbridge,
Ahmedabad 380006
Ahmedabad

11 /10/2012

29

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
IN ITS ORIGINAL JURISDICTION

COMPANY PETITION NO. 80 OF 2012
CONNECTED WITH

COMPANY APPLICATION NO. 120 OF 2012

In the matter of the Companies Act, 1956;

-And-

In the matter of Sections 391 to 394 of the Companies Act, 1956;

-And-

In the matter of Reliance Jamnagar Infrastructure Limited, a company incorporated under the Companies Act, 1956 having its Registered Office at Raman Rati Apartment, Near Ashapura Hotel, Saru Section Road, Jamnagar - 361 002, Gujarat;

-And-

In the matter of the Scheme of Amalgamation of Reliance Jamnagar Infrastructure Limited with Reliance Industries Limited;

RELIANCE JAMNAGAR INFRASTRUCTURE LIMITED,)
a company incorporated under the Companies Act, 1956)
and having its registered office at Raman Rati Apartment,)
Near Ashapura Hotel, Saru Section Road,
Jamnagar - 361 002, Gujarat) …Petitioner Company

BEFORE HONOURABLE SMT. JUSTICE ABHILASHA KUMARI
DATED: 08.10.2012

ORDER UNDER SECTION 394 OF THE COMPANIES ACT, 1956

The above Petition coming on for hearing on the 10th day of September, 2012, 13th day of September, 2012, 24th day of September, 2012, 26th day of September, 2012 and 8th day of October, 2012 **AND UPON READING THE** said Petition, the Order dated the 3rd day of April, 2012 in Company Application No. 120 of 2012 filed by the Petitioner Company whereby the convening and holding of the meetings of Equity Shareholders and Preference Shareholder of the Petitioner Company were dispensed with in view of all the Equity Shareholders and Preference Shareholder having given their respective consents in writing to the arrangement embodied in the Scheme of Amalgamation of Reliance Jamnagar Infrastructure Limited (the "**Petitioner Company**" or the "**Transferor Company**") with Reliance Industries Limited (the **"Transferee Company**") and the meeting of the Secured Creditors of the Petitioner Company was also dispensed with in view of the Petitioner Company having no secured creditors and whereby the convening and holding of the meeting of the Unsecured Creditors of the Petitioner Company was directed for the purpose of considering and if thought fit, approving, with or without modification(s), the arrangement embodied in the said Scheme of Amalgamation **AND UPON READING** the Affidavit of Mr. Pradyuman Ambalal Soni, Authorised Signatory of the Petitioner Company, verifying the Petition filed on the 7th day of May, 2012 **AND UPON READING** the consents in writing of all the Equity Shareholders and Preference Shareholder of the Petitioner Company **AND UPON READING** the Affidavit dated the 26th day of April, 2012 of Ms. Komal Chhapru, Authorised Signatory of the Petitioner Company, showing publication of the notice of the meeting of the Unsecured Creditors in newspapers and proving service of individual notice of the convening of the meeting on the Unsecured Creditors of the Petitioner Company **AND UPON READING** the Report dated the 6th day of May, 2012 of Hon'ble Mr. Justice K.A. Puj (Retired), Chairman appointed for the meeting of the Unsecured Creditors of the Petitioner Company stating that the Scheme of Amalgamation was approved and the resolution was passed by 26 Unsecured Creditors out of 32 Unsecured Creditors present and voting, at the meeting, either in person or by proxy, along with the Affidavit dated the 6th day of May, 2012 of Hon'ble Mr. Justice K. A. Puj (Retired) in support of the Report of Chairman **AND UPON READING** the Order dated the 9th day of May, 2012 admitting the Petition, the Affidavit dated the 18th day of June, 2012 of Mr. Dilip L. Kanojiya, Advocate for the Petitioner Company, proving service of notice of hearing of the above petition upon the Regional Director, North Western Region, Ministry of Corporate Affairs, Central Government, the Registrar of Companies, Ministry of Corporate Affairs, Gujarat, Dadra & Nagar Havelli, the Office of the Official Liquidator, attached to this Hon'ble High Court and proving publication of the notice of hearing of the Petition in the 'Indian Express' - Ahmedabad edition in English, issue dated the 9th day of June, 2012; 'Divya Bhaskar' - Rajkot edition in Gujarati, issue dated the 10th day of June, 2012 and 'Nobat' - Gujarati Daily, issue dated the 9th day of June, 2012 **AND UPON READING** the Report dated the 13th day of July, 2012 filed by the Official Liquidator submitting that the affairs of the Petitioner Company have not been conducted in a manner prejudicial to the interests of its Members or Public **AND UPON READING** the Affidavit dated the 25th day of July, 2012 filed by Mr. Kashmir Lal Kamboj, Regional Director on behalf of the Central Government wherein the Regional Director has set out the observations of the Central Government that the Transferee Company ought to have filed an application / petition in the High Court of Bombay which has jurisdiction over it and that the Order of this Court dated 3rd April 2012 passed in Company Application No. 120 of 2012, dispensing with filing an application by the Transferee Company, is without jurisdiction and that apart from the above, the Regional Director has not raised any other objection and has submitted that the Scheme does not, prima facie, appear to be prejudicial to the interest of the shareholders and public at large **AND UPON READING** the Affidavit in Rejoinder dated 17th August 2012 filed by the Petitioner Company submitting that the High Court dealing with the Petition filed by the Transferor Company is entitled to examine the Scheme and requirement of filing proceedings under Sections 391 to 394 of the Companies Act, 1956 by the Transferee Company and is also entitled to dispense with such a requirement **AND UPON READING** the written submissions dated 12th September 2012 filed by the Petitioner Company **AND UPON READING** the written submissions dated 25th September 2012 filed by Mr. B.C. Meena on behalf of the Regional Director, North Western Region **AND UPON HEARING** Mr. S.N. Soparkar and Mr. R. S. Sanjanwala, Senior Advocates along with Mr. Dilip L. Kanojiya, Advocate for the Petitioner Company **AND UPON HEARING** Mr. Pankaj S. Champaneri, Assistant Solicitor General of India, appearing for the Central Government instructed by the Regional Director **AND UPON HEARING** the Official Liquidator and no other person or persons entitled to appear at the hearing of the Petition appearing this day to show cause against the same **THIS COURT DOTH DECLARE** that in the facts of the case and the prevailing legal position, the objections raised by the Regional Director are rejected and that while examining the application of the Transferor Company, this Court can observe that there is no requirement for the Transferee Company to initiate separate proceedings and **THIS COURT DOTH DECLARE** that under the circumstances, the proposed Scheme

of Amalgamation would be in the interest of the Transferor Company and the Transferee Company, their members and creditors **AND THIS COURT DOTH HEREBY SANCTION** the arrangement embodied in the Scheme of Amalgamation as set forth in **Exhibit 'G'** to the Petition and also in the **Schedule "A"** annexed hereto **AND THIS COURT DOTH DECLARE** the Scheme of Amalgamation to be binding on the Petitioner Company, the Transferee Company and all their respective members and creditors and all concerned persons with effect from the 1st day of April 2011, which is the Appointed Date;

THIS COURT DOTH FURTHER ORDER

(a) That the arrangement embodied in the Scheme of Amalgamation (being **Exhibit "G"** to the Petition) and also in the **Schedule "A"** annexed hereto is sanctioned by this Hon'ble Court so as to be binding with effect from the 1st day of April, 2011, the Appointed Date on the Petitioner Company, the Transferee Company and also on all their respective members, creditors and all other persons concerned; and

(b) That on the coming into effect of the Scheme of Amalgamation and with effect from the Appointed Date, the entire business and the whole of the Undertaking (as defined in the Scheme of Amalgamation) of the Petitioner Company, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern, under Sections 391 to 394 and all other applicable provisions, if any, of the Companies Act, 1956, without any further act, instrument, deed, matter or thing so as to become the undertaking of the Transferee Company by virtue of and in the manner provided in the Scheme of Amalgamation; and

(c) That on the coming into effect of the Scheme of Amalgamation and with effect from the Appointed Date, all the assets, properties, rights and powers of the Petitioner Company comprised in the Undertaking (as defined in the Scheme of Amalgamation) including the properties as specified in Part I, Part II and Part III of **Schedule "B"** hereto, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company as a going concern, under Sections 391 to 394 and all other applicable provisions, if any, of the Companies Act, 1956, without any further act, instrument, deed, matter or thing so as to become the assets, properties, rights and powers of the Transferee Company by virtue of and in the manner provided in the Scheme of Amalgamation and subject to all charges now affecting the same; and

(d) That on the coming into effect of the Scheme of Amalgamation and with effect from the Appointed Date, all liabilities and duties of every kind, nature and description of the Petitioner Company shall be transferred to and assumed by or be deemed to be transferred to and assumed by the Transferee Company, under Sections 391 to 394 and all other applicable provisions, if any, of the Companies Act, 1956, without any further act, instrument, deed, matter or thing and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become on and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Petitioner Company and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen; and

(e) That on and from the Appointed Date, all suits, claims, actions and legal proceedings by or against the Petitioner Company shall be continued and / or enforced until the Effective Date as desired by the Transferee Company and on and from the Effective Date, shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and / or arising by or against the Transferee Company; and

(f) That on the Scheme of Amalgamation becoming effective, the entire equity share capital and preference share capital of the Petitioner Company shall, *ipso facto,* without any application, act, instrument or deed, stand cancelled and no shares of the Transferee Company will be issued or allotted to the equity shareholders or preference shareholders of the Petitioner Company in respect of the shares held by them in the Petitioner Company;

(g) That on the Scheme of Amalgamation becoming effective, all permanent employees of the Petitioner Company who are in employment of the Petitioner Company as on the Effective Date shall become the employees of the Transferee Company in accordance with the provisions of the Scheme of Amalgamation; and

(h) That on the coming into effect of the Scheme of Amalgamation, the Petitioner Company shall be dissolved without order of winding-up of the Petitioner Company;

AND THIS COURT DOTH FURTHER ORDER that the Petitioner Company do file with the Registrar of Companies, Gujarat, a certified copy of this order within 30 days from the receipt of the same and on such certified copy being so delivered, the Petitioner Company shall be dissolved and the Registrar of Companies shall forward all the documents and the files relating to the Petitioner Company to the Registrar of Companies, Maharashtra, Mumbai where the registered office of the Transferee Company is situated and the files of the said two companies shall be consolidated by the Registrar of Companies, Maharashtra, Mumbai;

AND THIS COURT DOTH FURTHER ORDER that the parties to the arrangement shall be at liberty to apply to this Hon'ble Court as and when occasion may arise for any directions that may be necessary.

SCHEDULES

Schedule "A" - Scheme of Amalgamation as sanctioned by the Court.

Schedule "B" Parts I, II and III

Dated this 8th day of October, 2012

Schedule "A"

SCHEME OF AMALGAMATION

under Sections 391 to 394 of the Companies Act, 1956

OF

Reliance Jamnagar Infrastructure Limited

(the **"Transferor Company")**

WITH

Reliance Industries Limited

(the **"Transferee Company")**

PREAMBLE

A. Description of Companies:

a. Reliance Jamnagar Infrastructure Limited ("RJIL") is an unlisted public limited company incorporated under the Companies Act, 1956 having its registered office at Raman Rati Apartment, Near Ashapura Hotel, Saru Section Road, Jamnagar - 361 002, Gujarat. RJIL is carrying on the business of promoters, developers, builders, suppliers, creators, operators, owners, contractors, organisers of all and any kind of infrastructure facilities and services including but not limited to Special Economic Zones, etc. RJIL is presently developing and operating a Special Economic Zone in Jamnagar "Jamnagar SEZ" and related infrastructure facilities. RJIL is referred to as the "**Transferor Company**".

b. Reliance Industries Limited ("RIL") is a listed public limited company incorporated under the Companies Act, 1956 having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai - 400 021. RIL is India's largest private sector enterprise, with businesses in the energy and materials value chain and is a Fortune Global 500 company. RIL's activities span exploration and production of oil and gas, petroleum refining and marketing, petrochemicals (polyester, fibre intermediates, plastics and chemicals) and textiles. RIL is referred to as the "**Transferee Company**".

c. The Transferor Company is a wholly-owned subsidiary of the Transferee Company.

B. Purpose of Scheme :

This the Board of Directors of the Transferor Company and the Transferee Company have proposed to consolidate the Transferor Company and Transferee Company into a single company and a Scheme of Amalgamation has been formulated under the provisions of Sections 391 to 394 of the Companies Act, 1956 for the transfer and vesting of all the properties, assets and liabilities of the Transferor Company to and in the Transferee Company and for various other matters consequential or otherwise integrally connected with the Scheme.

C. Rationale for the Scheme of Amalgamation:

a. RJIL is the Developer of the operating SEZ in Jamnagar and RIL is operating a SEZ Unit in the SEZ.

b. Thus, the present activities and business of the Transferor Company can be conveniently combined with the business of the Transferee Company.

c. The amalgamation will achieve economy, better administration and efficiency of operation thereby resulting in greater profitability for the amalgamated company.

d. The amalgamation will improve organizational capability arising from the pooling of human capital that have diverse skills, talent and vast experience with respect to development, operation and maintenance of infrastructure facilities.

e. Greater integration and greater employees strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and will improve the competitive position of the combined entity.

f. The Scheme will result in achieving synergies and economies of scale by reducing duplication of costs and improving administrative and operational efficiency.

g. Integrating and combining the businesses of both Companies will lead to greater and optimal utilization of available resources.

The amalgamation would, therefore, enable the Transferee Company to increase value realization of its operations. The object of amalgamation is to effect internal economies and optimize profitability.

D. Parts of the Scheme:

This Scheme of Amalgamation is divided into the following parts:

(i) **Part I** deals with definitions of terms used in this Scheme of Amalgamation, the share capital of the Transferor Company and the Transferee Company and Effective Date of the Scheme;

(ii) **Part II** deals with the transfer and vesting of the Undertaking (as hereinafter defined) of the Transferor Company to and in the Transferee Company;

(iii) **Part III** deals with the cancellation of the entire issued, subscribed and paid-up share capital of the Transferor Company;

(iv) **Part IV** deals with the accounting treatment for the amalgamation in the books of the Transferee Company and dividends;

(v) **Part V** deals with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme of Amalgamation.

PART I

DEFINITIONS, SHARE CAPITAL AND EFFECTIVE DATE

1. DEFINITIONS

In this Scheme, unless in consistent with the subject or context, the following terms shall have the meanings set out below:-

1.1 **"Act"** or **"the Act"** means the Companies Act, 1956 and includes any statutory re-enactment or modification thereof or amendment thereto, from time to time and for the time being in force;

1.2 **"Appointed Date"** means 1st April 2011;

1.3 **"Effective Date"** means the last of the dates on which the Order of the High Court sanctioning the Scheme of Amalgamation is filed with the respective Registrar of Companies by the Transferor Company and by the Transferee Company; 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;

1.4 "**Governmental Authority**" means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction;

1.5 **"High Court"** shall mean the High Court of Gujarat at Ahmedabad having jurisdiction in relation to the Transferor Company and the said term shall, if applicable, include the National Company Law Tribunal;

1.6 **"Scheme"** or **"Scheme of Amalgamation"** or "**the Scheme"** or "**this Scheme"** means this Scheme of Amalgamation as submitted in the present form to the High Court together with such modification(s), if any made as per Clause 15 of this Scheme;

1.7 "**Transferee Company**" or "**RIL**" means Reliance Industries Limited, a company incorporated under the Act, having its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai - 400 021, Maharashtra;

1.8 "**Transferor Company"** or **"RJIL"** means Reliance Jamnagar Infrastructure Limited, a company incorporated under the Act, having its registered office at Raman Rati Apartment, Near Ashapura Hotel, Saru Section Road, Jamnagar - 361 002, Gujarat;

1.9 **"Undertaking"** in relation to the Transferor Company, shall mean the whole of the undertaking and entire business of the Transferor Company as a going concern, including (without limitation):

(i) All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Company, including, without being limited to plant and machinery, equipment, buildings and structures, offices, residential and other premises, capital work in progress, sundry debtors, furniture, fixtures, office equipment, appliances, accessories, power lines, power sanctions, telephones, telexes, facsimile, internet connections, leased line connections and installations, water, utilities, electricity and other service connections, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including shares, scrips, stocks, bonds, debentures, debenture stock, units and certificates), cash balances on hand and with banks, loans, advances, contingent rights or benefits, book debts, actionable claims, receivables, earnest moneys, advances or deposits paid by the Transferor Company, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreements, benefit of any security arrangements or under any guarantees, in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, reserves, provisions, funds, all records, files, papers, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, other benefits (including tax benefits), easements, privileges, 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 Company or in connection with or relating to the Transferor Company 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, whether in India or abroad;

(ii) All debts, liabilities (including contingent liabilities), sundry creditors, duties, undertakings and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized including borrowings, bills payable, interest and other obligations or guarantees given or undertaken by the Transferor Company;

(iii) All registrations, agreements, rights, claims, privileges, contracts, entitlements, assignments, grants, permits, licences, approvals, authorizations, concessions, consents, engagements, arrangements, reversions, powers, sanctions, permissions, quotas, subsidies, special status, incentives, exemptions, relaxation, liberties, tax and other benefits, exemptions and incentives arising out of any law or programmes or policies of the Government or any municipal or other authority or otherwise, whether past, present or future, authorities, allotments, security arrangements (to the extent provided herein), benefits of any guarantees, and all other approvals of every kind, nature and description whatsoever relating to the Transferor Company's business activities and operations;

(iv) All tax credits, refunds, reimbursements, claims, concessions, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals and Minimum Alternate Tax ("MAT") paid under Section 115JA/115JB of the Income Tax Act, 1961 ("IT Act") advance taxes, tax deducted at source, right to carry forward and set-off unabsorbed losses, if any, and depreciation, MAT credit, deductions and benefits under the IT Act or any other taxing statute;

(v) All intellectual property rights of any nature whatsoever, trade and service names and marks, patents, copyrights, designs, records, files, papers, software, computer programmes, manuals, database and domain names, catalogues, sales material, lists of customers and suppliers, other customer information, applications filed by the Transferor Company for registration of any intellectual property rights and benefits thereof and all other records and documents relating to the Transferor Company's business activities and operations;

(vi) All permanent employees engaged by the Transferor Company as on the Effective Date.

All capitalized terms not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, and other applicable laws, rules, regulations and byelaws, as the case may be, or any statutory modification or re-enactment thereof, from time to time in force.

In this Scheme where the context so requires, words importing the singular number shall include the plural number.

2. SHARE CAPITAL

2.1 Transferor Company (RJIL):

(a) As per the latest audited annual accounts of the Transferor Company as on **31st March 2011**, the authorized share capital and the issued, subscribed and paid-up share capital of the Transferor Company was as under:

	Rs.	Rs.
Authorised Share Capital:		
(i) 10,50,00,000 Equity Shares of Rs. 10/- each	105,00,00,000	
(ii) 50,00,000 Preference Shares of Rs. 10/- each	5,00,00,000	**110,00,00,000**
Issued, Subscribed and Paid-up Share Capital:		
(i) 10,00,00,000 Equity Shares of Rs. 10/- each fully paid-up	100,00,00,000	
(ii) 18,50,000 - 10% Non-Cumulative Optionally Convertible Preference Shares of Rs. 10/- each fully paid-up	1,85,00,000	**101,85,00,000**

The entire issued, subscribed and paid-up equity share capital is held by the Transferee Company, the holding company of the Transferor Company along with its nominees. The entire issued, subscribed and paid-up preference share capital is also held by the Transferee Company, the holding company of the Transferor Company.

(b) As on **15th March 2012**, the authorised share capital and the issued, subscribed and paid-up share capital of the Transferor Company remained the same.

2.2 Transferee Company (RIL):

(a) As per the latest audited annual accounts of the Transferee Company as on **31st March 2011**, the authorized share capital and the issued, subscribed and paid-up share capital of the Transferee Company was as under:

	Rs.	Rs.
Authorised Share Capital:		
(i) 500,00,00,000 Equity Shares of Rs. 10/- each	5000,00,00,000	
(ii) 100,00,00,000 Preference Shares of Rs. 10/- each	1000,00,00,000	**6000,00,00,000**
Issued, Subscribed and Paid-up Share Capital:		
327,33,74,008 Equity Shares of Rs. 10/- each fully paid-up	3273,37,40,080	
Less: Calls in arrears - by others	3,653	**3273,37,36,427**

(b) As on **15th March 2012**, the authorized share capital and the issued, subscribed and paid-up share capital of the Transferee Company was as under:

	Rs.	Rs.
Authorised Share Capital:		
(i) 500,00,00,000 Equity Shares of Rs. 10/- each	5000,00,00,000	
(ii) 100,00,00,000 Preference Shares of Rs. 10/- each	1000,00,00,000	**6000,00,00,000**
Issued, Subscribed and Paid-up Share Capital:		
327,33,77,691 Equity Shares of Rs. 10/- each fully paid-up	3273,37,76,910	
Less: Calls in arrears - by others	3,653	**3273,37,73,257**

The equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited. The GDRs representing the underlying equity shares of the Transferee Company are listed on Luxembourg Stock Exchange.

The Transferee Company has, pursuant to a Public Announcement dated January 23, 2012, made an offer to Buy-back up to twelve crore fully paid-up equity shares of Rs. 10/- each at a price not exceeding Rs. 870 per equity share, payable in cash, up to an aggregate amount not exceeding Rs. 10,440 crore from the open market through Stock Exchange(s) (herein after referred to as "Buy-back"). The Buy-back offer is open up to January 19, 2013 (that is twelve months from the date of the Board Resolution approving the Buy-back) or when the Transferee Company has completed Buy-back or such earlier date as may be determined by the Transferee Company.

3. DATE WHEN THE SCHEME COMES INTO OPERATION

The Scheme shall come into operation from the Appointed Date, but the same shall become effective only on and from the Effective Date.

PART II

TRANSFER AND VESTING OF UNDERTAKING

4. TRANSFER OF UNDERTAKING

4.1 Generally:

On the coming into effect of this Scheme and with effect from the Appointed Date, the whole of the Undertaking of the Transferor Company shall, pursuant to the sanction of this Scheme by the High Court and pursuant to 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, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed so as to become on and from the Appointed Date the Undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

4.2 Transfer of Assets:

4.2.1 Without prejudice to the generality of Clause 4.1 above, on the coming into effect of this Scheme and with effect from the Appointed Date:

(a) All the assets and properties comprised in the Undertaking, except for the portion dealt with under sub-clause (b) below, of whatsoever nature and wheresoever situate and which are incapable of passing by manual delivery, shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, matter or thing be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, on and from the Appointed Date, the assets and properties of the Transferee Company, subject however to the provisions of Clause 4.4 hereinbelow.

(b) Without prejudice to the provisions of sub-clause (a) of this Clause 4.2.1 in respect of such assets and properties of the Transferor Company, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Company to the Transferee Company and shall, on such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking, without requiring any separate deed or instrument or conveyance for the same.

(c) In respect of moveable properties of the Transferor Company other than those dealt with in sub-clause (b) of this Clause 4.2.1 any incorporeal property and in respect of current assets, including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Government, quasi-Government, local or other authority or body or with any company or other person, the same shall, on and from the Appointed Date, stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtor or any other person. The Transferee Company may, without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper to each debtor, depositee, authority, body, company or person, as the case may be, that the said debt, loan, advance, balance, investment or deposit or other property stands transferred to and vested in the Transferee Company.

(d) All the licenses, powers, authorities, allotments, entitlements, assignments, permits, approvals, reversions, quotas, permissions, concerns, registrations, incentives, tax benefits, deferrals, subsidies, concessions, exemptions, relaxations, grants, benefits, rights, claims, sanctions, leases, tenancy rights, liberties, contracts, special status and privileges enjoyed or conferred on or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall, pursuant to the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become on and from the Appointed Date the licenses, powers, authorities, allotments, entitlements, assignments, permits, approvals, reversions, quotas, permissions, concerns, registrations, incentives, tax benefits, deferrals, subsidies, concessions, exemptions, relaxations, grants, benefits, rights, claims, sanctions, leases, tenancy rights, liberties, contracts, special status and privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

4.2.2 All assets and properties comprised in the Undertaking of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets and properties, which are acquired by the Transferor Company on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company by virtue of and in the manner provided in this Scheme and shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company upon the coming into effect of this Scheme provided however that no onerous asset shall have been acquired by the Transferor Company after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.

4.3 Transfer of Liabilities

4.3.1 Without prejudice to the generality of Clause 4.1 above, on the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities of every kind, nature and description of the Transferor Company shall, pursuant to the sanction of this Scheme by the High Court and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be transferred to and assumed by or be deemed to be transferred to and assumed by the Transferee Company, without any further act, instrument, deed, matter or thing and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become on and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause.

4.3.2 All debts, loans, liabilities and obligations raised, utilized, incurred or undertaken by the Transferor Company or which may arise or accrue to the Transferor Company (other than loans and liabilities that exist or may arise, inter-se, the Transferor Company and the Transferee Company) 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, on the coming into effect of this Scheme and pursuant to the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed be and stand transferred to and assumed by or be deemed to have been transferred to and assumed by the Transferee Company and shall become the debts, loans, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, loans, liabilities and obligations have arisen in order to give effect to the provisions of this Clause.

4.3.3 Where any of the liabilities of the Transferor Company as on the Appointed Date have been discharged/satisfied by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

4.3.4 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may hereafter become due between the Transferor Company and the Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any such inter-company loans, advances and other obligations with effect from the Appointed Date.

4.3.5 Without prejudice to the foregoing provisions of this Clause:

(i) All debentures, bonds or other debt securities, if any, (hereinafter referred to as the **"Debt Securities"**) of the Transferor Company shall, if any such Debt Securities are outstanding on the Effective Date, subject to sub-clause (ii) of this Clause 4.3.5, pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument or deed become the Debt Securities of the Transferee Company on the same terms and conditions and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in and shall be exercised by or against the Transferee Company to the same extent as if it were the Transferor Company in respect of the Debt Securities so transferred.

(ii) Any Debt Securities issued by the Transferor Company and held by the Transferee Company, if any, shall, unless transferred by the Transferee Company to any other person, at any time prior to the Effective Date, stand cancelled as on the Effective Date and be of no effect and appropriate effect shall be given to such cancellation in the books of accounts and records of the Transferee Company. The certificates issued by the Transferor Company in relation to such Debt Securities shall, without any further application, act, instrument or deed, be deemed to be and stand automatically cancelled on the Effective Date.

4.4 Encumbrances:

4.4.1 The transfer and vesting of the assets and properties of the Transferor Company under Clauses 4.1 and 4.2 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.

4.4.2(a) In so far as the properties and assets of the Transferor Company are concerned, the securities, charges, encumbrances or liens, if any, (hereinafter referred to as the **"Encumbrances"**) created at any time prior to and existing on the Effective Date, over the properties and assets or any part thereof transferred to the Transferee Company in terms of this Scheme shall, on and after the Effective Date, without any further act or deed, continue to relate or attach to such properties and assets or any part thereof of the Transferor Company, but such Encumbrances, if any, shall not relate or attach to any of the assets and properties of the Transferee Company or any part thereof, save to the extent warranted by the terms of any existing security arrangements to which the Transferor Company and the Transferee Company are party, and consistent with the joint obligations assumed by them under such arrangements.

(b) Without prejudice to sub-clause (a) of this Clause 4.4.2, it is clarified that any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferee Company, provided always that such Encumbrances, if any, shall extend only to and over the assets and properties of the Transferor Company transferred to and vested in the Transferee Company pursuant to this Scheme and not any of the assets and properties of the Transferee Company.

4.4.3 The existing securities, encumbrances or liens over the assets and properties of the Transferee Company or any part thereof shall continue to relate or attach to the assets and properties of the Transferee Company to which the same relate or attach and nothing contained in this Scheme shall operate to enlarge or extend such securities, charges, encumbrances or liens to any of the assets or properties of the Transferor Company or any part thereof which are transferred to and vested in the Transferee Company under and pursuant to this Scheme.

4.4.4 Without prejudice to the foregoing provisions, the Transferee Company may execute any supplemental instruments or documents for recording the change of the entity and do all acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the Registrar of Companies to give formal effect to the substitution of the name of the Transferor Company with the name of the Transferee Company, if required.

4.4.5 The provisions of this Clause 4.4 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

4.5 Inter-se Transactions:

Without prejudice to Clauses 4.1 to 4.4, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date and upon coming into effect of the Scheme, the same shall stand cancelled without any further act, instrument or deed.

5. CONTRACTS, DEEDS, ETC.

5.1 On the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all tenancies, leases, licenses and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder.

5.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Undertaking occurs by virtue of this Scheme itself, 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, take such actions or enter into, or issue or execute deeds, writings, confirmations, novations, declarations or other documents with, or in favour of, any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company.

5.3 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that on the coming into effect of this Scheme, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to its Undertaking shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall obtain relevant approvals from the concerned Governmental Authority, as may be necessary in this behalf.

6. LEGAL PROCEEDINGS

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

7. CONDUCT OF BUSINESS

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

(a) The Transferor Company shall carry on and shall be deemed to have carried on all their business and activities relating to its Undertaking as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of its Undertaking on account of, and for the benefit of, and in trust for, the Transferee Company.

(b) All the profits or incomes accruing or arising to the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) in relation to its Undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Transferee Company.

(c) All taxes (including income tax, sales tax, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of its operations and/or the profits of the business upto the Appointed Date, shall be on account of the Transferor Company and, insofar as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operations of its business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

(d) Any of the rights, powers, authorities and privileges attached or related or pertaining to the Undertaking and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, relating or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Transferee Company.

7.2 With effect from the date of filing of this Scheme with the High Court and up to and including the Effective Date:

(a) The Transferor Company shall preserve and carry on its business and activities with reasonable diligence and business prudence in the same manner as hithertofore carried on.

(b) The Transferor Company shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation or in any other manner except with the consent of the Board/Committee of Directors of the Transferee Company.

8. EMPLOYEES

(a) On the coming into effect of the Scheme, all the permanent employees of the Transferor Company who are in employment of the Transferor Company, as on the Effective Date, shall become the employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and on the same terms and conditions as to

employment and remuneration on which they are engaged or employed by the Transferor Company. It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement settlement, if any, entered into by any Transferor Company with any union/ employee. After the Effective Date, the Transferee Company shall be entitled to vary the terms and conditions as to employment and remuneration of the said employees or any of them on the same basis as it may do for the employees of the Transferee Company.

(b) With effect from the date of filing of this Scheme with the High Court and up to and including the Effective Date the Transferor Company shall not vary or modify the terms and conditions of employment of any of its employees, except with the written consent of the Transferee Company.

(c) The provident fund, gratuity fund and pension and/or superannuation fund or trusts or retirement funds or benefits, if any, created by the Transferor Company or any other special funds created for the benefit of the employees of the Transferor Company and which are existing as on the Effective Date (collectively referred to as the "**Funds**") and the investments made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own funds with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute thereto, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to such funds of the Transferee Company.

9. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Undertaking of the Transferor Company under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company 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 Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

PART III

CANCELLATION OF SHARE CAPITAL OF TRANSFEROR COMPANY

10.1 CANCELLATION OF EQUITY SHARE CAPITAL:

The Transferor Company is the wholly-owned subsidiary of the Transferee Company. The entire paid-up equity share capital of the Transferor Company is held by the Transferee Company and nominees of the Transferee Company. Therefore, on the Scheme taking effect, the entire issued, subscribed and paid-up equity share capital of Rs. 100,00,00,000 (Rupees one hundred crore only) divided into 10,00,00,000 Equity Shares of Rs. 10/- each fully paid-up of the Transferor Company shall, *ipso facto,* without any further application, act, deed or instrument stand cancelled on the Effective Date and no shares of the Transferee Company will be issued or allotted with respect to the equity shares held by the Transferee Company in the Transferor Company.

10.2 CANCELLATION OF PREFERNCE SHARE CAPITAL:

The entire paid-up preference share capital of the Transferor Company is held by the Transferee Company. Therefore, on the Scheme taking effect, the entire issued, subscribed and paid-up 10% Non-Cumulative Optionally Convertible Preference Share capital of Rs. 1,85,00,000 (Rupees one crore eighty five lakhs only) divided into 18,50,000 - 10% Non-Cumulative Optionally Convertible Preference Shares of Rs. 10/- each fully paid-up of the Transferor Company shall, *ipso facto,* without any further application, act, deed or instrument stand cancelled on the Effective Date and no shares of the Transferee Company will be issued or allotted with respect to the said preference shares held by the Transferee Company in the Transferor Company.

10.3 CANCELLATION OF SHARE CERTIFICATES:

The share certificates issued by the Transferor Company in relation to its equity shares and preference shares shall, without any further application, act, deed or instrument be deemed to be and stand automatically cancelled as on the Effective Date.

PART IV

ACCOUNTING TREATMENT AND DIVIDENDS

11. ACCOUNTING TREATMENT

11.1 On the coming into effect of the Scheme, the assets, liabilities and reserves (whether capital or revenue or arising on revaluation) of the Transferor Company shall be recorded by the Transferee Company at their existing carrying amounts and in the same form as at the Appointed Date. The Transferee Company shall record in its books of accounts, all the transactions of the Transferor Company in respect of assets, liabilities, income and expenses at their book values from the Appointed Date to the Effective Date. The inter-company balances, if any, shall stand cancelled.

11.2 On the coming into effect of the Scheme, amounts debited to the Profit And Loss Account of the Transferee Company in connection with giving effect to this Scheme including, but not restricted to, any costs, charges, stamp duty and cancellation of shares referred to in Clauses 10.1 and 10.2 may be adjusted by a corresponding transfer from the General Reserve.

11.3 Suitable adjustments including to ensure uniform accounting methods and policies between the Transferor Company and the Transferee Company may be made as considered appropriate and effect thereof shall be given in the General Reserves (including balance of profit and loss account) of the Transferee Company.

12. DECLARATION OF DIVIDEND

12.1 With effect from the date of filing of this Scheme with the High Court and up to and including the Effective Date, the Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders.

12.2 Until the coming into effect of this Scheme, the holders of shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including their right to receive dividend.

12.3 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the respective shareholders of the Transferor Company and the Transferee Company.

PART V

DISSOLUTION OF TRANSFEROR COMPANY AND GENERAL TERMS AND CONDITIONS

13. DISSOLUTION OF TRANSFEROR COMPANY

On the coming into effect of this Scheme, the Transferor Company shall stand dissolved without winding-up and the Board of Directors and any committees thereof of the Transferor Company shall, without any further act, instrument and deed, be and stand dissolved.

14. VALIDITY OF EXISTING RESOLUTIONS, ETC.

On the coming into effect of this Scheme the resolutions, if any, of the Transferor Company, 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 upper monetary or other limits approved under the provisions of the Act, or under any other applicable provisions, then the said limits shall be added to the limits, if any, imposed under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

15. MODIFICATION OF SCHEME

15.1 The Transferor Company and the Transferee Company by their respective Boards of Directors or any Committee thereof or any Director or by their respective executive or officer authorised in that behalf (hereinafter referred to as the "**Delegate**") may assent to, or make, from time to time, any modification(s) or amendment(s) or addition(s) to this Scheme, which the High Court or any authorities under law may deem fit to approve of or which the High Court or any authorities under law may impose and which the Transferor Company and the Transferee Company may in their discretion accept, or such modification(s) or amendment(s) or addition(s) as the Transferor Company and the Transferee Company or as the case may be, their respective Delegate may deem fit or required for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme and as may be approved by the High Court, and the Transferor Company and the Transferee Company by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect or review the position relating to the satisfaction of any conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) and /or give such consents as may be required in terms of this Scheme for bringing this Scheme into effect. In the event that any conditions imposed by the High Court or any Governmental Authority are found unacceptable by the Transferor Company or the Transferee Company for any reason, then the Transferor Company and the Transferee Company shall be at liberty to withdraw the Scheme. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by the Delegate of the respective Companies.

15.2 For the purpose of giving effect to this Scheme or to any modification(s) or amendment(s) thereof or addition(s) thereto, the Delegates (acting jointly) of the Transferor Company and Transferee Company may give and are authorised to determine and give all such directions as are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders or depositors, if any, of the Transferor Company) or to review the position relating to the satisfaction of any conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. For the avoidance of doubt, it is clarified that where this Scheme requires the approval of the Board of Directors of the Transferor Company or of the Transferee Company to be obtained for any matter, the same may be given through their Delegates.

16. FILING OF APPLICATIONS

The Transferor Company shall with all reasonable despatch, make and file all applications and/or petitions under Sections 391 to 394 and other applicable provisions of the Act before the High Court for sanction of this Scheme and for the dissolution without winding-up of the Transferor Company under the provisions of law, and shall apply for such approvals as may be required under law. Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, no new shares of the Transferee Company are to be issued under the provisions of this Scheme, and both Companies are net worth positive, and accordingly the Transferee Company shall not file any application or petition under Sections 391 to 394 before the High Court for sanction of the Scheme.

17. APPROVALS

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 own the Undertaking and to carry on the business of the Transferor Company.

18. SCHEME CONDITIONAL ON SANCTIONS, ETC.

18.1 This Scheme is conditional upon and subject to:

(i) The Scheme being agreed to by the requisite majority of the members and creditors of the Transferor Company and by such other persons as may be required under the Act and as may be directed by the High Court;

(ii) All approvals, sanctions or consents of any Governmental Authority as may be required in law to be obtained prior to giving effect to this Scheme being obtained; and

(iii) The certified copies of the Order of the High Court sanctioning this Scheme being filed by the Transferor Company and by the Transferee Company with the respective Registrar of Companies.

18.2 In the event of this Scheme failing to take effect finally by 31st March 2013 or by such later date as may be agreed by the respective Boards of Directors of the Transferor Company and the Transferee Company, this Scheme shall become null and void and be of no effect and in that event no rights and liabilities whatsoever shall accrue to or be incurred or claimed inter-se by the parties or their shareholders or creditors or employees or any other person. In such case, each Company shall bear its own costs, charges and expenses incurred in relation to or in connection with this Scheme or as may be mutually agreed.

19. COSTS, CHARGES AND EXPENSES

All costs, charges and expenses (including any taxes and duties) of or payable by the Transferor Company and the Transferee Company in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company with the Transferee Company in pursuance of this Scheme, including the stamp duty on the order of the High Court, if any and to the extent applicable and payable, shall be borne and paid by the Transferee Company.

SCHEDULE "B"

PART I

Description of the freehold immovable properties:

1. The freehold immovable property is 3962-77-93 hectares, out of which 391-21 hectares land given on long term lease. The village wise details are as follows:

Name Of The Village	Total Area (Hectares)
Derachhikari	25-15-17
Kanachhikari	754-02-22
Kanalus	1486-71-96
Navagum	1445-77-79
Padana	251-10-79
Total	**3962-77-93**

2. Buildings at Village Padana, Taluka Lalpur, District Jamnagar, State Gujarat as per following details:

Sr. No	Name of property	Area in hectare
1	MTT Stores	00-27-00
2	Roads	-
3	Box Culvert	-
4	Boundary Wall	-
5	Culvert & Drains	-
6	Surya Stambh at Triangular Plot	-
7	Triangular Plot	04-20-00
8	Land Scaping Work at Triangular Plot	-
9	Parking Area	-
10	Petcoke Underpass	-
11	Central Administration Building	00-58-71
12	Plant Operations Centre Building	00-20-44
13	CCC Utility Building & Sub Station	00-17-65
14	Open Storage Yard	-
15	JERP Main Material Gate House	-
16	Gas Godown	-
17	Drivers Rest Room	00-00-79
18	Engineering & Maintenance Building	00-42-97
19	JERP Main Security Gate House	-
20	JERP PP Entry Exit Gate House	-
21	JERP Process/ Non-Process Gate House	-
22	JERP Main Security Gate House RD & Parki	-
23	Fire Station	00-04-41
24	CMC Project Store	29-12-50
25	Materials Management Centre	02-71-00
26	RLS Warehouse	-
27	Pond at Rail Way siding	-
28	Occupational Health Center	00-03-07
29	Pond 5 At Tri Plot	-
30	Storm water Drain	-
31	Pond 6 for retention of storm water	03-54-00
32	Pond 7 For retention of storm water	01-81-00

Sr. No	Name of property	Area in hectare
33	Pond 6A For retention of storm water	00-96-00
34	Pond 8 For retention of storm water	03-70-00
35	Pond 10 For retention of storm water	00-36-00
36	Oil Catcher In Storm Water Channel	-
37	Storm water channel- RO plant	-
38	Consumer Pump Building	-
39	Roads-DTA area	-
40	P & M Yard	24-23-00
41	LCR/ CCR at Switchyard	-
42	MRS 1 Building	00-16-00
43	MRS 2 Building	00-16-00

PART II

Description of the leasehold immovable properties

3. The leasehold immovable property is 575-02-78 hectares, out of which 387-49 hectares land given on long term lease. The village wise details are as follows:

Name Of The Village	Total Area (Hectares)
Kanalus	339-56-44
Padana	235-46-34
Total	**575-02-78**

PART III

Description of Movable Properties, loans and advances and bank accounts as on 30.09.2012.

1. Fixed assets including plant and machinery, electrical installations, furniture, fixtures and vehicles located at Jamnagar SEZ in village Padana, Taluka Lalpur, District Jamnagar, Gujarat.
2. Items of capital work in progress located at Jamnagar SEZ in village Padana, Taluka Lalpur, District Jamnagar, Gujarat.
3. Loans and Advances details:

Description	Amount (Rs.)
Advances to Vendors	74,06,20,586
Advance to Employees - Foreign Advance	1,36,791
Advance Income Tax(Net of Provision)	4,90,84,220
Input Vat Recoverable	3,85,28,183
Deposits	3,67,41,761
Prepaid Expenses	1,23,44,320
Service Tax Recoverable	16,52,398
Export Duty Recoverable	9,93,285
Advance FBT Paid	1,50,123
Claims Receivable	46,604
Capital Advance	4,695
Total	**88,03,02,966**

4. Bank Account Details:

Description	Account Number	Amount (Rs.)
ICICI Bank - Jamnagar	5105000536	4,53,594
State Bank of Saurashtra- Jamnagar	66002322630	24,765
ICICI Bank - Nariman Point	405032576	19,007
HDFC Bank - Fort	600310023193	14,53,582
Total		**19,50,948**

For Reliance Jamnagar Infrastructure Limited
Sd/-

V. Sankaranarayanan
Assistant Secretary

WITNESS BHASKAR BHATTACHARYA, ESQUIRE, THE CHIEF JUSTICE at Ahmedabad aforesaid this 8th day of October, Two Thousand and Twelve.

By the order of the Honourable Court
Sd/-
REGISTRAR (JUDICIAL)
This 6th day of November, 2012

Sd/-
Sealer
DEPUTY REGISTRAR
This 06th day of November, 2012

Order drawn by:

Sd/-

(DILIP L. KANOJIYA)
Advocate for the Petitioner

Address:
Opp: Shrinathji Society,
Panchwati IInd Lane,
Ellisbridge,
Ahmedabad:380006

Ahmedabad

11 /10/2012
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ANNEXURE (x)

IN THE NATIONAL COMPANY LAW TRIBUNAL
SPECIAL BENCH, MUMBAI

CP (CAA) No.931 / MB.II / 2020
connected with
CA (CAA) No.981 / MB.II / 2020

In the matter of
Sections 230 to 232 read with section 234
and other applicable provisions of the Companies Act 2013

and

In the matter of
Composite Scheme of Amalgamation and Plan of Merger

of

Reliance Holdings USA Inc.
(Non-Petitioner / Transferor Company-1)

and

Reliance Energy Generation and Distribution Limited
(Petitioner Company-1 / Transferee Company-1 / Transferor Company-2)

and

Reliance Industries Limited
(Petitioner Company-2 / Transferee Company-2)

and

their respective Shareholders

1.	Reliance Holding USA Inc, a company registered as a Delaware Corporation under Delaware General Corporation Law, and having its principal office at 2000 W Sam Houston Parkway S, Houston, Texas 77042, USA	.....	Non-Petitioner / Transferor Company-1
2.	Reliance Energy Generation and Distribution Limited [CIN: U40108MH2008PLC185326] *having its registered office at* - 4th Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai, Maharashtra 400 002, India	.....	Petitioner Company-1 / Transferee Company-1 / Transferor Company-2
3.	Reliance Industries Limited [CIN: L17110MH1973PLC019786] *having its registered office at* 3rd Floor, Maker Chamber IV 222, Nariman Point, Mumbai, Maharashtra 400 021, India	.....	Petitioner Company-2 / Transferee Company-2

Order pronounced on 27th July 2020

Coram:

Mr Rajasekhar V.K.	:	Member (Judicial)
Mr V. Nallasenapathy	:	Member (Technical)

Appearances (via videoconferencing) :

For the Petitioners	:	Mr Janak Dwarkadas & Mr Gaurav Joshi, Senior Advocates, a/w Mr Mehul Shah, Mr Peshwan Jehangir, Mr Himanshu Vidhani, Mr Aman Yagnik, Mr Rushabh Gala & Ms Pratiksha Basarkar i/b Khaitan & Co, Advocates
For the Regional Director (WR)	:	Ms Rupa Sutar, Deputy Director

ORDER

Per: Rajasekhar V.K., Member (Judicial)

1. The Bench is convened by videoconference today.

2. Heard Learned Senior Counsel for the Petitioner Companies. No objector has come before the Tribunal to oppose the Petition and nor has any party controverted any averments made in the Petition.

3. The sanction of this Tribunal is sought under sections 230 to 232 read with section 234 and other applicable provisions of Companies Act, 2013, to the Composite Scheme of Amalgamation and Plan of Merger (*Scheme*) between Reliance Holding USA Inc, (*Non-Petitioner / Transferor Company-1*), Reliance Energy Generation and Distribution Limited (*Petitioner Company-1 / Transferee Company-1 / Transferor Company-2*) and Reliance Industries Limited (*Petitioner Company-2 / Transferee Company-2*) and their respective shareholders.

4. The Petitioner Companies have approved the said Scheme by passing respective Board Resolutions and thereafter have approached this Tribunal by the captioned Petition for sanction of the Scheme.

5. The First Petitioner Company is *inter alia* engaged in the business of wholesale trading of goods and investments in shares and securities. Second Petitioner Company is *inter alia* engaged in the business of hydrocarbon exploration and production, petroleum refining and marketing, petrochemicals, retail and digital services.

6. Learned Senior Counsel for the Petitioner Companies submits that the rationale of the Scheme is as under:

   (a) The Transferor Companies are indirect/direct wholly-owned subsidiaries of the Transferee Company-2 and hold investments in shale gas assets in the United States of America. It is desirous to consolidate and transfer the investments of the Transferor Companies in shale gas assets into the Transferee Company-2. The key objectives for the amalgamation are:

      (1) to help achieving integration of reserves, resources and exploration and production business of the Transferor Company-1 and Transferee Company-2;

      (2) to be in a position to take advantage of the expected upturn of commodity cycle;

      (3) to provide a strong financial structure to all stakeholders including the creditors and lenders of the Transferor Companies as stake holders of Transferor Company-1 become stake holders of Transferee Company-2, which is a stronger entity;

      (4) to further simplify the corporate structure and to optimise capital structure and costs;

      (5) to enable the Transferee Company to better manage the obligations of the Transferor Companies; and

      (6) to reduce the multiplicity of legal and regulatory compliances, administrative and record keeping by the Transferee Company, thus resulting in reduction of overheads.

   (b) Thus, the Scheme is in the interest of the shareholders, creditors and all other stakeholders of the companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

7. Learned Senior Counsel for the Petitioner Companies further submits that the Petition had been filed in consonance with the Order dated 1st May, 2020 passed by this Tribunal in CA (CAA) No.981/2020.

8. Learned Senior Counsel for the Petitioner Companies states that the Petitioner Companies have complied with all requirements as per the directions of this Tribunal and has filed necessary compliance reports / affidavits of compliance before this Tribunal.

9. Learned Senior Counsel for the Petitioner Companies states that certain debt securities (*i.e.,* notes) issued by Transferor Company-1 and guaranteed by Second Petitioner Company are listed on the Singapore Stock Exchange. The shares of the Transferor Company-1 are wholly owned by the First Petitioner Company. The shares of the First Petitioner Company are wholly owned by the Second Petitioner Company and its nominees. The shares of the First Petitioner Company are not listed on any stock exchange. The equity shares of the Second Petitioner Company are listed on BSE Limited and National Stock Exchange of India Limited. The global depository receipts of the Second Petitioner Company are listed on Luxembourg Stock Exchange and are traded on the International Order Book (London Stock Exchange) and amongst qualified institutional investors on the over-the-counter market in the United States of America. The International Bonds / Debt instruments issued in international markets of the Second Petitioner Company are listed on Stock Exchanges and its bonds are listed on Singapore Stock Exchange, Taipei Exchange and Luxembourg Stock Exchange.

10. The Regional Director, Ministry of Corporate Affairs, Mumbai, has filed its Report dated 24th July 2020 (*Report*), *inter alia* praying that the Tribunal may pass such orders as it thinks fit after considering the observations in paragraphs IV(a) to (k). In paragraphs IV (a) to (k) of the said Report, the Regional Director has stated that:-

   (a) In addition to compliance of AS-14 (Ind AS-103), the Transferee Company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5(Ind AS-8) etc.

   (b) As per Part-I-Definitions Clause-1 of the Scheme,

   "Appointed Date" means opening hours of 1 March 2020 or such other date as may be agreed by the Board of the respective Parties;

"Effective Date" means the last of the dates on which the conditions specified in Clause 26 of this Scheme are complied with or are waived by the Board of the respective Parties. References in this scheme to the date of "coming into effect of this Scheme" or "upon the Scheme being effective" shall mean the Effective Date;

In the regard, it is submitted that section 232(6) of the Companies Act, 2013 states that the scheme under this section shall clearly indicate an appointed date from which it shall be effective and the scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date. However, this aspect may be decided by the Tribunal taking into account its inherent powers.

Further, the Petitioners may be asked to comply with the requirements and clarified vide circular No.7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.

(c) The Tribunal may kindly seek the undertaking that this Scheme is approved by the requisite majority of members and creditors as per section 230(6) of the Act in meetings duly held in terms of section 230(1) read with subsection (3) to (5) of section 230 of the Act and the Minutes thereof are duly placed before the Tribunal.

(d) Hon'ble NCLT may kindly direct the petitioners to file an affidavit to the extent that the Scheme enclosed to Company Application and Company Petition, are one and the same and there is no discrepancy or changes made. For changes if any, liberty be given to Central Government to file further report if any required;

(e) The Petitioner under provisions of section 230(5) of the Companies Act, 2013 have to serve notices to concerned authorities which are likely to be affected by Amalgamation. Further, the approval of the scheme by this Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such authorities is binding on the Petitioner Company(s).

(f) Petitioner Company have to undertake to comply with section 232(3)(i) of Companies Act, 2013, where the transferor company is dissolved, the fee, if any, paid by the transferor company on its authorised capital shall be set-off against any fees payable by the transferee company on its authorised capital subsequent to the amalgamation and therefore, petitioners to affirm that they comply the provisions of the section.

(g) Reliance Holding USA, Inc., (Transferor Company-1) is foreign company corporation incorporated pursuant to and in accordance with the General Corporation Law of the State of Delaware (as amended from time to time) having Employer Identification Number: 27-2270026 and having its principal office at 2000, West Sam Houston Park Way S., Suite 700, Houston, TX77042 in the United States of America; and does not fall within the jurisdiction of this Tribunal. Accordingly, similar approvals be obtained by the above said Transferor Company-1 in accordance with the laws of United States of America;

(h) Since Reliance Holding USA, Inc (Transferor Company-1) is situated in the State of Delaware, United State of America, the FEMA Regulations/RBI Guidelines if any applicable is to be complied with by the transferor / transferee company.

(i) It is stated that the equity shares of Reliance Industries Limited, the Transferee Company-2 are listed on the Stock Exchanges (BSE Limited and National Stock Exchange of India Limited). The global depository receipts of the Transferee Company-2 are listed on Luxembourg Stock Exchange and are traded on the International Order Book (London Stock Exchange) and amongst qualified institutional investors on the over-the-counter market in the United States of America. The International Bonds / Debts instruments issued in international markets of the Transferee Company-2 are listed on Stock Exchanges and its bonds are listed on Singapore Stock Exchange, Taipei Exchange and Luxembourg Stock Exchange. In this regard it is submitted that the Petitioner to produce NOC from the above said stock exchange.

(j) ROC Mumbai report dated 22-07-2020 has made the observations as follows:-

(1) As per Rule of the Foreign Exchange Management (Cross Border Merger) Regulations 2018 (Cross Border Regulations), prior approval of RBI is required in terms of Rule 25 A of the Companies (Compromise, Arrangement and Amalgamation) Rules 2016.

(2) Several Complainants are received against the Transferee Company, but which will not affect the scheme.

(3) The Authorised and the paid-up capital of the Companies shown in the Master Data does not agree with the Scheme.

(4) In view of the above the Hon'ble NCLT may pass appropriate orders / orders as deem fit;

(k) As regards the complaints indicated at para 21 above, under the head - Status of Complaint as per MCA Portal - Screen Shot and MCA eServices, it is submitted that the petitioners be directed to mention the current position regarding complaints redressed by the company and to file an undertaking accordingly.

11. In response to the observations of the Regional Director as mentioned in his Report, an affidavit dated 26th July 2020 has been filed by the Petitioner Companies with this Tribunal on 26th July 2020, *inter alia* stating as under:

(a) As far as the observation made in paragraph IV (a) of the Report of the Regional Director is concerned, the Petitioner Companies have undertaken to pass such accounting entries which are necessary in connection with the Scheme to comply with such accounting standards notified under Section 133 of the Companies Act, 2013 as may be applicable to the Petitioner Companies (including Ind AS-103 and Ind AS-8).

(b) As far as the observation made in paragraph IV (b) of the Report of the Regional Director is concerned, the Petitioner Companies submitted that the Appointed Date of the Scheme shall be opening hours of 1st March 2020. The Petitioner Companies confirmed that the Scheme will take effect from the Appointed Date as per section 232(6) of the Companies Act, 2013. The Petitioner Companies also stated that the Scheme is in compliance with the requirements stated in Circular No.7/12/2019/CL-1 dated 21st August 2019 issued by the Ministry of Corporate Affairs, as applicable.

(c) As far as the observation made in paragraph IV (c) of the Report of the Regional Director is concerned, the Petitioner Companies stated that, the meeting of the shareholders and creditors of the First Petitioner Company were not required to be convened in lieu of requisite consent affidavits, approving the Scheme, which were provided by the respective parties. The Second Petitioner Company stated that the facts of the present case are similar to the judgement passed by this Tribunal in case of *Housing Development Finance Corporation Limited* (CSA No.243 /2017), hence the meetings of the shareholders and creditors of the Second Petitioner Company were not required to be convened. The Petitioner Companies stated that they have complied with the directions of the order of this Tribunal dated 1st May 2020 under section 230(1) of the Companies Act 2013 and the necessary compliance reports have been duly filed by the Petitioner Companies in this regard.

(d) As far as the observation made in paragraph IV (d) of the Report of the Regional Director is concerned, an affidavit has been filed on behalf of the Petitioner Companies on 25th July 2020 with this Tribunal, confirming that the Scheme filed in the Company. Application and the Company Petition is one and the same and there are no discrepancies or any changes to the Scheme.

(e) As far as the observation made in paragraph IV (e) of the Report of the Regional Director is concerned, the Petitioner Companies stated that they have served notice to the authorities concerned in compliance to the order of this Tribunal dated 1st May 2020. Further, the Petitioner Companies submitted that the approval of the Scheme will not deter such authorities from dealing with any of the issues arising after giving effect to the Scheme, as per applicable laws.

(f) As far as the observation made in paragraph IV (f) of the Report of the Regional Director is concerned, the Petitioner Companies submitted that the Scheme does not contain any provisions for clubbing of authorised capital of the First Petitioner Company with that of the Second Petitioner Company.

(g) As far as the observation made in paragraph IV (g) of the Report of the Regional Director is concerned, the Petitioner Companies submitted that Transferor Company-1 is a foreign company incorporated pursuant to and in accordance with the General Corporation Law of the State of Delaware and does not fall within the jurisdiction of this Tribunal. The Petitioner Companies further submitted that similar approvals, as may be applicable, will be obtained by the Transferor Company-1 in accordance with the applicable laws of United States of America.

(h) As far as the observation made in paragraph IV (h) of the Report of the Regional Director is concerned, the Petitioner Companies submitted that since Transferor Company-1 is situated in the state of Delaware, United States of America, the FEMA Regulations / RBI Guidelines, as may be applicable, will be complied with.

(i) As far as the observations made in paragraph IV (i) of the Report of the Regional Director are concerned, the Petitioner Companies submitted that the Scheme provides for amalgamation of the Transferor Company-1 (*a wholly owned subsidiary of the First Petitioner Company*) with the First Petitioner Company and thereafter amalgamation of the First Petitioner Company (*a wholly owned subsidiary of the Second Petitioner Company*) with the Second Petitioner Company. The Petitioner Companies further stated that, in view of Paragraph 7 of the SEBI Circular dated March 10, 2017, bearing reference number CFD/DIL3/CIR/2017/21, the Scheme is not required to be approved by BSE Limited and the National Stock Exchange of India Limited. However, in compliance with Regulation 37 (6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and aforesaid SEBI Circular, the Second Petitioner Company has filed a copy of the Scheme along with copy of its board resolution approving the Scheme with BSE Limited and the National Stock Exchange of India Limited respectively. The Second Petitioner Company further stated that, as per the prevalent laws, the Scheme is not required to be approved by any overseas stock exchange and the Second Petitioner Company will comply with necessary filings related to the proposed amalgamation as required under necessary rules, regulations and bye-laws, as applicable, of the respective overseas stock exchanges.

(j) As far as the observations of the Registrar of Companies mentioned in paragraph IV (j) of the Report of the Regional Director are concerned:

1. As far as the observations made in paragraph IV (j)(1) of the Report of the Regional Director, the Second Petitioner Company stated that the prior approval of the Reserve Bank of India under the provisions of Section 234 of the Companies Act, 2013 read with Foreign Exchange Management (Cross Border Merger) Regulations, 2018, has been submitted with the office of Regional Director *vide* Second Petitioner Company's letter dated 20th July 2020;

2. As far as the observations made in paragraph IV (j)(2) of the Report of the Regional Director, Petitioner Companies stated that the same is self-explanatory.

3. As far as the observations made in paragraph IV (j)(3) of the Report of the Regional Director, First Petitioner Company stated that, after the approval of the Scheme by the Board of Directors, the First Petitioner Company has made allotment of preference shares on rights basis to its existing shareholder and has filed relevant form PAS-3 with ROC for updating of paid up capital. Accordingly, the First Petitioner Company submitted that paid-up capital of the First Petitioner Company matches with the records of Ministry of Corporate Affairs, Registrar of Companies. The Second Petitioner Company stated that after approval of the Scheme by the Board of Directors, the Second Petitioner Company has made allotment of equity shares (i) pursuant to the Employee Stock Option Scheme; and (ii) on rights basis to its existing shareholders and has filed relevant form PAS-3 with RoC for updating of paid-up capital. Accordingly, the Second Petitioner Company submitted that the paid-up capital of the Second Petitioner Company matches with the records of Ministry of Corporate Affairs, Registrar of Companies.

(k) As far as the observation made in paragraph IV (k) of the Report of the Regional Director is concerned, the Petitioner Companies have undertaken to update the status of complaints on the MCA portal and comply with necessary requirements as required by the Registrar of Companies.

12. The observations of the Regional Director (Western Region), Ministry of Corporate Affairs, Mumbai, mentioned in para 10 above, have been clarified by the Petitioner Companies in para 11 above. The clarifications are accepted. Moreover, the Petitioner Companies, through their Counsel, undertake to comply with all statutory requirements required under the Companies Act, 2013 and the rules made thereunder, whichever is applicable. The undertakings given by the Petitioner Companies are accepted.

13. The Official Liquidator, High Court, Bombay, has filed his report dated 14th July 2020 with the Tribunal, *inter alia* submitting that the affairs of the First Petitioner Company have been conducted in a proper manner. No objections have been raised with respect to the Scheme.

14. From the material on record, the Scheme annexed as Exhibit A-1 to CP (CAA) No.931/MB.II/2020 appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.

15. Since all the requisite statutory compliances have been fulfilled, the Scheme annexed as Exhibit A-1 to CP (CAA) No.931/MB.II/2020 is sanctioned and CP (CAA) No.931/MB.II/2020 is made absolute in terms of the prayer clauses 5(a) to 5(g) in the said Company Petition.

16. The Petitioner Companies are directed to file a copy of this Order along with a copy of the Scheme with the concerned Registrar of Companies, electronically in E-Form INC-28 within thirty days from the date of issue of the certified copy of the Order by the Registry.

17. The Petitioner Companies are directed to lodge a copy of this Order and the Scheme duly certified by the Deputy/Assistant Registrar, of this Tribunal, with the concerned Superintendent of Stamps, for adjudication of stamp duty payable, if any, on the same within sixty days from the date of receipt of the certified copy of the Order.

18. All concerned regulatory authorities to act on a copy of this Order along with Scheme duly certified by the Deputy/Assistant Registrar of this Tribunal.

19. Any person interested is at liberty to apply to this Tribunal in the above matters for any directions that may be necessary.

20. Any concerned authorities are at liberty to approach this Tribunal for any further clarification after sanctioning of the Scheme.

21. The Scheme is sanctioned, and the Appointed Date of the Scheme is fixed as opening hours of 1st March 2020.

Sd/-
V. Nallasenapathy
Member (Technical)

Sd/-
Rajasekhar V.K.
Member (Judicial)

COMPOSITE SCHEME OF AMALGAMATION AND PLAN OF MERGER

AMONGST

RELIANCE HOLDING USA, INC.

AND

RELIANCE ENERGY GENERATION AND DISTRIBUTION LIMITED

AND

RELIANCE INDUSTRIES LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 230 TO 232 READ WITH SECTION 234 AND OTHER APPLICABLE PROVISIONS OF THE (INDIAN) COMPANIES ACT, 2013

(A) PREAMBLE

This composite scheme of amalgamation and plan of merger (**"Scheme"** as defined hereinafter) provides for the amalgamation of Reliance Holding USA, Inc. (Employer Identification Number: 27-2270026) with Reliance Energy Generation and Distribution Limited (Corporate Identification Number: U40108MH2008PLC185326) and thereafter, amalgamation of Reliance Energy Generation and Distribution Limited with Reliance Industries Limited (Corporate Identification Number: L17110MH1973PLC019786) pursuant to provisions of Sections 230 to 232 read with Section 234 and other applicable provisions of the (Indian) Companies Act, 2013.

The Scheme proposes that the Transferor Company 1 (*as defined hereinafter*) be amalgamated with the Transferee Company 1 (*as defined hereinafter*) and immediately thereafter, the Transferor Company 2 (*as defined hereinafter*) be amalgamated with the Transferee Company 2 (*as defined hereinafter*), pursuant to which the Transferor Company 1 and the Transferor Company 2 will cease to exist as a separate legal entity as per the Applicable Law, pursuant to Sections 230 to 232 read with Section 234 and other relevant provisions of the (Indian) Companies Act, 2013.

(B) DESCRIPTION OF COMPANIES

1. **Reliance Holding USA, Inc.** is a corporation incorporated in the State of Delaware, United States of America pursuant to and in accordance with the General Corporation Law of the State of Delaware (as amended from time to time), having its principal office at 2000, West Sam Houston Park Way S., Suite 700, Houston, TX 77042 in the United States of America (hereinafter referred to as the **"Transferor Company 1"**). The Transferor Company 1 primarily is engaged in the business of exploration and production of oil and gas from minerals properties, commercialisation of gasoline and blended gasoline products and investment in bio fuel and technologies related businesses through its investments. The Transferor Company 1 also has investments in other businesses, including domain names and biotechnology. Certain debt securities (i.e. notes) issued by Transferor Company 1 and guaranteed by Transferee Company 2 are listed on the Singapore Stock Exchange. The shares of the Transferor Company 1 are wholly owned by the Transferee Company 1/ the Transferor Company 2.

2. **Reliance Energy Generation and Distribution Limited** is a company incorporated under the Companies Act, 1956 having its registered office at 4th Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai, Maharashtra 400 002, India (hereinafter referred to as the **"Transferee Company 1"** or the **"Transferor Company 2"**). The Transferee Company 1 / Transferor Company 2 is engaged in the business of wholesale trading of goods and investments in shares and securities. The shares of the Transferor Company 2 are wholly owned by the Transferee Company 2.

3. **Reliance Industries Limited** is a company incorporated under the Companies Act, 1956 having its registered office at 3rd Floor, Maker Chamber IV, 222, Nariman Point, Mumbai, Maharashtra 400 021, India (hereinafter referred to as **"Transferee Company 2"**). The Transferee Company 2 is one of India's largest private sector industrial company in terms of turnover, total assets, net worth and net profit and is a Fortune 500 company. The Transferee Company 2 ranks amongst the world's top 10 producers for almost all its products and its activities span across hydrocarbon exploration and production, petroleum refining and marketing, petrochemicals, retail and digital services. The Transferee Company 2 is the 100% direct holding company of the Transferor Company 2 and 100% indirect holding company of the Transferor Company 1. The equity shares of the Transferee Company 2 are listed on the Stock Exchanges. The global depository receipts of the Transferee Company 2 are listed on Luxembourg Stock Exchange and are traded on the International Order Book (London Stock Exchange) and amongst qualified institutional investors on the over-the-counter market in the United States of America. The International Bonds / Debt instruments issued in international markets of the Transferee Company 2 are listed on Stock Exchanges and its bonds are listed on Singapore Stock Exchange, Taipei Exchange and Luxembourg Stock Exchange.

(C) RATIONALE FOR THE SCHEME

The Transferor Companies (*as defined hereinafter*) are indirect/ direct wholly owned subsidiaries of the Transferee Company 2 and hold investments in shale gas assets in the United States of America. It is desirous to consolidate and transfer the investments of the Transferor Companies in shale gas assets into the Transferee Company 2. The key objectives for the amalgamation are:

- to help achieving integration of reserves, resources and exploration and production business of the Transferor Company 1 and Transferee Company 2;
- to be in a position to take advantage of the expected upturn of commodity cycle;
- to provide a strong financial structure to all stakeholders including the creditors and lenders of the Transferor Companies as stake holders of Transferor Company 1 become stake holders of Transferee Company 2, which is a stronger entity;
- to further simplify the corporate structure and to optimize capital structure and costs;
- to enable the Transferee Company to better manage the obligations of the Transferor Companies; and
- to reduce the multiplicity of legal and regulatory compliances, administrative and record keeping by the Transferee Company, thus resulting in reduction of overheads.

Thus, the Scheme is in the interest of the shareholders, creditors and all other stakeholders of the companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

(D) OPERATION OF THE SCHEME

This Scheme provides for:

(i) the amalgamation of the Transferor Company 1 with the Transferee Company 1, in the manner set out in Part II of this Scheme. Since the Transferee Company 1 is the sole shareholder of the Transferor Company 1, upon this Scheme becoming effective, the shares of the Transferor Company 1 held by the Transferee Company 1 will stand cancelled and no consideration whatsoever shall pass from the Transferee Company 1; and

(ii) immediately after implementation of the amalgamation of the Transferor Company 1 with the Transferee Company 1, Transferor Company 2 shall merge with the Transferee Company 2, in the manner set out in Part III of this Scheme. Since the Transferee Company 2 is the sole shareholder of the Transferor Company 2, upon this Scheme becoming effective, the shares of the Transferor Company 2 held by the Transferee Company 2 will stand cancelled and no consideration whatsoever shall pass from the Transferee Company 2.

The amalgamation of the Transferor Company 1 with the Transferee Company 1 and the Transferor Company 2 with the Transferee Company 2, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and in accordance with the provisions of Sections 230 to 232 read with Section 234 of the Indian Companies Act (*as defined hereinafter*) and other applicable provisions of Applicable Law (*as defined hereinafter*) and shall be in accordance with Section 2(1B) of the (Indian) Income-tax Act, 1961.

(E) PARTS OF THE SCHEME:

This Scheme is divided into the following parts:

PART I deals with the definitions, interpretations, share capital of the Transferor Companies (*as defined hereinafter*) and the Transferee Company 2 and operation of the Scheme;

PART II deals with the amalgamation of the Transferor Company 1 with the Transferee Company 1 and other related matters;

PART III deals with the amalgamation of the Transferor Company 2 with the Transferee Company 2 and other related matters; and

PART IV deals with the general terms and conditions that would be applicable to this Scheme.

PART I

DEFINITIONS, INTERPRETATIONS, SHARE CAPITAL AND OPERATION OF SCHEME

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context thereof (i) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; and (ii) the following expressions shall have the meanings ascribed hereunder:

"Act" or **"Indian Companies Act"** means the Companies Act, 2013, to the extent of the provisions notified, and the Companies Act, 1956, to the extent of its provisions in force;

"Appointed Date" means opening hours of 1 March 2020 or such other date as may be agreed by the Board of the respective Parties;

"Applicable Law(s)" means any applicable central, provincial, local or other law, whether in India or in the State of Delaware, United States of America, 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 Parties; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties and shall include, without limitation, the listing agreements executed with any of the stock exchanges by the Parties;

"Appropriate Authority" means:

(i) 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, tribunal, central bank, commission or other authority thereof, whether in India or in the State of Delaware, United States of America;

(ii) any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities;

(iii) 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) Securities and Exchange Board of India, self- regulatory organisation, the Tribunal;

(iv) any stock exchange; and

(v) any other regulatory authorities of the State of Delaware, United States of America and India.

"Board" in relation to the Parties, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto;

"Effective Date" means the last of the dates on which the conditions specified in Clause 26 of this Scheme are complied with or are waived by the Board of the respective Parties. References in this scheme to the date of **"coming into effect of this Scheme"** or **"upon the Scheme being effective"** shall mean the Effective Date;

"Encumbrance" means (i) any charge, lien (statutory or otherwise), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (ii) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or (iii) any equity, assignments hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the above; the term **"Encumber"** shall be construed accordingly;

"INR" means Indian Rupee, the lawful currency of the Republic of India;

"Parties" shall mean collectively each of the Transferor Companies and the Transferee Company 2 and **"Party"** shall mean each of them, individually;

"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;

"Person" means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, body corporate, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

"RoC" means the Registrar of Companies, Mumbai having jurisdiction over the Transferor Company 2 / Transferee Company 1 and the Transferee Company 2;

"Scheme" or **"the Scheme"** or **"this Scheme"** means this composite scheme of amalgamation and plan of merger in its present form or with such modification(s), if any made, as per Clause 27 of the Scheme from time to time, and wherever required with the appropriate approvals and sanction of the Tribunal and Appropriate Authority, as may be required under the Act, and/or under Applicable Law;

"Stock Exchanges" means BSE Limited and National Stock Exchange of India Limited collectively;

"Taxation" or **"Tax"** or **"Taxes"** means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, goods and services tax, input tax credit, minimum alternate tax or otherwise or attributable directly or primarily to the Transferor Companies or the Transferee Company 2 or any other Person and all penalties, charges, costs and interest relating thereto;

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

"Transferee Company 2" means Reliance Industries Limited, a company incorporated under the provisions of the Companies Act, 1956 having Corporate Identification Number: L17110MH1973PLC019786 and its registered office at 3rd Floor, Maker Chamber IV 222, Nariman Point, Mumbai, Maharashtra 400 021, India;

"Transferee Companies" means the Transferee Company 1 and the Transferee Company 2 collectively;

"Transferor Company 1" means Reliance Holding USA, Inc., a corporation incorporated pursuant to and in accordance with the General Corporation Law of the State of Delaware (as amended from time to time), having Employer Identification Number: 27-2270026 and having its principal office at 2000, West Sam Houston Park Way S., Suite 700, Houston, TX 77042 in the United States of America;

"Transferor Company 2" or **"Transferee Company 1"** means Reliance Energy Generation and Distribution Limited, a company incorporated under the provisions of the Companies Act, 1956 having Corporate Identification Number: U40108MH2008PLC185326, and its registered office at 4th Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai, Maharashtra 400 002, India;

"Transferor Companies" means the Transferor Company 1 and the Transferor Company 2 collectively;

"Tribunal" means the Mumbai Bench of the National Company Law Tribunal having jurisdiction over the Transferor Company 2 and the Transferee Company 2; and

"USD" means dollars of the United States of America, the lawful currency of the United States of America.

All 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 (Indian) Income-tax Act, 1961, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 (as the case may be) or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory amendment, modification or re-enactment thereof, from time to time.

1.1. Interpretation

In this Scheme, unless the context otherwise requires:

1.1.1. words denoting singular shall include plural and vice versa;

1.1.2. headings, subheadings, titles, subtitles to clauses, sub-clauses and paragraphs are for information and convenience only and shall not form part of the operative provisions of this Scheme and shall be ignored in construing the same;

1.1.3. references to the word "include" or "including" shall be construed without limitation;

1.1.4. a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;

1.1.5. references to days, months and years are to calendar days, calendar months and calendar years, respectively;

1.1.6. reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and

1.1.7. word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them.

2. SHARE CAPITAL

2.1. The authorised, issued, subscribed and paid-up share capital of the Transferor Company 1 as on 30 June 2019 is as under:

Share Capital	USD
Authorised Share Capital	
420,005 shares of common stock, par value USD 10,000 each	4200,050,000
100,000 shares of preferred stock, par value USD 10,000 each	1000,000,000
Total	**5,200,050,000**
Issued, Subscribed and Paid-up Share Capital	
175,405 shares of common stock, par value USD 10,000 each fully paid up	1754,050,000
25,350 shares of preferred stock, par value USD 10,000 each fully paid up	253,500,000
Total	**2,007,550,000**

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company 1 till the date of approval of the Scheme by the Board of the Transferor Company 1.

The Transferor Company 1 is a wholly owned subsidiary of the Transferee Company 1.

Certain debt securities (i.e. notes) issued by Transferor Company 1 are listed on the Singapore Stock Exchange.

2.2. The authorised, issued, subscribed and paid-up share capital of the Transferee Company 1/Transferor Company 2 as on 10 July 2019 is as under:

Share Capital	INR
Authorised Share Capital	
12,50,000 equity shares of INR 10 each	1,25,00,000
4,85,00,000 preference shares of INR 10 each	48,50,00,000
Total	**49,75,00,000**
Issued, Subscribed and Paid-up Share Capital	
12,50,000 equity shares of INR 10 each fully paid up	1,25,00,000
4,22,47,004, 6% non-cumulative optionally-convertible preference shares of INR 10 each fully paid up	42,24,70,040
Total	**43,49,70,040**

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferee Company 1/Transferor Company 2 till the date of approval of the Scheme by the Board of the Transferee Company 1/Transferor Company 2.

The Transferee Company 1/Transferor Company 2 is a wholly owned subsidiary of the Transferee Company 2.

2.3. The authorised, issued, subscribed and paid-up share capital of the Transferee Company 2 as on 10 July 2019 is as under:

Share Capital	INR
Authorised Share Capital	
1400,00,00,000 equity shares of INR 10 each	14000,00,00,000
100,00,00,000 preference shares of INR 10 each	1000,00,00,000
Total	**15000,00,00,000**
Issued, Subscribed and Paid-up Share Capital	
633,90,76,970 equity shares of INR 10 each fully paid up	6339,07,69,700
Total	**6339,07,69,700**

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferee Company 2 till the date of approval of the Scheme by the Board of the Transferee Company 2.

The Transferee Company 2 has outstanding employee stock option/(s) under its existing stock option scheme/(s), the exercise of which may result in an increase in the issued and paid-up share capital of the Transferee Company 2.

The equity shares of the Transferee Company 2 are listed on the Stock Exchanges. The global depository receipts of the Transferee Company 2 are listed on Luxembourg Stock Exchange and are traded on the International Order Book (London Stock Exchange) and amongst qualified institutional investors on the over-the-counter market in the United States of America. The International Bonds / Debt instruments issued in international markets of the Transferee Company 2 are listed on Stock Exchanges and its bonds are listed on Singapore Stock Exchange, Taipei Exchange and Luxembourg Stock Exchange.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal or made as per Clause 27 of the Scheme, shall become effective from the Appointed Date, but shall be operative from the Effective Date.

PART II

AMALGAMATION OF THE TRANSFEROR COMPANY 1 WITH

THE TRANSFEREE COMPANY 1 AND OTHER RELATED MATTERS

4. TRANSFER AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE BUSINESS OF THE TRANSFEROR COMPANY 1

4.1 With effect from the Appointed Date and pursuant to Sections 230 to 232 and other applicable provisions of the Act, and in accordance with provisions of Section 2(1B) of the (Indian) Income-tax Act, 1961 and subject to the provisions of this Scheme, the Transferor Company 1 shall stand amalgamated with the Transferee Company 1 as a going concern and all assets and liabilities of the Transferor Company 1 shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company 1, so as to become as and from the Appointed Date, the assets and liabilities of the Transferee Company 1 by virtue of operation of law, and in the manner provided in this Scheme. For the purposes of the Applicable Laws of the State of Delaware, all references in this Scheme to the Scheme shall be deemed to refer to the merger of the Transferor Company 1 with and into the Transferee Company 1, with the Transferee Company 1 being the surviving entity in such merger.

4.2 In respect of such assets and properties of the Transferor Company 1, which are movable in nature (including but not limited to all intangible assets), or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Transferor Company 1 to the Transferee Company 1 upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Transferee Company 1 without requiring any deed or instrument of conveyance for transfer of the same.

4.3 With respect to the assets of the Transferor Company 1 other than those referred to in Clause 4.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Transferor Company 1, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Transferee Company 1, with effect from the Appointed Date by operation of law as transmission in favour of the Transferee Company 1. With regard to the licenses of the properties, the Transferee Company 1 will enter into novation agreements, if it is so required.

4.4 All the brands and trademarks of the Transferor Company 1 including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature shall stand transferred to the Transferee Company 1 by operation of law. The Transferee Company 1 shall take such actions as may be necessary and permissible to get the same transferred and/ or registered in the name of the Transferee Company 1.

4.5 Upon effectiveness of the Scheme, all debts/ liabilities incurred, debentures, loans/ moneys borrowed, obligations and duties of the Transferor Company 1 as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed as debts incurred or moneys borrowed by the Transferee Company 1 to the extent that they are outstanding as on the Appointed Date and the Transferee Company 1 shall meet, discharge and satisfy the same.

4.6 Unless otherwise agreed between the Transferor Company 1 and the Transferee Company 1, the transfer of all the assets of the Transferor Company 1, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of Transferor Company 1 or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of Transferee Company 1. Any reference in any security documents or arrangements (to which Transferor Company 1 is a party) related to any assets of Transferor Company 1 shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Transferee Company 1. Similarly, Transferee Company 1 shall not be required to create any additional security over assets transferred under this Scheme for any loans, debentures, deposits or other financial assistance already availed of /to be availed of by it, and the Encumbrances in respect of such indebtedness of Transferee Company 1 shall not extend or be deemed to extend or apply to the assets so transferred.

4.7 On and from the Effective Date and till such time that the name(s) of the bank accounts of the Transferor Company 1 have been replaced with that of the Transferee Company 1, the Transferee Company 1 shall be entitled to maintain and operate the bank accounts of the Transferor Company 1 in the name of the Transferor Company 1 and for such time as may be determined to be necessary by the Transferee Company 1. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 1 after the Effective Date shall be accepted by the bankers of the Transferee Company 1 and credited to the account of the Transferee Company 1, if presented by the Transferee Company 1.

4.8 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 4 and upon the effectiveness of this Scheme, the Transferor Company 1 and the Transferee Company 1 may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme.

4.9 Benefits of any and all corporate approvals as may have already been taken by the Transferor Company 1, whether being in the nature of compliances or otherwise under Applicable Laws, read with the applicable rules and regulations made thereunder, shall automatically be to the benefit of the Transferee Company 1 and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company 1.

4.10 With effect from the Appointed Date, all the Permits held or availed of by, and all rights and benefits that have accrued to, the Transferor Company 1, pursuant to the provisions of Section 232 read with Section 234 of the Act and under Applicable Laws, shall without any further act, instrument or deed, be transferred to, or be deemed to have been transferred to, and be available to, the Transferee Company 1 so as to become as and from the Appointed Date, the Permits, estates, assets, rights, title, interests and authorities of the Transferee Company 1 and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Laws to ensure continuation of operations of the Transferor Company 1 in the Transferee Company 1 without any hindrance and the permits shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Transferee Company 1 as if the same were originally given by, issued to or executed in favour of the Transferee Company 1, and the Transferee Company 1 shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company 1.

4.11 All contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and licenses for the purpose of carrying on the business of the Transferor Company 1, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company 1, or to the benefit of which the Transferor Company 1 may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, by delivery or recordal or by operation of law pursuant to the order of the Tribunal sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and licenses (including licenses granted by any Appropriate Authority) of the Transferee Company 1. Such properties and rights described hereinabove shall stand transferred the Transferee Company 1 and shall be deemed to be the property and become the property by operation of law as an integral part of the Transferee Company 1. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Transferee Company 1 and shall be the legal and enforceable rights and interests of the Transferee Company 1, which can be enforced and acted upon as fully and effectually as if it were the Transferor Company 1. Upon the effectiveness of the Scheme, the rights, benefits, privileges, duties, liabilities/ debt incurred and moneys borrowed, obligations and interest whatsoever, arising from or pertaining to contracts and properties relating to the Transferor Company 1, shall be deemed to have been entered into and stand assigned, transferred and novated to the Transferee Company 1 by operation of law and the Transferee Company 1 shall be deemed to be the Transferor Company 1's substituted party or beneficiary or obligor thereto, it being always understood that the Transferee Company 1 shall be the successor in the interest of the Transferor Company 1 in relation to the properties or rights mentioned hereinabove. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company 1 (and not by any of its successors), shall be fulfilled by the Transferee Company 1 as if it were the duly constituted attorney of the Transferor Company 1.

4.12 Without prejudice to the other provisions of this Scheme, the Transferee Company 1 may, at any time after the effectiveness of the Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings, arrangements with any party to any contract or arrangement to which the Transferor Company 1 is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Transferee Company 1 shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 1 and to carry out or perform all such formalities or compliances referred to above, on the part of the Transferor Company 1.

4.13 On and from the Effective Date, and thereafter, the Transferee Company 1 shall be entitled to enforce all pending contracts and transactions and issue credit notes on behalf of the Transferor Company 1, in the name of the Transferee Company 1 in so far as may be necessary until the transfer of rights and obligations of the Transferor Company 1 to the Transferee Company 1 under this Scheme have been given effect to under such contracts and transactions.

5. EMPLOYEES

5.1. Upon the effectiveness of this Scheme and with effect from the Effective Date, the Transferee Company 1 undertakes to engage, without any interruption in service, all employees of the Transferor Company 1 on terms and conditions no less favourable than those on which they are engaged by the Transferor Company 1. The Transferee Company 1 undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company 1 with any of the aforesaid employees or union representing them. The Transferee Company 1 agrees that the services of all such employees with the Transferor Company 1 prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

5.2. The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are members, will be transferred respectively to such provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by the Transferee Company 1 and/ or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Transferee Company 1.

5.3. The Transferee Company 1 shall assume all rights, obligations and liabilities of the Transferor Company 1, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.

6. LEGAL PROCEEDINGS

6.1. If any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the "Proceedings of the Transferor Company 1") by or against the Transferor Company 1 is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the Proceedings of the Transferor Company 1 may be continued, prosecuted and enforced by or against the Transferee Company 1 in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company 1 as if this Scheme had not been made. On and from the Effective Date, the Transferee Company 1 may initiate or defend any legal proceeding for and on behalf of the Transferor Company 1.

6.2. From the Appointed Date and until the Effective Date, the Transferor Company 1 shall defend all legal proceedings, other than in the ordinary course of business, with the advice and instructions of the Transferee Company 1 or its successor(s).

7. TAXES/ DUTIES/ CESS

Upon the effectiveness of the Scheme, by operation of law pursuant to the order of the Tribunal:

7.1. Subject to Clause 7.6, all Taxes (including but not limited to disputed Tax demands, advance Tax, Tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, value added tax, sales tax, service tax or Taxes etc. withheld/paid in a foreign country) payable by or refundable to the Transferor Company 1, including all or any refunds or disputed Tax demands, if confirmed, or claims shall be treated as the Tax liability or refunds/claims, as the case may be, of the Transferee Company 1, and any incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, subsidies, grants, special status, other benefits, as would have been available to the Transferor Company 1, shall, be available to the Transferee Company 1. If the Transferor Company 1 is entitled to any unutilized credits, benefits under the state or central fiscal / investment incentive schemes and policies or concessions under any Tax law or Applicable Law, the Transferee Company 1 shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized input credits under Applicable Laws of the Transferor Company 1, the same shall be transferred to the Transferee Company 1 in accordance with the Applicable Law.

7.2. Subject to Clause 7.6, taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternate tax, if any, paid by the Transferor Company 1 shall be treated as paid by the Transferee Company 1 and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable.

7.3. Subject to Clause 7.6, if the Transferor Company 1 is entitled to any benefits under incentive schemes and policies under Tax Laws, all such benefits under all such incentive schemes and policies shall be and stand applicable to the benefit of the Transferee Company 1.

7.4. Subject to Clause 7.6, the Transferee Company 1 is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / value added tax / goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of the Scheme.

7.5. Subject to Clause 7.6, it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company 1, shall, if so required by the Transferee Company 1, issue notices in such form as the Transferee Company 1 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 read with Section 234 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company 1, as the person entitled thereto, to the end and intent that the right of the Transferor Company 1, to recover or realise the same, stands transferred to the Transferee Company 1.

7.6. Notwithstanding anything to the contrary in this Scheme, as a result of a "reorganization" between Transferor Company 1 and one of its wholly owned subsidiaries (the **"U.S. tax successor"**) within the meaning of Section 368(a)(1) of the United States Internal Revenue Code of 1986, as amended (the "US Code"), the U.S. tax successor shall be the "acquiring corporation" within the meaning of Section 381(a)(2) of the US Code that succeeds to and takes into account the tax attributes of Transferor Company 1 set forth in Section 381(c) of the US Code, and accordingly, and notwithstanding anything to the contrary in this Scheme, shall be the successor to Transferor Company 1 for purposes of Section 381 of the US Code and for all other U.S. federal and applicable U.S. state and U.S. local income tax purposes.

8. CONSIDERATION AND TREATMENT OF EQUITY INTERESTS

8.1. The Transferor Company 1 is wholly owned by the Transferee Company 1 and there shall be no issue of shares by the Transferee Company 1 as consideration for the amalgamation of the Transferor Company 1 with the Transferee Company 1.

8.2. Upon the amalgamation of the Transferor Company 1 with the Transferee Company 1, all shares of the capital stock or members interest, as the case may be, held directly by the Transferee Company 1 shall stand cancelled without payment of any consideration in exchange thereof and without any further application, act or deed; and all shares of Transferee Company 1 shall remain outstanding and be unaffected.

9. SAVING OF CONCLUDED TRANSACTIONS

9.1. The transfer of the assets and liabilities of the Transferor Company 1 under Clause 4 above, the effectiveness of contracts and deeds under Clause 4.11, Clause 4.12 and Clause 4.13 above and the continuance of proceedings under Clause 6 above, shall not affect any transaction or proceedings already concluded by the Transferor Company 1 on or before the Effective Date, to the end and intent that the Transferee Company 1 accepts and adopts all acts, deeds and things done and executed by the Transferor Company 1 in respect thereto, as if done and executed on its behalf.

10. VALIDITY OF EXISTING RESOLUTIONS, ETC.

10.1. Upon this Scheme coming into effect, the resolutions/ power of attorneys executed by the Transferor Company 1, as are considered necessary by the Board of the Transferor Company 1, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company 1, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then such limits as are considered necessary by the Board of the Transferee Company 1 shall be added to the limits, if any, under like resolutions passed by the Transferee Company 1 and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/power of attorneys for the purpose of Transferee Company 1.

11. ACCOUNTING TREATMENT

11.1. The transaction, being in the nature of business combination of entities under common control, the Transferee Company 1 shall account for amalgamation of the Transferor Company 1 in its books of accounts as per pooling of interest method as prescribed under Appendix – C of Indian Accounting Standard (Ind AS) 103- "Business Combination" issued by the Institute of Chartered Accountants of India and notified by Ministry of Corporate affairs read together with the Companies (Indian Accounting Standards) Rules, 2015.

11.2. All the assets and liabilities recorded in the books of the Transferor Company 1 shall be transferred to and vested in the Transferee Company 1 pursuant to the Scheme and shall be recorded by the Transferee Company 1 at the respective book values as appearing in the books of the Transferor Company 1.

11.3. Inter-company balances, if any, will stand cancelled.

11.4. All the reserves of the Transferor Company 1 under different heads shall become the corresponding reserves of the Transferee Company 1. The debit balance of the profit & loss account of the Transferor Company 1 will be adjusted / offset against the credit balance of the profit & loss account / general reserve of the Transferee Company 1.

11.5. The difference, if any, between the carrying value of investment in the equity shares and preference shares of the Transferor Company 1 in the books of the Transferee Company 1 and the amount of equity share capital and preference share capital of the Transferor Company 1, being excess / deficit, arising pursuant to the Scheme shall be accounted for based on the accounting principle prescribed under Appendix C of the Ind AS-103.

11.6. Accounting policies and period of the Transferor Company 1 will be harmonized with that of the Transferee Company 1 following the amalgamation. Accounting and detailed disclosures shall be made in accordance with Ind AS.

11.7. All costs, charges, stamp duty incurred in connection with giving effect to this Scheme shall be debited by the Transferee Company 1 to its profit and loss account.

12. DIVIDENDS

12.1. The Transferor Company 1 and the Transferee Company 1 shall be entitled to declare and pay dividends to their respective shareholders in the ordinary course of business, whether interim or final.

12.2. It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of any of the Transferor Company 1 and the Transferee Company 1, as the case may be, to demand or claim or be entitled to any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of the Transferor Company 1 and the Transferee Company 1, as the case may be, and subject to approval, if required, of the shareholders of the Transferor Company 1 and the Transferee Company 1, as the case may be.

13. TERMINATION OF EXISTENCE OF THE TRANSFEROR COMPANY 1

13.1. On the date prior to the date on which the Effective Date shall occur, a "Certificate of Merger" shall be filed with the office of the Secretary of State of the State of Delaware, which "Certificate of Merger" shall provide that it shall become effective on the Effective Date. Simultaneously with the occurrence of the Effective Date the amalgamation of the Transferor Company 1 with the Transferee Company 1 will have occurred and be effective for the purposes of Applicable Law in the State of Delaware. As per the Applicable Law of the State of Delaware, the "Certificate of Merger" shall terminate the separate legal existence of the Transferor Company 1 without any further act or deed or without being wound up.

PART III

AMALGAMATION OF THE TRANSFEROR COMPANY 2 WITH THE TRANSFEREE COMPANY 2 AND OTHER RELATED MATTERS

14. AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE BUSINESS OF THE TRANSFEROR COMPANY 2

14.1. Immediately upon Part II of the Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(1B) of the (Indian) Income-tax 1961, the Transferor Company 2 shall stand amalgamated with the Transferee Company 2 as a going concern and all assets and liabilities of the Transferor Company 2 shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company 2, so as to become as and from the Appointed Date, the assets and liabilities of the Transferee Company 2 by virtue of operation of law, and in the manner provided in this Scheme.

14.2. In respect of such of the assets and properties of the Transferor Company 2 which are movable in nature (including but not limited to all intangible assets) or are otherwise capable of transfer by delivery or possession or by endorsement, shall stand transferred upon coming into effect of this Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of the Transferee Company 2 without requiring any deed or instrument of conveyance for transfer of the same.

14.3. With respect to the assets of the Transferor Company 2 other than those referred to in Clause 14.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Transferor Company 2, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Transferee Company 2, with effect from the Appointed Date by operation of law as transmission in favour of the Transferee Company 2. With regard to the licenses of the properties, the Transferee Company 2 will enter into novation agreements, if it is so required.

14.4. All the brands, trademarks of the Transferor Company 2 including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature shall stand transferred to the Transferee Company 2 by operation of law. The Transferee Company 2 shall take such actions as may be necessary and permissible to get the same transferred and/ or registered in the name of the Transferee Company 2;

14.5. Upon effectiveness of the Scheme, all debts/ liabilities incurred, debentures, loans/ moneys borrowed, obligations and duties of the Transferor Company 2 as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed as debts incurred or moneys borrowed by the Transferee Company 2 to the extent that they are outstanding as on the Appointed Date and the Transferee Company 2 shall meet, discharge and satisfy the same.

14.6. Unless otherwise agreed to between the Parties, the transfer of all the assets of the Transferor Company 2, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of Transferor Company 2 or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of Transferee Company 2. Any reference in any security documents or arrangements (to which the Transferor Company 2 is a Party) related to any assets of Transferor Company 2 shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Transferee Company 2. Similarly, Transferee Company 2 shall not be required to create any additional security over assets transferred under this Scheme for any loans, debentures, deposits or other financial assistance already availed of /to be availed of by it, and the Encumbrances in respect of such indebtedness of Transferee Company 2 shall not extend or be deemed to extend or apply to the assets so transferred.

14.7. On and from the Effective Date and till such time that the name(s) of the bank accounts of the Transferor Company 2 have been replaced with that of the Transferee Company 2, the Transferee Company 2 shall be entitled to maintain and operate the bank accounts of the Transferor Company 2 in the name(s) of the Transferor Company 2 and for such time as may be determined to be necessary by the Transferee Company 2. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 2 after the Effective Date shall be accepted by the bankers of the Transferee Company 2 and credited to the account of the Transferee Company 2, if presented by the Transferee Company 2.

14.8. Without prejudice to the provisions of the foregoing sub-clauses of this Clause 14 and upon the effectiveness of this Scheme, the Transferor Company 2 and the Transferee Company 2 may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme.

14.9. Benefits of any and all corporate approvals as may have already been taken by the Transferor Company 2, whether being in the nature of compliances or otherwise under Applicable Laws, read with the applicable rules and regulations made thereunder, shall automatically be to the benefit of the Transferee Company 2 and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company 2.

14.10. With effect from the Appointed Date, all the Permits held or availed of by, and all rights and benefits that have accrued to, the Transferor Company 2, pursuant to the provisions of Section 232 of the Act, shall without any further act, instrument or deed, be transferred to, or be deemed to have been transferred to, and be available to, the Transferee Company 2 so as to become as and from the Appointed

Date, the Permits, estates, assets, rights, title, interests and authorities of the Transferee Company 2 and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Laws to ensure continuation of operations of the Transferor Company 2 in the Transferee Company 2 without any hindrance and the Permits shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Transferee Company 2 as if the same were originally given by, issued to or executed in favour of the Transferee Company 2 and the Transferee Company 2 shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company 2.

14.11. All contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and licenses for the purpose of carrying on the business of the Transferor Company 2, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company 2, or to the benefit of which the Transferor Company 2 may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, by delivery or recordal or by operation of law pursuant to the order of the Tribunal sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and licenses (including licenses granted by any Appropriate Authority) of the Transferee Company 2. Such properties and rights described hereinabove shall stand automatically to the benefit of the Transferee Company 2 and shall be deemed to be the property and become the property by operation of law as an integral part of the Transferee Company 2. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Transferee Company 2 and shall be the legal and enforceable rights and interests of the Transferee Company 2, which can be enforced and acted upon as fully and effectually as if it were the Transferor Company 2. Upon the effectiveness of the Scheme, the rights, benefits, privileges, duties, liabilities/ debts incurred and moneys borrowed, obligations and interest whatsoever, arising from or pertaining to contracts and properties relating to the Transferor Company 2, shall be deemed to have been entered into and stand assigned, transferred and novated to the Transferee Company 2 by operation of law and the Transferee Company 2 shall be deemed to be the Transferor Company 2's substituted party or beneficiary or obligor thereto, it being always understood that the Transferee Company 2 shall be the successor in the interest of the Transferor Company 2 in relation to the properties or rights mentioned hereinabove. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company 2 (and not by any of its successors), shall be fulfilled by the Transferee Company 2 as if it were the duly constituted attorney of the Transferor Company 2.

14.12. Without prejudice to the other provisions of this Scheme, the Transferee Company 2 may, at any time after the effectiveness of the Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings, arrangements with any party to any contract or arrangement to which the Transferor Company 2 is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Transferee Company 2 shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 2 and to carry out or perform all such formalities or compliances referred to above, on the part of the Transferor Company 2.

14.13. On and from the Effective Date, and thereafter, the Transferee Company 2 shall be entitled to enforce all pending contracts and transactions and issue credit notes on behalf of the Transferor Company 2, in the name of the Transferee Company 2 in so far as may be necessary until the transfer of rights and obligations of the Transferor Company 2 to the Transferee Company 2 under this Scheme have been given effect to under such contracts and transactions.

15. EMPLOYEES

15.1. Upon the effectiveness of this Scheme and with effect from the Effective Date, the Transferee Company 2 undertakes to engage, without any interruption in service, all employees of the Transferor Company 2 on terms and conditions no less favourable than those on which they are engaged by the Transferor Company 2. The Transferee Company 2 undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company 2 with any of the aforesaid employees or union representing them. The Transferee Company 2 agrees that the services of all such employees with the Transferor Company 2 prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

15.2. The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Transferee Company 2 and/ or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Transferee Company 2.

16. LEGAL PROCEEDINGS

16.1. If any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the "Proceedings of the Transferor Company 2") by or against the Transferor Company 2 is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the Proceedings of the Transferor Company 2 may be continued, prosecuted and enforced by or against the Transferee Company 2 in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company 2 as if this Scheme had not been made. On and from the Effective Date, the Transferee Company 2 may initiate and defend any legal proceeding for and on behalf of the Transferor Company 2.

16.2. From the Appointed Date and until the Effective Date, the Transferor Company 2 shall defend all legal proceedings, other than in the ordinary course of business, with the advice and instructions of the Transferee Company 2.

17. TAXES/ DUTIES/ CESS

Upon the effectiveness of the Scheme, by operation of law pursuant to the order of the Tribunal:

17.1. If the Transferor Company 2 is entitled to any unutilized credits (including accumulated losses and unabsorbed depreciation), benefits under the state or central fiscal / investment incentive schemes and policies or concessions under any Tax law or Applicable Law, the Transferee Company 2 shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized input credits of goods and service tax of the Transferor Company 2, the same shall be transferred to the Transferee Company 2 in accordance with the Applicable Law.

17.2. Taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternative tax, if any, paid by the Transferor Company 2 shall be treated as paid by the Transferee Company 2 and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable.

17.3. If the Transferor Company 2 are entitled to any benefits under incentive schemes and policies under Tax Laws, all such benefits under all such incentive schemes and policies shall be and stand transferred in the Transferee Company 2.

17.4. The Transferee Company 2 is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / value added tax / goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of the Scheme.

17.5. It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company 2, shall, if so required by the Transferee Company 2, issue notices in such form as the Transferee Company 2 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company 2, as the person entitled thereto, to the end and intent that the right of the Transferor Company 2, to recover or realise the same, stands transferred to the Transferee Company 2.

18. CONSIDERATION

18.1. The Transferor Company 2 is a wholly owned subsidiary of the Transferee Company 2 and therefore there shall be no issue of shares as consideration for the amalgamation of the Transferor Company 2 with the Transferee Company 2.

18.2. Upon the Scheme becoming effective, all equity shares and preference shares of the Transferor Company 2 held by the Transferee Company 2 shall stand cancelled without any further application, act or deed.

19. SAVING OF CONCLUDED TRANSACTIONS

19.1. The vesting of the assets and liabilities of the Transferor Company 2 under Clause 14 above, the effectiveness of contracts and deeds under Clause 14.11, Clause 14.12 and Clause 14.13 above and the continuance of proceedings under Clause 16 above, shall not affect any transaction or proceedings already concluded by the Transferor Company 2 on or before the Effective Date, to the end and intent that the Transferee Company 2 accepts and adopts all acts, deeds and things done and executed by the Transferor Company 2 in respect thereto, as if done and executed on its behalf.

20. VALIDITY OF EXISTING RESOLUTIONS, ETC.

20.1. Upon this Scheme coming into effect, the resolutions/ power of attorneys executed by the Transferor Company 2, as are considered necessary by the Board of the Transferor Company 2, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company 2, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then such limits as are considered necessary by the Board of the Transferee Company 2 shall be added to the limits, if any, under like resolutions passed by the Transferee Company 2 and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/power of attorneys for the purpose of Transferee Company 2.

21. DIVIDENDS

21.1. The Transferor Company 2 and the Transferee Company 2 shall be entitled to declare and pay dividends to their respective shareholders in the ordinary course of business, whether interim or final.

21.2. It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of any of the Transferor Company 2 and the Transferee Company 2, as the case may be, to demand or claim or be entitled to any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of the Transferor Company 2 and the Transferee Company 2, as the case may be, and subject to approval, if required, of the shareholders of the Transferor Company 2 and the Transferee Company 2, as the case may be.

22. ACCOUNTING TREATMENT

22.1. The transaction, being in the nature of business combination of entities under common control, the Transferee Company 2 shall account for amalgamation of the Transferor Company 2 in its books of accounts as per pooling of interest method as prescribed under Appendix – C of Indian Accounting Standard (Ind AS) 103- "Business Combination" issued by the Institute of Chartered Accountants of India and notified by Ministry of Corporate affairs read together with the Companies (Indian Accounting Standards) Rules, 2015.

22.2. All the assets and liabilities recorded in the books of the Transferor Company 2 shall be transferred to and vested in the Transferee Company 2 pursuant to the Scheme and shall be recorded by the Transferee Company 2 at the respective book values as appearing in the books of the Transferor Company 2.

22.3. Inter-company balances, if any, will stand cancelled.

22.4. All the reserves of the Transferor Company 2 under different heads shall become the corresponding reserves of the Transferee Company 2. The debit balance of the profit & loss account of the Transferor Company 2 will be adjusted / offset against the credit balance of the profit & loss account / general reserve of the Transferee Company 2.

22.5. The difference, if any, between the carrying value of investment in the equity shares and preference shares of the Transferor Company 2 in the books of the Transferee Company 2 and the amount of equity share capital and preference share capital of the Transferor Company 2, being excess / deficit, arising pursuant to the Scheme shall be accounted for based on the accounting principle prescribed under Appendix C of the Ind AS-103.

22.6. Accounting policies and period of the Transferor Company 2 will be harmonized with that of the Transferee Company 2 following the amalgamation. Accounting and detailed disclosures shall be made in accordance with Ind AS.

22.7. All costs, charges, stamp duty incurred in connection with giving effect to this Scheme shall be debited by the Transferee Company 2 to its profit and loss account.

23. DISSOLUTION OF THE TRANSFEROR COMPANY 2

23.1. On the Scheme becoming effective, the Transferor Company 2 shall stand dissolved without winding up and the Board and any committees thereof of the Transferor Company 2 shall without any further act, instrument or deed be and stand discharged. On and from the Effective Date, the name of the Transferor Company 2 shall be struck off from the records of the concerned RoC.

PART IV

GENERAL TERMS AND CONDITIONS

24. BUSINESS UNTIL EFFECTIVE DATE:

With effect from the date of approval of the Scheme by the respective Boards of the Parties and up to and including the Effective Date:

24.1. except as referred to in the Scheme, the Transferor Companies shall carry on the business with reasonable diligence and business prudence and in the same manner as the Transferor Companies had been doing hitherto;

24.2. the Transferee Company 2 shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Transferee Company 2 may require to carry on the business of the Transferor Companies and to give effect to the Scheme;

24.3. the Transferor Companies with effect from the Appointed Date and up to and including the Effective Date:

24.3.1. shall be deemed to have been carrying on and shall carry on its business and activities and shall hold and stand possessed of the assets for and on account of, and in trust for the Transferee Company 2;

24.3.2. Subject to Clause 7.6, all profits or income arising or accruing to the Transferor Companies and all Taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, dividend distribution tax, securities transaction tax, Taxes withheld/paid in a foreign country, etc.) or losses arising or incurred by the Transferor Companies shall be treated as and deemed to be the profits or income, taxes or losses of the Transferee Company 2; and

24.3.3. all loans raised and all liabilities and obligations incurred by the Transferor Companies after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company 2 in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also, without any further act, instrument or deed be and deemed to become the debts, liabilities, duties and obligations of the Transferee Company 2.

25. APPLICATION TO TRIBUNAL

25.1. The Transferor Company 2 and the Transferee Company 2 shall dispatch, make and file all applications and petitions under Sections 230 to 232 read with Section 234 and other applicable provisions of the Act before the Tribunal, under whose jurisdiction their respective registered offices are situated, for convening and/or seeking dispensation from convening the meetings of shareholders and creditors for sanction of this Scheme under the provisions of Applicable Law and shall apply for such approvals as may be required under Applicable Law.

25.2. The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Party may require to own the assets and/or liabilities of the Transferor Companies and to carry on the business of the Transferor Companies.

26. CONDITIONS PRECEDENT TO THE SCHEME

Unless otherwise decided by the Boards of the Parties, this Scheme shall be conditional upon and subject to:

26.1. the Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors and counterparties of the Transferor Company 1, Transferee Company 1/ Transferor Company 2 and the Transferee Company 2 as deemed necessary or desirable by the Board of any of the Parties or as may be directed by the Tribunal;

26.2. approval by the sole shareholder of the Transferor Company 1 as required under the laws of the State of Delaware, United States of America for the merger of the Transferor Company 1 with the Transferee Company 1;

26.3. the Transferor Company 1 having filed the "Certificate of Merger" with the office of the Secretary of the State of Delaware;

26.4. the sanction and order of the Tribunal, under Sections 230 to 232 read with Section 234 of the Act being obtained by the Transferee Company 1/ Transferor Company 2 and the Transferee Company 2;

26.5. certified copy/(ies) of the Order of the Tribunal sanctioning the Scheme being filed with the RoC by the Transferee Company 1/ Transferor Company 2 and the Transferee Company 2;

26.6. the requisite consent, approval or permission of Appropriate Authority which by applicable law or contract, agreement may be necessary for the implementation of this Scheme; and

26.7. the requisite consents having been obtained from the counterparties to certain agreements entered into by Transferor Company 1, which the Board of Transferor Company 1 has identified as to be assigned to a subsidiary of Transferor Company 1, to the assignment of such agreements.

27. MODIFICATION OR AMENDMENTS TO THE SCHEME

27.1. The Boards of the Parties may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Boards of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.

27.2. For the purposes of giving effect to this Scheme or any modification hereof, the Boards of the Parties may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme

28. ORDER OF IMPLEMENTATION OF THE SCHEME

28.1. The scheme shall be made effective in the order as contemplated below:

28.1.1. Part II of the Scheme shall be made effective in priority to Part III; and

28.1.2. Part III of the Scheme shall be made effective immediately after the implementation of Part II of the Scheme.

28.2. It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Parties may have under or pursuant to all Applicable Law.

28.3. On the approval of this Scheme by the shareholders of the Parties and such other classes of persons relating to the Parties, if any, such shareholders and classes of persons shall also be deemed to have resolved and accorded all relevant consents under the act or otherwise to the same extent applicable to all the matters related or arising pursuant to the Scheme.

29. NON-RECEIPT OF APPROVALS AND WITHDRAWAL OF THIS SCHEME

29.1. The Parties acting jointly through their respective Boards shall each be at liberty to withdraw from this Scheme.

29.2. In the event the Scheme not being sanctioned by the Tribunal, and/or the order or orders not being passed as aforesaid on or before such date as may be agreed to by the Parties, this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/or in connection with this Scheme unless otherwise mutually agreed.

29.3. In the event of withdrawal of the Scheme under Clause 29.1 or Clause 29.2 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

30. COSTS, CHARGES & EXPENSES

30.1. All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto, (including stamp duty) shall be borne by the Transferee Company 2.

ANNEXURE (xi)

IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH, COURT- II

C.P. (C.A.A) No. 61/2022
CONNECTED WITH
C.A. (CAA) No. 15/MB/2022

IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE SCHEME OF ARRANGEMENT BETWEEN RELIANCE INDUSTRIES LIMITED & ITS SHAREHOLDERS AND CREDITORS AND RELIANCE SYNGAS LIMITED & ITS SHAREHOLDERS AND CREDITORS

Reliance Industries Limited, a company incorporated under the provisions of the Companies Act, 1956, having corporate identity number L17110MH1973PLC019786 and its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai, Maharashtra 400 021, India) …Petitioner Company

Order delivered on: - 30.03.2022

Coram:

JUSTICE P.N. DESHMUKH (Retd.) : **HON'BLE MEMBER (Judicial)**

SHYAM BABU GAUTAM : **HON'BLE MEMBER (Technical)**

Appearances (via videoconferencing)

For the Petitioner Company : Mr Gaurav Joshi, Senior Advocate a/w Mr. Peshwan Jehangir, Mr Mehul Shah, Mr Himanshu Vidhani, Mr. Aman Yagnik, Mr. Rushabh Gala, Mr. Jamsheed Dadachanji and Mr. Harsh Salgia i/b Khaitan & Co, Advocates for the Petitioner Company

ORDER

Per :- Justice P.N. Deshmukh, Member Judicial

1. The Court convened through videoconferencing.

2. Heard Learned Counsel for the Petitioner Company. No objector has come before the Tribunal to oppose the Company Scheme Petition and nor has any party controverted any averments made in the Company Scheme Petition.

3. The sanction of this Tribunal is sought under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") to the Scheme of Arrangement between Reliance Industries Limited & its shareholders and creditors and Reliance Syngas Limited & its shareholders and creditors ("**Scheme**").

4. The Petitioner Company, *inter alia* has multiple undertakings viz., digital services, retail, financial services, E&P and oil-to-chemicals including gasification undertaking. Reliance Syngas Limited (**"Transferee Company")** would be engaged, *inter alia*, in production of Synthesis Gas (Syngas) through Surface Petcoke/Coal Gasification or Underground Coal Gasification or through Coal Bed Methane extraction or from Gas Hydrate or using Natural Gas.

5. The registered office of the Transferee Company is located in Ahmedabad, Gujarat. Thus, the Transferee Company has filed separate proceedings before the jurisdictional Tribunal viz., National Company Law Tribunal, Ahmedabad Bench.

6. The learned Counsel for the Petitioner Company submits that the rationale mentioned in the Scheme is as under:

   "1. The Gasification Undertaking produces syngas to meet the energy requirements at Jamnagar as refinery off-gases which earlier served as fuel were repurposed into feedstock for the Refinery Off Gas Cracker (ROGC). This enables production of olefins at competitive capital and operating costs. Syngas as a fuel ensures reliability of supply and helps reduce volatility in the energy costs. Syngas is also used to produce hydrogen for consumption in the Jamnagar refinery.

2. *RIL targets to have a portfolio which is fully re-cyclable, sustainable and net carbon zero. This will be achieved by transitioning to high value materials and chemicals with renewables as the source of meeting its energy requirements.*

3. *As RIL progressively transitions to renewables as its primary source of energy, more syngas will become available for upgradation to high value chemicals including C1 chemicals and hydrogen. Further, carbon di-oxide released during the process of producing hydrogen is highly concentrated and easy to capture, substantially reducing the cost of carbon capture. Overall, these steps will help sharply reduce carbon footprint of Jamnagar complex.*

4. *India is a high growth market and is expected to continue to see a deficit of these high value chemicals in the foreseeable future. Repurposing the gasification assets will help use syngas as a reliable source of feedstock to produce these chemicals and cater to growing domestic demand, resulting in an attractive business opportunity. Further, as the hydrogen economy expands, RIL will be well positioned to be the first mover to establish a hydrogen ecosystem.*

5. *With optionality in applications for syngas, the nature of risk and returns associated with the Gasification Business will likely be distinct from those of the other businesses of RIL. This distinct business profile also provides the opportunity to potentially attract a different pool of investors and strategic partners for the Gasification Business and new materials and chemicals projects.*

6. *Accordingly, this Scheme is being proposed for transfer of the Gasification Undertaking to RSL as a going concern on Slump Sale basis.*

The Scheme is in the interest of RIL, RSL and their respective stakeholders."

7. Learned Counsel for the Petitioner Company submits that the Company Scheme Petition was filed in consonance with the Order dated 28th January 2022 passed by this Tribunal in CA (CAA) No.15/MB/2022 ("**said Order**").

8. Learned Counsel for the Petitioner Company submits that *vide* the said Order, the Company Scheme Application was admitted, and the Petitioner Company was directed to convene meetings of its secured creditors, unsecured creditors and equity shareholders. The Learned Counsel for the Petitioner Company submits that, as directed by this Tribunal *vide* the said Order, the meetings of the secured creditors, unsecured creditors and equity shareholders were held on 9th March 2022 at 10:30 a.m., 11:45 a.m., and 2:00 p.m. respectively, through video conferencing, for the purpose of considering and if thought fit, approving with or without modification, the Scheme. The Chairperson appointed for the said meetings has filed Chairperson's Report showing the conduct and results of the said meetings as directed, which is annexed as Exhibit 'A14' to the Company Scheme Petition.

9. Learned Counsel for the Petitioner Company submits that the Hon'ble Tribunal admitted the Company Scheme Petition and fixed 28th March 2022 as the date for hearing and final disposal of the Company Scheme Petition. The Petitioner Company was directed to cause publication of the notice of hearing of the Company Scheme Petition, at least 10 (ten) days before the date fixed for final hearing in 'Business Standard' in English having nation-wide circulation and 'Loksatta' in Marathi having circulation in Maharashtra. Learned Counsel for the Petitioner Company states that the Petitioner Company caused the publication of notice of hearing and final disposal of the Company Scheme Petition in the said newspapers on 17th March 2021.

10. Learned Counsel for the Petitioner Company submits that the Petitioner Company has also served notice of hearing and final disposal of Company Scheme Petition upon: (i) Central Government through the Regional Director, Western Region ("**Regional Director**"); (ii) Registrar of Companies, Mumbai, Maharashtra; (iii) Income Tax Authority concerned addressed to the Assistant Commissioner of Income Tax Range 3(4), 29th Floor, World Trade Centre, Cuffe Parade, Mumbai (Petitioner Company having Permanent Account Number AAACR5055K); (iv) Goods & Services Tax Authority at the Commissioner of Central Goods & Services Tax, Belapur Commissionerate, 1st Floor, CGO Complex, CBD Belapur, Navi Mumbai – 400 614; and (v) BSE Limited.

11. The Petitioner Company has filed a Compliance Report on 21st March 2022, evidencing the said newspaper publications and service of notices upon the concerned authorities.

12. Learned Counsel for the Petitioner Company states that the Petitioner Company has complied with all the requirements as per the directions of this Tribunal.

13. The Regional Director has filed its Report dated 24th March 2022 ("**Report**") praying that this Tribunal may pass such orders as it thinks fit, save and except as stated in Paragraphs IV (a) to (l). The observations of the Regional Director, the reply of the Petitioner Company in its affidavit dated 25th March 2022 and the response of the Regional Director in its Supplementary Report dated 25th March 2022 ("**Supplementary Report**") are set out in tabular format below:

Sr No of Paragraph IV	Observations in Report dated 24th March 2022 filed by the Regional Director	Reply of Petitioner Company in its Affidavit dated 25th March 2022	Response of the Regional Director in Supplementary Report dated 25th March 2022
(a)	*In compliance of AS-14 (IND AS-103), the Petitioner Companies shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5 (IND AS-8) etc.*	In so far as the observation made in paragraph IV (a) of the Report of the Regional Director is concerned, the Petitioner Company undertakes that it will pass accounting entries in compliance with applicable accounting standards as notified by the Companies (Indian Accounting Standards) Rules, 2015.	*Reply of the petitioners Companies appears to be Satisfactory.*
(b)	*The Petitioners under provisions of section 230(5) of the Companies Act, 2013 have to serve notices to concerned authorities which are likely to be affected by Compromise or arrangement. Further, the approval of the scheme by this Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such Authorities is binding on the Petitioner Company(s).*	As far as the observation made in paragraph IV (b) of the Report of the Regional Director is concerned, the Petitioner Company states that notices have been issued to the concerned authorities under Section 230(5) of the Companies Act, 2013. Necessary compliance reports dated February 26, 2022 has been filed by the Petitioner Company before this Hon'ble Tribunal in that regard. The Petitioner Company confirms that the mere sanction of the Scheme will not prevent the authorities from making any decisions, as per applicable law and any such decision of such authorities if taken, will be dealt with as per applicable law.	*Reply of the petitioners Companies appears to be Satisfactory.*
(c)	*The Hon'ble NCLT may kindly direct to the Petitioners to file an undertaking to the extent that the Scheme enclosed to the Company Application and the scheme enclosed to the Company Petition are one & same and there is no discrepancy or deviation.*	As far as the observation made in paragraph IV (c) of the Report of the Regional Director is concerned, the Petitioner Company confirms that the Scheme enclosed to the Company Scheme Application and Company Scheme Petition are one and the same and there is no discrepancy / change(s) made.	*Reply of the petitioners Companies appears to be Satisfactory.*
(d)	*As per Definition of the Scheme, **"Appointed Date"** means 31 March, 2022 or such other date as may be determined by the Board of the Parties;* *The Petitioner Companies has proposed prospective **"Appointed Date"** i.e. 31st March 2022 which shall not allowed by the Hon'ble Tribunal, Petitioner Companies shall undertake to determine the **"Appointed Date"** prior to present date or sanction date of the Scheme.* ***"Effective Date"** means the day on which last of the conditions specified in Clause 16 (Conditions Precedent) of this Scheme are complied with or otherwise duly waived;* *Reference in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** or **"effect of this Scheme"** or **"upon the Scheme becoming effective"** shall mean the Effective Date;* *Further, the Petitioners may be asked to comply with the requirements and clarified vide circular no. F. No. 7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.*	As far as the observation made in paragraph IV (d) of the Report of the Regional Director is concerned, the Petitioner Company submits that the present Scheme is in compliance with the requirements of circular no. F.No.7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.	*Petitioner Companies shall undertake to determine the Appointed Date prior or Sanction Date of the Scheme.* *It cannot be prospective date.*

Sr No of Paragraph IV	Observations in Report dated 24th March 2022 filed by the Regional Director	Reply of Petitioner Company in its Affidavit dated 25th March 2022	Response of the Regional Director in Supplementary Report dated 25th March 2022
(e)	*As per Clause 13 of the Scheme,* ***ACCOUNTING TREATMENT*** *RIL and RSL shall comply with the generally accepted accounting practices in India, provisions of the Act and accounting standards as notified by Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in relation to the transactions in the Scheme including but not limited, to the following:* ***In the books of RIL:*** *Upon this Scheme coming into effect, RIL shall account for the transaction in its books of account in the following manner:* *i. With effect from the Appointed Date, the book value of assets and liabilities, of the Gasification Undertaking to the extent identified and being transferred to RSL in pursuance of this Scheme shall be reduced from the balances of the assets and liabilities as reflecting in the books of RIL; and* *ii. Difference between the book value of assets and liabilities of the Gasification Undertaking, as on the Appointed date, transferred to RSL, as reduced by consideration received/ receivable by RIL from RSL, if any, shall be debited/ credited, as the case may be, to the statement of profit and loss of RIL.* ***In the books of RSL:*** *Upon this Scheme coming into effect, RSL shall account for the transaction, in its books of account in the following manner:* *i. With effect from the Appointed Date, RSL shall record all assets and liabilities of the Gasification Undertaking transferred to it in pursuance of this Scheme at their respective book values as appearing in the books of RIL as on the Appointed Date; and* *ii. Difference between the book value of assets and liabilities, so recorded in the books of RSL, as reduced by consideration paid/ payable by RSL to RIL, if any, shall be debited/ credited to the capital reserve account of RSL.* *Petitioner Companies have to undertake that the surplus / deficit shall be adjusted to Capital Reserve Account.* *Further Petitioner Companies have to undertake that reserves shall not be available for distribution of dividend.*	As far as the observation made in paragraph IV (e) of the Report of the Regional Director is concerned, the Petitioner Company submits that the accounting principles as prescribed under the Companies (Indian Accounting Standards) Rules, 2015 as notified under Section 133 of the Companies Act, 2013 are applicable to the Petitioner Company and the Petitioner Company undertakes that it shall comply with the same to the extent applicable. Further, the Petitioner Company undertakes that the difference between the book value of assets and liabilities of the Gasification Undertaking, as on the Appointed date, transferred to the Transferee Company, as reduced by consideration received/ receivable by the Petitioner Company from the Transferee Company, if any, shall be debited/ credited, as the case may be, to the statement of profit and loss of the Petitioner Company. Further, the Petitioner Company states that in terms of the Scheme, the difference between the book value of assets and liabilities, so recorded in the books of the Transferee Company, as reduced by consideration paid/ payable by the Transferee Company to the Petitioner Company, if any, shall be debited/ credited to the capital reserve account of the Transferee Company and such Capital Reserve shall not be available for distribution of dividend.	*Reply of the petitioners Companies appears to be Satisfactory.*

Sr No of Paragraph IV	Observations in Report dated 24th March 2022 filed by the Regional Director	Reply of Petitioner Company in its Affidavit dated 25th March 2022	Response of the Regional Director in Supplementary Report dated 25th March 2022
(f)	*Petitioner Transferor Company has foreign shareholders, Hence Petitioner Transferor Company shall undertake to comply with guidelines of RBI, FEMA and FERA.*	As far as the observation made in paragraph IV (f) of the Report of the Regional Director is concerned, the Petitioner Company submits that it will ensure necessary compliance under the FEMA Regulations, RBI Guidelines, and FERA.	*Reply of the petitioners Companies appears to be Satisfactory.*
(g)	*Observation letter and Complaint Report received from NSE and BSE dated 17.01.2022, Hence Petitioner Transferor Company shall undertake to comply the same.*	As far as observation made in paragraph IV (g) of the Report of the Regional Director is concerned, the Petitioner Company submits that it has complied with the observation letter received from BSE Limited and the National Stock Exchange of India Limited dated January 17, 2022. Further, the Petitioner Company submits that it has filed necessary complaint report with BSE Limited and the National Stock Exchange of India Limited dated December 24, 2021 and December 30, 2021, respectively, which states that there are NIL complaints against the Scheme. Further, the Petitioner Company undertakes to comply with the requirements of the stock exchanges, as per applicable law.	*Hon'ble Tribunal may consider the aforementioned reply submitted by the Petitioner Company and decide the matter on the merit.*
(h)	*Petitioner Companies undertake to obtain NOC from Income tax department, if applicable.*	As far as observation made in paragraph IV (h) of the Report of the Regional Director is concerned, the Petitioner Company states that the Income Tax Authority concerned have already filed their no-objection with the Hon'ble Tribunal. A copy of the said no-objection letter issued by the Income Tax Authority concerned is annexed hereto and marked as **Exhibit A**.	*Hon'ble Tribunal may consider the aforementioned reply submitted by the Petitioner Company and decide the matter on the merit.*
(i)	*The Registered Office of the Petitioner Transferee Company is situated in the state of Ahmadabad and falls within the jurisdiction of this Hon'ble NCLT, Ahmadabad Bench, hence Companies shall undertake to obtain approval from Hon'ble NCLT Ahmadabad Bench.*	As far as the observation made in paragraph IV (i) of the Report of the Regional Director is concerned, the Petitioner Company states that the Transferee Company has filed the Company Scheme Application and the Company Scheme Petition with the Hon'ble NCLT Ahmedabad Bench for its approval.	*Reply of the petitioners Companies appears to be Satisfactory.*
(j)	*Petitioner Companies shall undertake to provide detailed valuation report from Registered Valuer on this Scheme for determining consideration for this Scheme of Arrangement.*	As far as the observation made in paragraph IV (j) of the Report of the Regional Director is concerned, the Petitioner Company states that in consideration for the Slump Sale of the Gasification Undertaking, the Transferee Company shall pay a lump sum consideration equal to the carrying value of Gasification Undertaking, calculated as the difference between the book value of assets and the book value of the liabilities of the Gasification Undertaking, as appearing in the books of the Petitioner Company on the Appointed Date. Further, the Appointed Date of the Scheme is March 31, 2022, which is a prospective date.	*Hon'ble Tribunal may decide the matter on its merit.*

Sr No of Paragraph IV	Observations in Report dated 24th March 2022 filed by the Regional Director	Reply of Petitioner Company in its Affidavit dated 25th March 2022	Response of the Regional Director in Supplementary Report dated 25th March 2022
		Further, the Gasification Undertaking is being transferred from RIL to RSL, a wholly owned subsidiary of the Transferor Company, and no shares are proposed to be issued pursuant to the Scheme. There will be no change in the shareholding of the Transferor Company and RSL pursuant to the Scheme and hence there is no requirement for obtaining a valuation report in terms of the SEBI Master Circular dated 23 November 2021 on Scheme of Arrangements.	
(k)	*Petitioner Companies shall undertake to provide list/ details of Assets and Liabilities being transferred by the Transferor Company to Transferee Company*	As far as the observation made in paragraph IV (k) of the Report of the Regional Director is concerned, the Petitioner Company has annexed an indicative list of assets and liabilities being transferred by the Transferor Company to Transferee Company, as **Exhibit B**.	*Hon'ble Tribunal may consider the aforementioned reply submitted by the Petitioner Company and decide the matter on the merit.*
(l)	***STATUS OF ROC REPORT: -*** *ROC, Mumbai Report dated 22.03.2022 has inter alia mentioned that there are no prosecution, no technical scrutiny, no inquiry, no inspection pending against Petitioner Companies.* *Further mentioned that:*	As far as observation made in paragraph IV (l) of the Report of the Regional Director is concerned, the Petitioner Company states that:	*Hon'ble Tribunal may consider the aforementioned reply submitted by the Petitioner Company and decide the matter on the merit.*
	1. Transferor Company is situated at Mumbai in the state of Maharashtra and falls within the jurisdiction of this Hon'ble NCLT, Mumbai Bench.	The registered office of the Petitioner Company is situated in Mumbai, Maharashtra, which falls under the jurisdiction of this Hon'ble Tribunal.	
	2. There are various complaints pending against Transferor Company relating to share certificate, Bonus Share, Dividend Warrant/Interim Warrant, Corporate Fraud and Serious Complaints & Miscellaneous in nature mostly.	The Petitioner Company will not be dissolved pursuant to the Scheme and the complaints pending against the Petitioner Company will be dealt in ordinary course. The approval to the Scheme by this Hon'ble Tribunal will not affect such pending complaints.	
	3. Transferor Company authorized Capital and paid capital is Rs.150,00,00,00,000/- and Rs. 676,50,92,78,02.5/- respectively as per the master data which does not match with scheme.	The Petitioner Company has provided details of its Authorised and Paid-up capital as on November 24, 2021 in the Scheme. Post November 24, 2021, the Petitioner Company has allotted 24,000 equity shares of Rs.10 each aggregating to Rs.2,40,000 under the Employee Stock Option Scheme. Further, pursuant to calls made by the Board of Directors of the Petitioner Company, Rs.210,59,75,515/- (Rupees Two Hundred Ten Crore Fifty Nine Lakh Seventy Five Thousand Five hundred Fifteen only) was received towards call money from the shareholders on the equity shares allotted to them on rights basis. Accordingly, the Petitioner Company has appropriated Rs.210,62,15,515/- towards paid up capital. The paid up capital after considering 24,000 shares allotted under the Employee Stock Option Scheme and call money of Rs.210,59,75,515 as aforesaid is Rs.6765,09,27,802.50 which matches with the records of Ministry of Corporate Affairs	

Sr No of Paragraph IV	Observations in Report dated 24th March 2022 filed by the Regional Director	Reply of Petitioner Company in its Affidavit dated 25th March 2022	Response of the Regional Director in Supplementary Report dated 25th March 2022
	4. Since the Transferor Company is a Listed Company, they may be directed to give notice to SEBI & Stock Exchange & obtain permission from SEBI & Stock Exchange.	The Transferor Company has received observation letter dated January 17, 2022 from NSE and BSE. In terms of the observation letters, SEBI and NSE have waived their right to receive notice under Section 230(5) of the Companies Act, 2013. Only BSE Limited had requested the Petitioner Company to effect service upon BSE Limited the notice pursuant to Section 230(5) of the Companies Act, 2013. In view thereof, the Petitioner Company has served notice under Section 230(5) of the Companies Act, 2013 upon BSE Limited.	
	5. Form CAA-3 is required to be issued to CCI (Rule 8(ii) & obtain permission from CCI.	The present Scheme is exempt from the requirement to obtain approval of the Competition Commission of India ("CCI"), in terms of the Competition Commission of India Act, 2002 read with applicable regulations. Accordingly, the requirement to issue Form CAA-3 to CCI and obtain its approval for the present Scheme does not arise.	
	6. There are 179 complaints against the Transferor Company RELIANCE INDUSTRIES LIMITED out of them, 37 complaints are opens against the Transferor company, 4 complaints are related to share certificate, 3 complaints pertains to Bonus share related, Dividend Warrant /Interim warrant related 1 complaint and Corporate fraud and 3 serious complaints and remaining 26 complaints are miscellaneous in nature mostly related to nonreceipt of share certificate/share transfer certificate.	The Petitioner Company will not be dissolved pursuant to the Scheme and the complaints pending against the Petitioner Company will be dealt in ordinary course. The approval to the Scheme by this Hon'ble Tribunal will not affect such pending complaints.	
	7. Necessary Stamp Duty on transfer of property/Assets is to be paid to the respective Authorities before implementation of the Scheme.	The Petitioner Company will lodge a copy of this Order along with the Scheme duly authenticated/certified by the Deputy Director or the Assistant Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps for the purpose of adjudication of stamp duty payable, on transfer of property/ assets, as per applicable law.	
	8. Interest of the Creditors should be protected.	The Transferor Company conducted meetings of its secured and unsecured creditors on 9th March 2022. The secured and unsecured creditors have approved the scheme with 99.9019% (in value) and 99.0631% (in value) votes in favour of the Scheme, respectively. Chairperson's Report in this regard has been filed on 10th March 2022. Upon the Scheme becoming effective, the creditors of the Petitioner Company will be paid in ordinary course, as per applicable law.	
	Hon'ble NCLT may kindly direct the Transferor Company to submit the reply on the observations pointed out by ROC, Mumbai in their report and decide the matter on merits.		

14. The Regional Director in the Supplementary Report has stated that the Petitioner Companies shall undertake to determine the Appointed Date prior to Sanction Date of the Scheme. It cannot be prospective date. In view of the aforesaid observation of the Regional Director in the Supplementary Report, Learned Counsel for the Petitioner Company hereby informs that the Appointed Date of the Scheme will be 31st March 2022 and further states that, the Scheme will be made effective on or after the Appointed Date i.e. 31st March 2022 and not on a prior date.

15. The Regional Director has not raised any other objections or dealt with any of the responses of the Petitioner Company other than as set out above. Learned Counsel for the Petitioner Company submits that it is apparent that the Regional Director is satisfied with the responses provided.

16. From the material on record, the Scheme annexed as Exhibit A-1 to the Company Scheme Petition appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.

17. Since all the requisite statutory compliances have been fulfilled, the said Company Scheme Petition is made absolute in terms of the prayer clauses 34 (a) to 34 (f) thereof.

18. The Scheme is hereby sanctioned, with the Appointed Date fixed as 31st March 2022.

19. The Petitioner Company is directed to file a copy of this Order along with a copy of the Scheme with the concerned Registrar of Companies, electronically in e-form INC – 28 within 30 days from the date of receipt of the certified copy of this Order by the Petitioner Company.

20. The Petitioner Company to lodge a copy of this Order along with the Scheme duly authenticated/certified by the Deputy Director or the Assistant Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps for the purpose of adjudication of stamp duty payable, if any, within 60 days from the date of receipt of the certified order from the Registry of this Tribunal or within 60 days from the date of receipt of the certified Order from the Registry of the National Company Law Tribunal, Ahmedabad Bench, whichever is later.

21. All concerned regulatory authorities to act on a copy of this Order along with Scheme duly certified by the Deputy Director or the Assistant Registrar, National Company Law Tribunal, Mumbai Bench.

22. Any person interested is at liberty to apply to this Tribunal in the above matters for any directions that may be necessary.

23. Any concerned Authorities are at liberty to approach this Tribunal for any further clarification as may be necessary.

24. Ordered accordingly. File to be consigned to records.

Sd/-
SHYAM BABU GAUTAM
MEMBER (TECHNICAL)

Sd/-
JUSTICE P.N. DESHMUKH
MEMBER (JUDICIAL)

IN THE NATIONAL COIVIPANY LAW TRIBUNAL, AHMEDABAD
DIVISION BENCH
COURT -1

ITEM No.209
C.P.(CAA)/20(AHM)2022 in C.A.(CAA)/11(AHM)2022

Order under Section 230-232

IN THE MATTER OF:

Reliance Syngas Ltd **……..Applicant**

Order delivered on ..30/03/2022.

Coram:

Madan B. Gosavi, Hon'ble Member(J)
Kaushalendra Kumar Singh, Hon'ble Member(T)

PRESENT:

For the Applicant :

ORDER

Learned Senior Counsel Mr. Navin Pahwa appears and submits that the NCLT, Mumbai Bench has pronounced the order as far as relating to Transferor Company. We recorded his statements and, hence, order pronounced vide separate sheet.

KAUSHALENDRA KUMAR SINGH
MEMBER (TECHNICAL)

MADAN B GOSAVI
MEMBER (JUDICIAL)

NATIONAL COMPANY LAW TRIBUNAL, AHMEDABAD
DIVISION BENCH
COURT-1

CP (CAA) 20/230-232/2022 in
CA (CAA) 11/230-232/2022

In the matter of:

Reliance Syngas Limited
A company incorporated under
the provisions of the Companies Act, 2013
having its registered office at
Office-101, Saffron,
Nr. Centre Point,
Panchwati 5 Rasta,
Ambawadi,
Ahmedabad-380006, ...Petitioner Company/
Gujarat Transferee Company

Order Reserved on : 28.03.2022
Order Pronounced on: 30.03.2022

Coram: Madan Bhalchandra Gosavi, Member (Judicial)
Kaushalendra Kumar Singh, Member(Technical)

Appearance:

Mr. Saurabh Soparkar, Sr. Advocate with Mr. Ravi Pahwa,

Advocate, for the Applicant.

Mr. B. Rama Ambedkar, Assistant Director, on behalf of the Regional Director

Ms. Shivangi Vyas, Advocate on behalf of Ms. Maithili Mehta, Advocate, for the Income Tax Department.

ORDER
[Per Bench]

1. This Company Petition under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as **"the Act"**) and the Rules made thereunder has been filed seeking sanction to the Scheme of Arrangement between Reliance Industries Limited & its shareholders and creditors and Reliance Syngas Limited and its shareholders and creditors (**"Scheme"**).

2. The Scheme provides for transfer of Gasification Undertaking (*as defined in the Scheme*) from Reliance Industries Limited (**"Transferor Company"**) to the Petitioner Company i.e. Reliance Syngas Limited as a going concern on a Slump Sale (*as defined in the Scheme*) basis. It is further submitted that the registered office of Reliance Industries Limited is situated in the state of Maharashtra. Accordingly, Reliance Industries Limited has filed separate proceedings before the Hon'ble National Company Law Tribunal, Mumbai Bench seeking sanction to the Scheme.

3. The Petitioner Company had filed Company Application No. C.A.(CAA)/11(AHM)/2022 before this Tribunal, *inter alia*, seeking dispensation of meeting of equity shareholders of the Petitioner Company. It was submitted on behalf of the Petitioner Company that, there are no secured creditors or unsecured creditors in the Petitioner Company, thus, the question of convening meetings of the secured creditors and unsecured creditors does not arise at all.

4. The Petitioner Company had filed Company Application No. Comp.App/7(AHM) 2022 in Company Application No. C.A.(CAA)/11(AHM)/2022 pursuant to Rule 154 of the National Company Law Tribunal Rules, 2016 seeking certain rectifications in the order dated 22.2.2022 passed by this Tribunal in Company Application No. C.A.(CAA)/11(AHM)/2022. This Tribunal *vide* its order dated 2.3.2022 allowed the said Company Application No. Comp.App/7(AHM) 2022 and granted rectifications to its order dated 22.2.2022.

5. It is a matter of record that *vide* said order dated 22.02.2022 r/w. order dated 2.3.2022, this Tribunal ordered: (i) dispensation of meeting of the equity shareholders of the Petitioner Company; (ii) declared that since there are no secured creditors and unsecured creditors in the Petitioner Company, the meetings of the secured creditors and unsecured creditors of the Petitioner Company is not required to be held; and (iii) in compliance with Section 230(5) of the Companies Act, 2013 and Rule 8 of the Companies

(Compromises, Arrangements and Amalgamations) Rules, 2016, the Petitioner Company to serve notice to the Central Government through the Regional Director, North Western Region (**"Regional Director"**), the Registrar of Companies, Gujarat, Income Tax Department along with full details of assessing officer and PAN numbers of the Petitioner Company with a copy also to the Chief Commissioner of Income Tax Office and to such other Sectoral Regulatory Authorities, who may govern the working of the respective companies involved in the Scheme, inviting their representations, if any, to the Scheme, to be made by them within a period of 30 (thirty) days from the date of receipt of such notice.

6. In compliance of the order dated 22.2.2022 r/w. order dated 2.3.2022, the Petitioner Company served the notices upon the concerned authorities as directed by the Tribunal. The Petitioner Company has filed affidavit of service in connection with service of notice upon the concerned authorities with this Tribunal.

7. The Petitioner Company, thereafter, filed Company Petition being C.P.(CAA)/20(AHM)/2022 before this Tribunal seeking directions for publication of notice of hearing of Company Petition and seek sanction of the Tribunal to the Scheme.

8. This Tribunal, by its order dated 14.3.2022 admitted the aforesaid Company Petition No. C.P.(CAA)/20(AHM)/2022 and directed the Petitioner Company to issue notice of hearing of the said Company Petition upon the Regional Director, Registrar of Companies and Income Tax Authority informing the date of hearing of the said Company Petition. The Tribunal also directed publication of notice of hearing of the said Company Petition in "Indian Express" English Ahmedabad edition and "Sandesh" Gujarati Ahmedabad edition, having wide circulation not less than ten days before the date fixed for hearing of the said Company Petition, calling for objections, if any, on or before the date of hearing.

9. No representations have been received from any other authorities except the Regional Director, Registrar of Companies and the Income Tax Authority concerned.

10. Pursuant to the order dated 14.3.2022 passed by the Tribunal, the Petitioner Company on 17.3.2022 published the notice of hearing of the said Company Petition in 'Indian Express' in English Ahmedabad edition and in 'Sandesh' in Gujarati Ahmedabad edition both having wide circulation in Ahmedabad. The notice of hearing of the said Company Petition was served upon all the concerned authorities. An affidavit of publication of notice of hearing of the said Company Petition in newspapers and service of notice of hearing of Company Scheme Petition on concerned authorities is also filed on 21.03.2022 on behalf of the Petitioner Company with this Tribunal.

11. Apropos to the order dated 22.2.2022 r/w. 2.3.2022, the Central Government through the Regional Director, North Western Region made a representation on the Scheme *vide* report dated 15.3.2022. A bare perusal of the Report of Regional Director would show that there is no adverse observation made by the Regional Director.

12. Apropos to the order dated 22.2.2022 r/w. 2.3.2022, Income Tax Authority concerned has also given its no objection to the Scheme *vide* letter dated 19.03.2022.

13. Pursuant to the order dated 14.3.2022 of this Tribunal regarding publication of the notice in the local dailies and issuance of notices to the concerned authorities, no representation is received from any authority except the Regional Director, Registrar of Companies and the Income Tax Authority concerned.

14. Heard Shri Saurabh Soparkar, Senior Advocate along with Shri. Ravi Pahwa, Advocate for M/s. Thakkar & Pahwa, Advocates, for the Petitioner Company.

15. On the basis of above facts and submissions made by the learned counsel and after considering the entire facts and circumstances of the aforesaid Company Petition and on perusal of the Scheme and the proceedings, it appears that the requirements of the provisions of section 230 and 232 are satisfied by the Petitioner Company. We are of the considered view that the proposed Scheme of Arrangement is bona fide and in the interest of the shareholders and creditors. In the result, the Company Petition No. CP (CAA) No. C.P.(CAA)/20(AHM)/2022 is allowed. The Scheme envisaging Arrangement between Reliance Industries Limited & its shareholders and creditors and Reliance Syngas Limited & its shareholders and creditors is hereby sanctioned. It is declared that the said sanctioned scheme shall be binding on the Petitioner Company and its shareholders, creditors and all concerned under the Scheme. This Tribunal orders as under:-

ORDER

1. The Scheme as annexed herewith as **"Annexure A"** is hereby sanctioned and it is declared that the same shall be binding on the Petitioner Company and its shareholders and creditors and all concerned under the Scheme.

2. All the property forming part of the Gasification Undertaking of the Transferor Company and specifically annexed herewith as **"Annexure B"** and all the other property along with rights and powers forming part of the Gasification Undertaking of the Transferor Company be transferred without further act or deed to the Petitioner Company and accordingly the same shall pursuant to Section 232 of the Act.

3. All the liabilities and duties of the Gasification Undertaking of the Transferor Company be transferred without further act or deed to the Petitioner Company and accordingly the same shall pursuant to Section 232 of the Act.

4. All proceedings, if any, now pending or against the Transferor Company in relation to the Gasification Undertaking be continued by or against the Petitioner Company.

5. The Petitioner Company is directed to lodge a copy of this Order and the approved Scheme and Schedule of assets and liabilities of the Petitioner Company attached as Annexure-B with this order, duly authenticated by the Registrar of this Tribunal, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty, if any, 30 (thirty) days from the date of issuance of the certified copy of the Order from the Registry of this Tribunal or within 30 (thirty) days from the date of receipt of the certified order from the Registry of the National Company Law Tribunal, Mumbai Bench, whichever is later.

6. The Petitioner Companies are further directed to file a copy of this order along with the copy of the Scheme with the concerned Registrar of Companies, electronically, along with e-form INC-28 in addition to physical copy within 30 days from the date of issuance of the certified copy of the Order by the Registry as per relevant provisions of the Act.

7. The legal fees and expenses of the office of the Regional Director are quantified at Rs.15,000/-in respect of the Petitioner Company. The said fees to the Regional Director shall be paid by the Petitioner Company.

8. Filing and issuance of drawn up orders are dispensed with. All concerned authorities to act on a copy of this order along with the Scheme duly authenticated by the Registrar of this Tribunal. The Registrar of this Tribunal shall issue the certified copy of this order along with the Scheme immediately.

9. Any person aggrieved shall be at liberty to apply to the Tribunal in the above matter for any direction that may be necessary.

10. The Company Petition CP (CAA) No. 20 of 2022 connected with CA (CAA) No. 11 of 2022 is allowed and disposed of.

KAUSHALENDRA KUMAR SINGH
MEMBER (TECHNICAL)

MADAN B GOSAVI
MEMBER (JUDICIAL)

Annexure A

SCHEME OF ARRANGEMENT

BETWEEN

RELIANCE INDUSTRIES LIMITED

&

ITS SHAREHOLDERS AND CREDITORS

AND

RELIANCE SYNGAS LIMITED

&

ITS SHAREHOLDERS AND CREDITORS

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

(A) PREAMBLE

This scheme of arrangement between (i) RIL (*as defined hereinafter*) and its shareholders and creditors; and (ii) RSL (*as defined hereinafter*) and its shareholders and creditors ("**Scheme**") provides for transfer of the Gasification Undertaking (*as defined hereinafter*) from RIL to RSL as a *going concern* on Slump Sale (*as defined hereinafter*) basis, under Sections 230 to 232 and other applicable provisions of the Act (*as defined hereinafter*). This Scheme also provides for various other matters consequent and incidental thereto.

(B) DESCRIPTION OF COMPANIES

1. Reliance Industries Limited is a company incorporated under the Companies Act, 1956 ("**RIL**"). RIL, inter alia, has multiple undertakings viz., digital services, retail, financial services, E&P and oil-to-chemicals including Gasification Undertaking. The equity shares and non-convertible debentures of RIL are listed on the Stock Exchanges (as *defined hereinafter*). The global depository receipts of RIL are listed on Luxembourg Stock Exchange and are traded on the International Order Book (IOB) (London Stock Exchange) and amongst qualified institutional investors on the over-the-counter (OTC) market in the United States of America. The foreign currency bonds of RIL are listed on the Singapore Stock Exchange and Luxembourg Stock Exchange.

2. Reliance Syngas Limited is a company incorporated under the Act ("**RSL**"). The equity shares of RSL are not listed on Stock Exchanges. RSL is a wholly owned subsidiary of RIL.

(C) RATIONALE FOR THE SCHEME

1. The Gasification Undertaking produces syngas to meet the energy requirements at Jamnagar as refinery off-gases which earlier served as fuel were repurposed into feedstock for the Refinery Off Gas Cracker (ROGC). This enables production of olefins at competitive capital and operating costs. Syngas as a fuel ensures reliability of supply and helps reduce volatility in the energy costs. Syngas is also used to produce hydrogen for consumption in the Jamnagar refinery.

2. RIL targets to have a portfolio which is fully re-cyclable, sustainable and net carbon zero. This will be achieved by transitioning to high value materials and chemicals with renewables as the source of meeting its energy requirements.

3. As RIL progressively transitions to renewables as its primary source of energy, more syngas will become available for upgradation to high value chemicals including C1 chemicals and hydrogen. Further, carbon di-oxide released during the process of producing hydrogen is highly concentrated and easy to capture, substantially reducing the cost of carbon capture. Overall, these steps will help sharply reduce carbon footprint of Jamnagar complex.

4. India is a high growth market and is expected to continue to see a deficit of these high value chemicals in the foreseeable future. Repurposing the gasification assets will help use syngas as a reliable source of feedstock to produce these chemicals and cater to growing domestic demand, resulting in an attractive business opportunity. Further, as the hydrogen economy expands, RIL will be well positioned to be the first mover to establish a hydrogen ecosystem.

5. With optionality in applications for syngas, the nature of risk and returns associated with the Gasification Business will likely be distinct from those of the other businesses of RIL. This distinct business profile also provides the opportunity to potentially attract a different pool of investors and strategic partners for the Gasification Business and new materials and chemicals projects.

6. Accordingly, this Scheme is being proposed for transfer of the Gasification Undertaking to RSL as a going concern on Slump Sale basis.

   The Scheme is in the interest of RIL, RSL and their respective stakeholders.

(D) PARTS OF THE SCHEME

The Scheme is divided into the following parts:

1. **PART I** deals with the definitions of capitalized terms used in this Scheme, the details of the share capital of the Parties (*as defined hereinafter*) and date of taking effect and implementation of this Scheme;

2. **PART II** deals with the transfer and vesting of the Gasification Undertaking from RIL as a *going concern* on a Slump Sale basis to RSL; and

3. **PART III** deals with the general terms and conditions.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

1.1 In this Scheme, (i) capitalised terms defined by inclusion in quotations and/ or parenthesis shall have the meanings so ascribed; and (ii) the following expressions shall have the meanings ascribed hereunder:

"Act" means the Companies Act, 2013;

"Applicable Law" or **"Law"** means any applicable national, foreign, provincial, local or other law including 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 Parties; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties as may be in force from time to time;

"Appointed Date" means 31 March, 2022 or such other date as may be determined by the Board of the Parties;

"Appropriate Authority" means:

(a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, tribunal, central bank, commission or other authority thereof;

(b) 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, exporting or other governmental or quasi-governmental authority including without limitation, SEBI, and the Tribunal; and

(c) any Stock Exchange.

"Board" in relation to RIL and RSL, as the case may be, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for matters pertaining to this Scheme or any other matter relating thereto;

"Effective Date" means the day on which last of the conditions specified in Clause 16 (Conditions Precedent) of this Scheme are complied with or otherwise duly waived;

Reference in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** or **"effect of this Scheme"** or **"upon the Scheme becoming effective"** shall mean the Effective Date;

"Income Tax Act" means the Income-tax Act, 1961;

"Gasification Business" means RIL's business of gasification of petroleum coke (petcoke) and coal by 4 (four) gasifiers in domestic-tariff area (DTA) and 6 (six) gasifiers in special economic zone(s), along with the secondary processing units and related processing and utility units;

"Gasification Undertaking" means the Gasification Business together with its assets (including capital work in progress) except Land and Building, all legal and contractual rights and working capital (including all inventories), whether tangible or intangible, in-scope employees and liabilities, in each case, on an as is where is basis, as such assets and liabilities shall exist on the Appointed Date. Further, the right of occupancy and use of the Land and Building for the purpose of Gasification Business shall form part of Gasification Undertaking. For the sake of clarity, the liabilities of the Gasification Undertaking shall include all liabilities of the Gasification Business, whether fixed or contingent, matured or unmatured, including indebtedness, related employee, pension, Tax and environmental liabilities, whether incurred before or after the Appointed Date.

Without prejudice to the generality of the provisions of the foregoing, the Gasification Undertaking shall include:

(a) leasehold/ sub lease rights in plant and machinery, licensed rights, corporeal or incorporeal assets, present, future, contingent, tangible or intangible assets, easmentary rights and rights of way;

(b) in respect of movable assets, hire purchase arrangements, identified investments, sundry debtors, deposits, advances, recoverables, receivables, title, interest, identified cash and bank balances, bills of exchange, all earnest monies, security deposits, or other entitlements, funds, powers, authorities, licences, registrations, quotas, allotments, consents, privileges, liberties, advantages, all the rights, title, interests, goodwill, benefits, fiscal incentives, special economic zone benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or control of or vested in or granted in favor of or held for the benefit of or enjoyed by RIL with respect to the Gasification Business;

(c) all refunds, reimbursements, claims, concessions, exemptions, benefits including sales tax deferrals, income tax deducted at source, goods and service tax credit, deductions and benefits under the relevant Law or any other taxation statute with respect to the Gasification Business;

(d) all Permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, pertaining to the Gasification Business;

(e) entire experience, credentials, past record and market share of RIL pertaining to the Gasification Business; and

(f) all books, records, files, papers, engineering and process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Gasification Business.

The complete details of assets and liabilities, legal and contractual rights and working capital (including inventories), whether tangible or intangible, in-scope employees of the Gasification Undertaking as on the Appointed Date will be agreed between the Parties.

"Land and Building" means the land and building details of which are more specifically set out in **Schedule I** hereto.

"Parties" means collectively RIL and RSL and **"Party"** shall mean each of them, individually;

"Permits" means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under Applicable Law;

"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;

"Remaining Undertaking" means all of the businesses, units, divisions, undertakings, and assets and liabilities of RIL other than the Gasification Undertaking;

"RIL" means Reliance Industries Limited, a company incorporated under the provisions of the Companies Act, 1956, having Corporate Identity Number L17110MH1973PLC019786 and its registered office at 3rd Floor, Maker Chamber IV, 222, Nariman Point, Mumbai 400 021, Maharashtra, India;

"RoC" means the relevant jurisdictional Registrar of Companies having jurisdiction over RIL and RSL, as the case may be;

"Rs" or **"Rupee(s)"** means Indian Rupee, the lawful currency of the Republic of India;

"RSL" means Reliance Syngas Limited, a company incorporated under the provisions of the Act, having Corporate Identity Number U24304GJ2021PLC126977 and its registered office at Office-101, Saffron, Nr. Centre Point, Panchwati 5 Rasta, Ambawadi Ahmedabad 380 006, Gujarat, India;

"Scheme" or **"this Scheme"** means this scheme of arrangement as modified from time to time;

"SEBI" means the Securities and Exchange Board of India;

"SEBI Circular" means the circular issued by the SEBI, being SEBI Master Circular No. SEBI/HO /CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, and any amendments thereof, modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

"SEBI LODR Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any amendments thereof;

"Slump Sale" means the sale of an undertaking on a *going concern* basis as defined under Section 2(42C) of the Income Tax Act, for a lump sum consideration without values being assigned to the individual assets and liabilities;

"Stock Exchanges" means BSE Limited and National Stock Exchange of India Limited, collectively;

"Tax Laws" means all Applicable Laws dealing with Taxes including but not limited to income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, excise duty, customs duty or any other levy of similar nature;

"Taxation" or **"Tax"** or **"Taxes"** means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to RIL and RSL, as the case may be, or any other Person and all penalties, charges, costs and interest relating thereto; and

"Tribunal" means the relevant bench of the National Company Law Tribunal having jurisdiction over RIL and RSL.

1.2 In this Scheme, unless the context otherwise requires:

1.2.1 words denoting the singular shall include the plural and *vice versa*;

1.2.1 headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are for information and convenience only and shall be ignored in construing the same; and

1.2.2 the words "include" and "including" are to be construed without limitation.

2. SHARE CAPITAL

2.1 The share capital of RIL as on 24 November, 2021 is as follows:

Particulars	Rs.
Authorised Share Capital	
1400,00,00,000 equity shares of Rs 10 each	14000,00,00,000
100,00,00,000 preference shares of Rs 10 each	1000,00,00,000
Total	**15000,00,00,000**
Issued Share Capital	
676,59,70,014 equity shares of Rs 10 each	**67,65,97,00,140.00**
Subscribed and Paid-up Share Capital	
634,33,43,120 fully paid-up equity shares of Rs 10 each	63,43,34,31,200.00
42,18,85,541 partly paid-up equity shares of Rs 10 each, Rs 5 paid-up	2,10,94,27,705.00
7,41,353 partly paid-up equity shares of Rs 10 each, Rs 2.50 paid-up	18,53,382.50
Total	**65,54,47,12,287.50**

RIL has outstanding employee stock options, the exercise of which may also result in an increase in the issued, subscribed and paid-up share capital RIL. Further, payment of second and final call by the shareholders holding partly paid equity shares will result in increase in paid up share capital of RIL.

2.2. The share capital of RSL as on 24 November, 2021 is as follows:

Particulars	INR
Authorised Share Capital	
1,50,000 equity shares of Rs 10 each	15,00,000
Total	**15,00,000**
Issued, Subscribed and Paid-up Capital	
1,00,000 fully paid-up equity shares of Rs 10 each	10,00,000
Total	**10,00,000**

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme in its present form or with any modification(s) made as per Clause 15 of this Scheme, shall become effective from the Appointed Date but shall be operative from the Effective Date.

PART II

TRANSFER AND VESTING OF THE GASIFICATION UNDERTAKING

4. TRANSFER AND VESTING OF THE GASIFICATION UNDERTAKING

4.1 With effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act, the Gasification Undertaking shall, without any further act, instrument or deed, be transferred from RIL to and be vested in or be deemed to have been transferred to and vested in RSL as a *going concern* on Slump Sale basis so as to become on and from the Appointed Date, an undertaking, free from any encumbrance or charges (except to the extent of: (i) encumbrance created with respect to the loans and liabilities being transferred to RSL; and (ii) encumbrance on any asset forming part of the Gasification Undertaking created for the purpose of operation of the Gasification Business), of RSL by virtue of operation of law, and in the manner provided for, in this Scheme.

4.2 In respect of such assets and properties including plant and machinery (including but not limited to all intangible assets) forming part of the Gasification Undertaking which are movable in nature or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred from RIL to RSL upon coming into effect of this Scheme and shall, *ipso facto* and without any other or further order to this effect, become the assets and properties of RSL without requiring any deed or instrument of conveyance for transfer of the same.

4.3 With respect to the assets of the Gasification Undertaking other than those referred to in Clause 4.2 above and Clause 4.4 below, including all rights and interests in the agreements (including agreements for lease or license of the properties), sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, balances & deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of RIL, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to RSL, with effect from the Appointed Date by operation of law as transmission in favour of RSL. With regard to assets such as leases or licenses of the properties, RSL will enter into novation agreements, if it is so required.

4.4 In respect of the occupancy and usage rights of the Land and Building, the same shall stand transferred to RSL with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by RIL and/or RSL. The occupancy and usage rights of the Land and Building are hereby transferred in favour of RSL by RIL as an integral part of the Scheme on the terms and

conditions set out in **Schedule II** hereto. For this purpose, the Parties shall register the true copy of the order of the Tribunal approving the Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such Land and Building and shall also execute and register, as required, such other documents which may be necessary in this regard and no separate instrument including the one which creates the occupancy and usage rights in the Land and Building will be required to be registered separately.

4.5 Upon effectiveness of this Scheme, liabilities forming part of the Gasification Undertaking, as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to RSL and RSL shall meet, discharge and satisfy the same. In so far as indirect Tax liabilities are concerned, in particular, any liability with respect to the goods and services tax, value added tax, purchase tax, sales tax or any other duty or tax in relation to the Gasification Undertaking, shall be treated as liabilities of RSL.

4.6 In so far as assets comprised in the Gasification Undertaking are concerned, the security by way of existing charges, mortgages or other encumbrances, if any, over or in respect of any such assets relating to any loans or borrowings of RIL which are not transferred to RSL shall, without any further act, deed or instrument, be and stand released and discharged from the same and such assets shall no longer be available as security in relation to those loans or borrowings of RIL.

4.7 In respect of unutilized input credits of goods and services tax of RIL, the portion which will be attributed to the Gasification Undertaking and be transferred to RSL shall be determined by the Board of RIL in accordance with Applicable Law.

4.8 Upon the Scheme becoming effective, RIL and RSL shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. It is further clarified that RSL shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of the unpaid liabilities transferred to it as part of the Gasification Undertaking to the extent not claimed by RIL, as and when the same are paid subsequent to the Appointed Date.

4.9 Subject to Clause 4 and any other provisions of the Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Gasification Undertaking, RIL shall, if so required by RSL, issue notices in such form as Parties may mutually agree stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of RSL, as the Person entitled thereto, to the end and intent that the right of RIL to recover or realise the same stands transferred to RSL and that appropriate entries should be passed in their respective books to record the aforesaid changes.

4.10 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of RIL, in relation to or in connection with the Gasification Undertaking, shall be accepted by the bankers of RSL and credited to the account of RSL, if presented by RSL.

4.11 Without prejudice to the foregoing provisions of this Clause 4 and upon the effectiveness of this Scheme, RIL and RSL may execute any and all instruments or documents and do all acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge(s), with the concerned RoC or filing of necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme.

4.12 Permits, including the benefits attached thereto, pertaining to the Gasification Undertaking shall be transferred to RSL from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of RSL as if the same were originally given by, issued to or executed in favour of RSL and RSL shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to RSL to carry on the operations pertaining to the Gasification Undertaking without any hindrance, whatsoever.

4.13 On coming into effect of this Scheme, without any further act or deed and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, engagements, arrangements and other instruments (including all tenancies, leases, licences and other assurances in favour of RIL or powers or authorities granted by or to it) of whatsoever nature in relation to the Gasification Undertaking (other than those taken for RIL as a whole or without reference to specific assets pertaining to the Gasification Undertaking) to which RIL is a party or to the benefit of which RIL may be eligible, or under which RIL has any obligations to discharge and which are subsisting or having effect shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against RSL and may be enforced as fully and effectually as if, instead of RIL, RSL had been a party or beneficiary or obligee or obligor thereto or thereunder.

4.14 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Gasification Undertaking occurs by virtue of this Scheme, RSL may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which RIL is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme.

5. EMPLOYEES

5.1 With effect from the Effective Date, RSL undertakes to engage, without any interruption in service, all employees of RIL, engaged in or in relation to the Gasification Undertaking, on the terms and conditions no less favourable than those on which they are engaged by RIL. RSL undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by RIL with any of the aforesaid employees or union representing them. RSL agrees that the services of all such employees with RIL prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

5.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund, superannuation fund or any other fund(s), of which they are members, as the case may be, will be transferred respectively to such gratuity fund and superannuation fund or other fund(s) nominated by RSL and/ or such new gratuity fund, superannuation fund or any other fund to be established by RSL in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities. Pending the transfer as aforesaid, the dues of the said employees may be continued to be deposited in the existing gratuity fund, superannuation fund or other fund(s) respectively of RIL, as may be decided between the Parties.

5.3 In so far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of RIL may be retained in such provident fund and such provident fund may be continued for the benefit of: (a) the said employees who are transferred to RSL, as aforesaid; and (b) other employees of RIL. In relation to the employees being transferred, RSL shall stand substituted for RIL, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund trust shall stand amended accordingly. The employees of RIL engaged in or in relation to the Gasification Undertaking who are transferred to RSL, as aforesaid, shall be deemed to constitute a separate class of employees of RSL for the purpose of compliance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952.

6. LEGAL PROCEEDINGS

6.1 Upon coming into effect of this Scheme, all demands, claims, show cause notices, suits, actions, administrative proceedings, tribunals proceedings, legal and other dispute resolution proceedings of whatsoever nature (except proceedings under the Income Tax Act) by or against RIL pending and/or arising on or before the Appointed Date or which may be instituted at any time thereafter and in each case relating to the Gasification Undertaking 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 RSL with effect from the Appointed Date in the same manner and to the same extent as would or might have been continued and enforced by or against RIL. RSL shall be substituted in place of RIL or added as party to such proceedings and shall prosecute or defend all such proceedings at its own cost, in cooperation with RIL and the liability of RIL shall stand nullified. RIL shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Gasification Undertaking.

6.2 RSL undertakes to have all legal and other proceedings (except proceedings under the Income Tax Act) initiated by or against RIL referred to in Clause 6.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against RSL to the exclusion of RIL on priority. Both the Parties shall make relevant applications and take all steps as may be required in this regard.

6.3 Notwithstanding anything contained hereinabove, if at any time after the Effective Date, RIL is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority (except proceedings under the Income Tax Act), in each case in relation to the Gasification Undertaking, RIL shall, in view of the transfer and vesting of the Gasification Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace RIL with RSL. However, if RIL is unable to get RSL replaced in its place in such proceedings, RIL shall defend the same or deal with such demand in accordance with the advice of RSL and at the cost of RSL and the latter shall reimburse to RIL all liabilities and obligations incurred by RIL in respect thereof.

7. CONSIDERATION

7.1 In consideration for the Slump Sale of the Gasification Undertaking, RSL shall pay a lump sum consideration equal to the carrying value of Gasification Undertaking, calculated as the difference between the book value of assets and the book value of the liabilities of the Gasification Undertaking, as appearing in the books of RIL on the Appointed Date.

7.2 The consideration for the transfer of the Gasification Undertaking, as mentioned in Clause 7.1 above, shall be payable by RSL to RIL, in one or more tranches, with or without interest, as may be mutually agreed between the Parties. Further, the Parties may agree that for the whole or part of the consideration, (i) RSL may issue to RIL one or more debt securities carrying such interest / return and on such terms and conditions to be mutually agreed between the Parties; and (ii) RSL may convert it into an interest bearing loan on terms and conditions to be mutually agreed between the Parties.

8. ACCOUNTING TREATMENT

RIL and RSL shall comply with the generally accepted accounting practices in India, provisions of the Act and accounting standards as notified by Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in relation to the transactions in the Scheme including but not limited, to the following:

8.1 <u>In the books of RIL:</u>

Upon this Scheme coming into effect, RIL shall account for the transaction in its books of account in the following manner:

8.1.1 With effect from the Appointed Date, the book value of assets and liabilities, of the Gasification Undertaking to the extent identified and being transferred to RSL in pursuance of this Scheme shall be reduced from the balances of the assets and liabilities as reflecting in the books of RIL; and

8.1.2 Difference between the book value of assets and liabilities of the Gasification Undertaking, as on the Appointed date, transferred to RSL, as reduced by consideration received/ receivable by RIL from RSL, if any, shall be debited/ credited, as the case may be, to the statement of profit and loss of RIL.

8.2 <u>In the books of RSL:</u>

Upon this Scheme coming into effect, RSL shall account for the transaction, in its books of account in the following manner:

8.2.1 With effect from the Appointed Date, RSL shall record all assets and liabilities of the Gasification Undertaking transferred to it in pursuance of this Scheme at their respective book values as appearing in the books of RIL as on the Appointed Date; and

8.2.2 Difference between the book value of assets and liabilities, so recorded in the books of RSL, as reduced by consideration paid/ payable by RSL to RIL, if any, shall be debited/ credited to the capital reserve account of RSL.

9. ANCILLARY PROVISIONS

9.1 If any of the following amounts are debited to the statement of profit and loss of RIL, then an equal amount shall be withdrawn from reserves/ retained earnings and credited to the statement of profit and loss:

(a) Any adjustment in the carrying book value of the assets of Gasification Undertaking made prior to the Appointed Date as required by accounting standards; and

(b) The difference between (i) the book value of assets minus book value of liabilities of the Gasification Undertaking as on the Appointed Date; and (ii) consideration received/ receivable by RIL from RSL.

9.2 As long as RSL is controlled by RIL, the accounting treatment given in the standalone financial statements of RIL and RSL pursuant to transfer of the Gasification Undertaking, including any adjustments passed pursuant to 9.1 above, shall stand reversed in the consolidated financial statements.

9.3 If and when control of RSL is ceded by RIL, the difference between the carrying value of the assets and liabilities of the Gasification Undertaking in the consolidated financial statements, as reduced by the aggregate of consideration received, on such ceding of control, and the fair value of the investments by way of equity/ debt held by RIL in RSL, shall be debited/ credited to reserves/ retained earnings.

PART III

GENERAL TERMS & CONDITIONS

10. REMAINING UNDERTAKING

10.1 The Remaining Undertaking shall continue to belong to and be owned and managed by RIL. RIL shall continue to be liable to perform and discharge all its liabilities and obligations in relation to the Remaining Undertaking and RSL shall not have any liability or obligation in relation to the Remaining Undertaking.

10.2 If RSL is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Remaining Undertaking, RSL shall take all such steps in the proceedings before the Appropriate Authority to substitute RSL with RIL. However, if RSL is unable to get RIL so substituted in such proceedings, it shall defend the same or deal with such demand in accordance with the advice of RIL and at the cost of RIL and the latter shall reimburse RSL, against all liabilities and obligations incurred by or against RSL, in respect thereof.

11. BUSINESS UNTIL EFFECTIVE DATE

With effect from the date when the Board of RIL approves this Scheme and up to and including the Effective Date, RIL shall carry on the business pertaining to the Gasification Undertaking in the ordinary course consistent with past practice.

12. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, on and after the Effective Date, until any property, asset, license, Permit, contract, agreement and rights and benefits arising therefrom pertaining to the Gasification Undertaking is transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority or otherwise, in favour of RSL, RSL is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, Permit, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, Permit, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities, RIL will continue to hold the property and/or the asset, license, Permit, contract or agreement and rights and benefits arising therefrom in trust for and on behalf of RSL.

13. FACILITATION PROVISIONS

Upon the Scheme being effective, the Parties shall enter into agreements as may be mutually agreed, *inter alia*, in relation to use of land, office space, brand, infrastructure facilities, information technology services, security personnel, legal, administrative and other services, etc. on such terms and conditions as may be mutually agreed between them.

14. APPLICATIONS/ PETITIONS TO THE TRIBUNAL

The Parties shall make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

15. MODIFICATION OR AMENDMENTS TO THIS SCHEME

15.1 The Board of the Parties acting jointly may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.

15.2 For the purposes of giving effect to this Scheme, the Board may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.

16. CONDITIONS PRECEDENT

16.1 Unless otherwise decided (or waived) by the relevant Parties, the Scheme is conditional upon and subject to the following conditions precedent:

16.1.1 obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the SEBI LODR Regulations;

16.1.2 approval of the Scheme by the requisite majority of shareholders and creditors of the Parties, as applicable or as may be required under the Act and as may be directed by the Tribunal;

16.1.3 the sanctions and orders of the Tribunal, under Sections 230 to 232 of the Act being obtained by the Parties; and

16.1.4 the certified copy of the orders of the Tribunal being filed with the RoC by the Parties.

16.2 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that Parties may have under or pursuant to all Applicable Laws.

17. WITHDRAWAL OF THIS SCHEME

17.1 The Board of RIL and RSL, acting jointly, shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.

17.2 In the event of withdrawal of the Scheme under Clause 17.1 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person.

18. COSTS AND EXPENSES

All costs, charges and expenses payable in relation to or in connection with this Scheme and incidental to the completion of the transfer and vesting of the Gasification Undertaking in RSL in pursuance of this Scheme including stamp duty on the order(s) of the Tribunal, if any, to the extent applicable and payable shall be borne and paid by RIL.

SCHEDULE I

DESCRIPTION OF LAND AND BUILDING

Land utilized by the Gasification Undertaking being part of the domestic tariff area	142 Hectares 37 Ares 39 Sq. Mtrs located at village Padana and Kanalus, Taluka Lalpur, Dist- Jamnagar and building(s) constructed thereon
Land utilized by the Gasification Undertaking being part of special economic zone	129 Hectares 91 Ares 29 Sq. Mtrs located at village Padana and Kanalus, Taluka Lalpur, Dist- Jamnagar and building(s) constructed thereon

SCHEDULE II

TERMS AND CONDITIONS OF OCCUPANCY AND USAGE RIGHTS OF LAND AND BUILDING

Term	99 Years from the Effective Date
Rent (annually)	For the land Rs 60 per Sq. Mtr. For the building Rs 132 per Sq. ft. Or such other charges that may be mutually agreed between the Parties from time to time
Maintenance charges	To be borne by RSL
Termination	In case RSL defaults on making payment of rent for consecutive period of 3 (three) years
Right to sub-let	RSL cannot sublet the Land & Building to any third party without the prior consent of RIL
Other terms and conditions	Customary for such nature of transactions

DETAILS OF PLANT AND MACHINERY, ELECTRICAL INSTALLATIONS, EQUIPMENT AND FURNITURE & FIXTURES, SOFTWARE & TECHNICAL KNOWHOW AND VEHICLES

Sl No.	Description of Assets
1	**Plant and Machinery**
	Gasifier Reactors, HTHR Boilers, Steam Superheaters, Technical Structures, Pipe Racks, Pipelines in Gasifiers and OGBL units, Metering Skids, Flare systems, Material Handling system, Air Compressors, Steam Turbines & Auxiliaries, Petcoke Storage Dome, Tanks, Slurry pumps and other Pumping systems, Conveyor systems and Other miscellaneous P&M Items
2	**Electrical installations**
	Electrical substations, Electrical Panel, cables, cable connectors, Emergency shutdown systems, GIS boards and Other miscellaneous electrical Items
3	**Equipment**
	Large screen displays with accessories, Thermal imaging system In gasifiers, Security automation systems, IT Network Infrastructure facility, Analysers and other miscellaneous equipments
4	**Furniture & Fixtures In Gasification complex**
5	**Software and Technical Know In Gasification complex**
6	**Vehicles- Fire tenders. Super suckers and Miscellaneous vehicles in Gasification complex**

LIABILITIES

Trade Payable	
Sr. No.	**Description**
1	Trade payables to vendors

Other Liabilities	
Sr. No.	**Description**
1	Provisions and Other current liabilities

ANNEXURE (xii)

NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

COURT III

7. C.P.(CAA)/125/MB/2023
IN
C.A.(CAA)/57/MB/2023
CORAM: SH. H.V. SUBBA RAO, MEMBER (J)
MS. MADHU SINHA, MEMBER (T)

ORDER SHEET OF THE HEARING OF MUMBAI BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL ON **28.06.2023**

NAME OF THE PARTIES: Reliance Industries Limited

SECTION 230-232, 234 OF COMPANIES ACT, 2013

ORDER

Senior counsel Mr. Gaurav Joshi a/w Mr. Mehul Shah, Mr. Aman Yagnik, Mr. Haabil Vahanvaty, Mr. Rushabh Gala and Ms. Diya Bharma i/b Khaitan & Co., Advocates for the Petitioner companies and Adv. Manoj Shirsat a/w Adv. Surekha Yadav, for Income Tax Department and Ms. Rupa Sutar, representative of Regional Director are present.

C.P.(CAA)/125/MB/2023

Heard the counsels appearing in this matter and the above petition **is allowed. Detail order would follow:**

Sd/-
MADHU SINHA
Member (Technical)
Shubham

Sd/-
H. V. SUBBA RAO
Member (Judicial)

IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH, COURT- III

C.P. (CAA)/125/MB/2023
CONNECTED WITH
C.A.(CAA)/57/MB/2023

IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE SCHEME OF ARRANGEMENT BETWEEN RELIANCE INDUSTRIES LIMITED AND ITS SHAREHOLDERS AND CREDITORS & RELIANCE STRATEGIC INVESTMENTS LIMITED AND ITS SHAREHOLDERS AND CREDITORS

Reliance Industries Limited, a company incorporated under provisions of the Companies Act, 1956, having Corporate Identity Number L17110MH1973PLC019786 and its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai - 400 021, Maharashtra, India

…First Petitioner Company / Demerged Company / RIL

Reliance Strategic Investments Limited, a company incorporated under the provisions of the Companies Act, 1956, having Corporate Identity Number U65990MH1999PLC120918 and its registered office at 9th floor, Maker Chambers IV, 222, Nariman Point, Mumbai - 400 021, Maharashtra, India.

…Second Petitioner Company / Resulting Company / RSIL

…Collectively referred to as Petitioner Companies

Order Date 28.06.2023

Coram:

Sh. H.V. Subba Rao: Hon'ble Member (Judicial)

Ms. Madhu Sinha: Hon'ble Member (Technical)

Appearances:

For the Petitioner Companies : Mr Gaurav Joshi, Senior Advocate a/w Mr Mehul Shah, Mr Peshwan Jehangir, Mr Aman Yagnik, Mr Haabil Vahanvaty, Mr Rushabh Gala, Ms. Diya Bharma and Ms. Dhruvi Dharia i/b Khaitan & Co, Advocates for the Petitioner Companies

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ORDER

1. Heard Learned Counsel for the Petitioner Companies. No objector has come before the Hon'ble Tribunal to oppose the Company Scheme Petition nor has any party controverted any averments made in the Company Scheme Petition.

2. The sanction of this Hon'ble Tribunal has been sought under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (**"Act"**) to the Scheme of Arrangement between Reliance Industries Limited and its shareholders and creditors & Reliance Strategic Investments Limited and its shareholders and creditors (**"Scheme"**).

3. The First Petitioner Company *inter alia* has multiple undertakings *viz*., digital services, retail, financial services, advanced materials and composites, renewables (solar and hydrogen), exploration & production and oil to chemicals. The Second Petitioner Company is a registered non-banking financial company (NBFC) (systemically important non-deposit taking non-banking financial company).

4. The Learned Counsel for the Petitioner Companies submits that the rationale mentioned in the Scheme is as under:

   (i) "The Demerged Company is India's biggest conglomerate with interests in multiple businesses. One amongst the multiple businesses carried on by the Demerged Company is the Financial Services Business (as defined hereinafter) which is carried on by the Demerged Company directly and through its subsidiaries and joint ventures.

   (ii) Further growth and expansion of the Financial Services Business would require differentiated strategy aligned to its industry specific risks, market dynamics and growth trajectory.

   (iii) The nature and competition involved in the financial services business is distinct from the other businesses and it is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders.

   (iv) The following benefits shall accrue on demerger of the Financial Services Business:

      (a) creation of an independent company focusing exclusively on financial services and exploring opportunities in the said sector;

      (b) the independent company can attract different sets of investors, strategic partners, lenders and other stakeholders having a specific interest in the financial services business;

      (c) a financial services company can have a higher leverage (as compared to the Demerged Company) for its growth; and

      (d) unlocking the value of the Demerged Undertaking for the shareholders of the Demerged Company.

   The Scheme is in the interests of all stakeholders of the Demerged Company and the Resulting Company."

5. Learned Counsel for the Petitioner Companies submits that the Company Scheme Petition No. C.P.(CAA)/125/MB/2023 was filed in terms of the Order dated March 27, 2023 passed by this Hon'ble Tribunal in the Company Scheme Application No. C.A.(CAA)/57/MB/2023 (**"Application Order"**).

6. Learned Counsel for the Petitioner Companies submits that as directed by this Hon'ble Tribunal *vide* the Application Order, the meetings of the secured creditors, the unsecured creditors and the equity shareholders of the First Petitioner Company were duly convened and held on Tuesday, May 2, 2023, at 10:45 a.m. (IST), 11:45 a.m. (IST) and 2:00 p.m. (IST) respectively, through video conferencing/ other audio visual means, for the purpose of considering and if thought fit, approving the Scheme. The Chairperson appointed for the said meetings of the secured creditors, the unsecured creditors and the equity shareholders of the First Petitioner Company has filed his report dated May 4, 2023 showing the conduct and results of the said meetings, which is annexed as Exhibit "A-15" to the captioned Company Scheme Petition.

7. Learned Counsel for the Petitioner Companies submits that as the First Petitioner Company did not have any preference shareholders, therefore, the question of convening and holding the meeting of the preference shareholders of the First Petitioner Company did not arise.

8. Learned Counsel for the Petitioner Companies submits that this Hon'ble Tribunal vide the Application Order, dispensed with the meetings of the equity shareholders, sole preference shareholder and sole unsecured creditor of the Second Petitioner Company.

9. Learned Counsel for the Petitioner Companies submits that, as the Second Petitioner Company did not have any secured creditor, therefore, the question of convening and holding the meeting of the secured creditors of the Second Petitioner Company did not arise.

10. Learned Counsel for the Petitioner Companies submits that the Hon'ble Tribunal admitted the Company Scheme Petition on May 12, 2023 and fixed June 22, 2023 as the date for hearing and final disposal of the Company Scheme Petition. The Petitioner Companies were directed to publish the notice of hearing of the Company Scheme Petition, at least 10 (ten) days before the date fixed for final hearing in 'Business Standard' in English language and 'Loksatta' in Marathi language. Learned Counsel for the Petitioner Companies states that the Petitioner Companies have published the notice of hearing and final disposal of the Company Scheme Petition in the said newspapers on June 2, 2023.

11. Learned Counsel for the Petitioner Companies submits that the Petitioner Companies have also served notice of hearing and final disposal of Company Scheme Petition upon: (i) the Central Government through the Regional Director, Western Region, Ministry of Corporate Affairs; (ii) the Registrar of Companies, Maharashtra, Ministry of Corporate Affairs at Mumbai; (iii) the Income Tax Authorities concerned addressed to Deputy Commissioner of Income Tax Circle 3(4), Mumbai by the First Petitioner Company and addressed to Deputy Commissioner of Income Tax ward 3(3)(1) by the Second Petitioner Company; (iv) the Goods & Services Tax Authority concerned addressed to the Commissioner of Central Goods & Services Tax, Belapur Commissionerate, 1st Floor, CGO Complex, CBD Belapur, Navi Mumbai – 400 614 by the First Petitioner Company and addressed to the Department of Goods and Service Tax, Division - MUMBAI-LTU-4, Charge - MUMBAI-LTU-545, GST Bhavan, Mazgaon, Mumbai – 400 010 by the Second Petitioner Company; (v) the Reserve Bank of India at the Office of Department of Non-Banking Supervision, Mumbai by the Second Petitioner Company; and (vi) BSE Limited by the First Petitioner Company.

12. The Petitioner Companies have filed an Affidavit dated June 8, 2023 confirming, *inter alia,* the publication of newspaper advertisements and service of notice upon the abovementioned regulatory authorities.

13. Learned Counsel for the Petitioner Companies states that the Petitioner Companies have complied with all the requirements as per the directions of this Hon'ble Tribunal.

14. The Central Government through the Regional Director, Western Region, Ministry of Corporate Affairs (**"Regional Director"**) has filed its report dated May 30, 2023 (**"Report"**) and has presented certain information derived from the records of the case and has prayed for

kind consideration and disposal of the case as the Hon'ble Tribunal may deem fit and proper. The observations of the Regional Director and the reply of the Petitioner Companies are set out in the tabular format below:

<table>
<tr><th>Sr. No. of Paragraph 2</th><th>Observations in Report filed by the Regional Director</th><th>Reply of Petitioner Companies</th></tr>
<tr><td>(a)</td><td>That on examination of the report of the Registrar of Companies, Mumbai dated 09.05.2023 for Petitioner Companies (Annexed as Annexure A-1) that the Petitioner Companies fall within the jurisdiction of ROC, Mumbai. It is submitted that no representation regarding the proposed scheme of Amalgamation has been received against the Petitioner Companies. Further, the Petitioner Companies has filed Financial Statements up to 31.03.2022.</td><td>As far as the observations in paragraph 2(a) of the Report are concerned, the same are factual observations.</td></tr>
<tr><td></td><td>The ROC has further submitted that in his report dated 09.05.2023 which are as under: -
i. That the ROC Mumbai in his report dated 09.05.2023 has also stated that no Inquiry, Inspection, Investigations, Prosecutions, Technical Scrutiny, and complaints under CA, 2013 have been pending against the Petitioner Companies.</td><td>As far as the observation in paragraph 2(a)(i) of the Report is concerned, the same is a factual observation.</td></tr>
<tr><td></td><td>ii. Further ROC has mentioned as follows:

i. The authorised and paid-up share capital of Demerged Company doesn't match with the scheme and Master data record.
ii. The Resulting company is NBFC, NOC form RBI is not enclosed.
iii. Demerged company is listed company, NOC from BSE, NSE and SEBI is not enclosed.
iv. Complaints are pending against Petitioner Companies.
v. Interest of creditors should be protected.

Hence, the Petitioner Companies shall undertake to provide detail reply against observations mentioned above.</td><td>As far as the observation made in Paragraph 2(a)(ii)(i) of the Report is concerned, the Demerged Company states that the details of share capital in the Scheme are as of October 21, 2022 whereas the Master data shows the current position of the share capital basis the filings made by the Demerged Company. The reconciliation between the authorised share capital and the paid up share capital as per Scheme and as per Master data is as below:–

<u>Authorised Share Capital</u>
<table><tr><th>Particulars</th><th>Amount in Rs.</th></tr><tr><td>As per Scheme</td><td>15000,00,00,000</td></tr><tr><td>As per Master data</td><td>15000,00,00,000</td></tr></table>
<u>Paid up Share Capital</u>
<table><tr><th>Particulars</th><th>Amount in Rs.</th></tr><tr><td>As per Scheme</td><td>6765,37,31,110</td></tr><tr><td><u>Add:</u> Allotment of 1,15,000 equity shares of Rs. 10 each under the Employees Stock Option Scheme on March 27, 2023 and April 26, 2023</td><td>11,50,000</td></tr><tr><td><u>Add:</u> Receipt of call money on various dates after October 21, 2022 from the shareholders on the equity shares allotted to them on rights basis</td><td>7,32,052.50</td></tr><tr><td>As per Master data</td><td>6765,78,64,587.5</td></tr></table>
As far as the observation made in Paragraph 2(a)(ii)(ii) of the Report is concerned, the No-objection certificate (NOC) received from the Reserve Bank of India (RBI) had been submitted to the Regional Director vide letter dated May 30, 2023. A copy of the said NOC issued by the RBI is annexed to the Company Scheme Petition at Exhibit "A-16".

As far as the observation made in Paragraph 2(a)(ii)(iii) of the Report is concerned, the Demerged Company has received observation letters from BSE and NSE (including comments of SEBI) dated February 27, 2023 and February 28, 2023, respectively and the same had been submitted to the Regional Director vide letter dated May 30, 2023. Copy of the said observation letters issued by BSE and NSE are annexed to the Company Scheme Petition at Exhibit "A-8" and Exhibit "A-9" respectively.

As far as the observation made in Paragraph 2(a)(ii)(iv) of the Report is concerned, the Petitioner Companies will not be dissolved pursuant to the Scheme and the complaints pending against the Petitioner Companies will be dealt with in ordinary course. The approval to the Scheme by this Hon'ble Tribunal will not affect such pending complaints.

As far as the observation made in Paragraph 2(a)(ii)(v) of the Report is concerned, the Petitioner Companies affirm that the interests of the creditors have been protected under the Scheme.</td></tr>
</table>

Sr. No. of Paragraph 2	Observations in Report filed by the Regional Director	Reply of Petitioner Companies
(b)	*Transferee Company should undertake to comply with the provisions of section 232(3)(i) of the Companies Act, 2013 through appropriate affirmation in respect of fees payable by Transferee Company for increase of share capital on account of merger of transfer of companies.*	The aforesaid Scheme does not provide for combination of authorised share capital. Thus, the provisions of Section 232(3)(i) of the Act are not applicable. The Resulting Company undertakes to pay the necessary stamp duty and the fees for increase of its authorised share capital pursuant to the Scheme.
(c)	*In compliance of Accounting Standard-14 or IND-AS 103, as may be applicable, the resultant company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards including AS-5 or IND AS-8 etc.*	The Resulting Company undertakes that it will pass necessary accounting entries as specified in the Scheme and comply with the accounting principles as prescribed under generally accepted accounting practices in India, provisions of the Act and accounting standards as notified by the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.
(d)	*The Hon'ble Tribunal may kindly direct the Petitioner Companies to file an affidavit to the extent that the Scheme enclosed to the Company Application and Company Petition are one and same and there is no discrepancy, or no change is made.*	The Petitioner Companies confirm that the Scheme enclosed to the Company Scheme Application and Company Scheme Petition are one and the same and there is no discrepancy / change made.
(e)	*The Petitioner Companies under provisions of section 230(5) of the Companies Act 2013 have to serve notices to concerned authorities which are likely to be affected by the Amalgamation or arrangement. Further, the approval of the scheme by the Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such authorities shall be binding on the petitioner companies concerned.*	The Petitioner Companies state that notices have been issued to the concerned authorities under Section 230(5) of the Companies Act, 2013. Necessary Affidavit of Service cum Compliance Report dated April 7, 2023 has been filed before this Hon'ble Tribunal in that regard. The Petitioner Companies confirm that the sanction of the Scheme will not prevent the authorities from dealing with any issues arising after giving effect to the Scheme, as per applicable law.
(f)	*As per Definition of the Scheme,* ***"Appointed Date"** means closing business hours of March 31, 2023 or such other date as may be approved by the Boards of the Demerged Company and the Resulting Company;* ***"Effective Date"** means the day on which all conditions precedent set forth in Clause 18 (Conditions Precedent) are fulfilled or the Appointed Date, whichever is later;* *References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme becoming effective" shall mean the Effective Date;* ***"Record Date"** means the date to be fixed by the Board of the Resulting Company in consultation with the Board of the Demerged Company for the purpose of determining the shareholders of the Demerged Company for issue of the Resulting Company New Equity Shares;* *It is submitted that the Petitioners may be asked to comply with the requirements as clarified vide circular no. F. No. 7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.*	The Petitioner Companies submit that the present Scheme is in compliance with the requirements of circular no. F.No.7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.
(g)	*Petitioner Companies shall undertake to comply with the directions of concerned sectoral Regulatory, if so required.*	The Petitioner Companies undertake to comply with the directions, if any of the concerned sectoral regulators to whom notice has been issued under Section 230(5) of the Act, if so required, in accordance with law.
(h)	*Petitioner Companies shall undertake to comply with the directions of Income tax department, if any.*	The Petitioner Companies undertake to comply with the directions of the Income tax department, if any, in accordance with applicable law.
(i)	*Petitioner Companies has foreign shareholders hence Petitioner Companies shall undertake to comply with the RBI, FEMA, FERA guidelines.*	The Petitioner Companies undertake that they will ensure necessary compliance under the FEMA Regulations and RBI Guidelines, to the extent applicable.
(j)	*Petitioner Resulting Company shall undertake to obtain NOC from RBI as it is NBFC / Core Investment Company.*	The Resulting Company states that it has received the NOC from RBI.
(k)	*Demerged company is listed company with stock exchange; hence Petitioner Company shall undertake to obtain NOC form BSE, NSE and SEBI also comply with the observation of stock exchanges under SEBI LODR Regulations, 2016 and requirement of Singapore Exchanges Limited, Luxembourg Stock Exchange and Indian International Exchanges (IFSC) Limited where the instruments of First Applicant Company are also registered.*	The Demerged Company submits that it has complied with the observation letters received from BSE Limited and National Stock Exchange of India Limited dated February 27, 2023 and February 28, 2023, respectively. Further, the Demerged Company submits that it has filed complaint report with BSE Limited and National Stock Exchange of India Limited dated December 13, 2022 and December 26, 2022, respectively, which states that there are NIL complaints in connection with the Scheme.

<table>
<tr><th>Sr. No. of Paragraph 2</th><th>Observations in Report filed by the Regional Director</th><th>Reply of Petitioner Companies</th></tr>
<tr><td></td><td></td><td>Further, the Demerged Company shall comply with the requirements, if any of Singapore Exchange Limited, Luxembourg Stock Exchange and Indian International Exchanges (IFSC) Limited, as per applicable law.</td></tr>
<tr><td>(l)</td><td>Some Complaints are pending against Petitioner Companies (Enclosed as Annexure A-2), Petitioner Companies shall undertake co-operate with ROC, Mumbai for disposal for pending complaints.</td><td>The Petitioner Companies will not be dissolved pursuant to the Scheme and the complaints pending against the Petitioner Companies will be dealt with in ordinary course. The approval to the Scheme by this Hon'ble Tribunal will not affect such pending complaints.</td></tr>
<tr><td>(m)</td><td>It is observed from financial statements as on 31.03.2022 of Petitioner Companies has issued shares at Security Premium and collected total premium as follows:-
<table>
<tr><td>Sr. No.</td><td>Name of the Company</td><td>Total Amount of Securities Premium Collected (Rs. in Lakhs)</td></tr>
<tr><td>1</td><td>Reliance Strategic Investments Limited</td><td>Rs. 88117</td></tr>
</table>
But Form 2 or PAS 3 is not appearing in MCA-21 Portal.
Therefore, the company may clarify the status of filing of return of allotment.
Hence, the Petitioner Companies shall also satisfy the Hon'ble Bench about assessment of share capital u/s. 68 of the Income Tax Act, 1961, for issue of shares at fair value in order to confirm the compliance of Income Tax Act, 1961 including payment of applicable income tax, if any.
It is submitted that CBDT vide circular dated 17.03.2023 (copy enclosed) appointed following nodal officer for Income Tax Department for the region of Mumbai & Goa which is as follows:-
Pr. CCIT, Mumbai
Address :- 3rd Floor, Aayakar Bhawan, Maharishi Karve Road, Mumbai – 400020
Phone No. – 022 – 22017654
Email: <u>Mumbai.pccit@incometax.gov.in</u>
Hence, Hon'ble NCLT may seek the comments of Income tax department, if any on this issue.</td><td>The security premium of Rs. 88,117 Lakhs appearing in the financial statement of RSIL as on 31st March, 2022 represents security premium collected by RSIL (Resulting Company) on issuance and allotment of Non-Cumulative Compulsory Convertible Preference Shares ("CCPS") as under and RSIL has made requisite filings and SRNs are provided in the table below:
<table>
<tr><th>Date and SRN</th><th>No. of 9% CCPS of face value Re 1 each</th><th>Securities premium per CCPS (in Rs.)</th><th>Total securities premium (in lakhs)</th></tr>
<tr><td>January 06, 2010 SRN: A77587657</td><td>16,45,355</td><td>2,799</td><td>46,053</td></tr>
<tr><td>January 13, 2010 SRN: A78275484</td><td>11,00,000</td><td>2,799</td><td>30,789</td></tr>
<tr><td>March 31, 2010 SRN: A83708529</td><td>4,02,800</td><td>2,799</td><td>11,274</td></tr>
<tr><td>Total</td><td>31,48,155</td><td></td><td>88,117</td></tr>
</table>
The Petitioner Companies state that no order or a notice u/s 68 r/w other applicable provisions of the Income Tax Act, 1961 has been issued to either Demerged Company or the Resulting Company in preceding three financial years.</td></tr>
<tr><td>(n)</td><td>As per shareholding pattern as on 31.03.2022 submitted by the Petitioner company, details of shareholding is as follows:-
<table>
<tr><th>Sr. No.</th><th>Petitioner Company</th><th>Name of Shareholder</th><th>% of shares held</th><th>Remarks</th></tr>
<tr><td>1</td><td>Reliance Strategic Investments Limited</td><td>Reliance Industries Limited</td><td>100%</td><td>No Form BEN-2 has been filed by any of the Petitioner Companies records available at MCA 21 Portal</td></tr>
</table>
No Form BEN-2 has been filed by any of the Petitioner Companies as per records available at MCA 21 Portal, hence Petitioner Companies shall undertake to comply with the provisions of Section 90 of Companies Act, 2013 r/w. Companies (Significant Beneficial Owners) Amendment Rules, 2019, thereunder and to file Form BEN-2 for declaring name of the significant beneficial owner with concerned ROC.</td><td>The Demerged Company submits that it is a listed entity and it has on January 13, 2021 filed form BEN-2 vide SRN 84377076 in compliance with Section 90 of the Companies Act, 2013 read with Rule 8 of the Companies (Significant Beneficial Owners) Rules, 2018 as amended.
The Resulting Company submits that it is a wholly owned subsidiary of the Demerged Company and has, on December 18, 2019, filed Form BEN-2 vide SRN R24639536 in compliance with Section 90 of the Companies Act, 2013 read with Rule 8 of the Companies (Significant Beneficial Owners) Rules, 2018 as amended.</td></tr>
</table>

15. The Regional Director has raised only the above observations and has not raised any objections to the Scheme. Ms. Rupa Sutar, the Authorized Representative of the Regional Director, MCA (WR), Mumbai is present at the time of hearing and submitted that the explanation and clarifications given by the Petitioner Companies are found satisfactory and stated that they have no serious objections for approving the scheme by the Tribunal.

16. Learned Counsel for the Petitioner Companies states that vide letters dated: (i) April 27, 2023 and supplementary report issued thereafter by the Deputy Commissioner of Income Tax for the First Petitioner Company; and (ii) May 9, 2023 issued by the Deputy Commissioner of Income Tax for the Second Petitioner Company, to this Hon'ble Tribunal, copies of which were also served upon the Petitioner Companies, the Income Tax department has made certain observations in connection with the proposed Scheme. The Learned Counsel for the Petitioner Companies submit that the Petitioner Companies have filed their response dated June 16, 2023, with this Hon'ble Tribunal in this regard. In the said response, the Petitioner Companies, *inter alia*, have submitted that:

    a. The terms, the Demerged Undertaking as well as the Financial Services Business have been extensively and exhaustively defined in the Scheme.

    b. With regard to the observation that specific break-up of details of assets and liabilities constituting the Demerged Undertaking are not provided in the Scheme, the Hon'ble Tribunal may note that it is a well-established and consistent practice to define the demerged undertaking in the Scheme and the specific break-up of assets and liabilities along with amounts are not mentioned in the Scheme. Further, since the Appointed Date for the Scheme is subsequent to the date of filing of the Scheme, it is not possible to give break-up of the assets and liabilities with the amounts in the Scheme which are going to be part of the Demerged Undertaking.

    c. the Scheme would not adversely affect the rights of the Income Tax department for any present and future proceedings and the Income Tax department shall have the liberty to take appropriate action as per applicable law in case of an event of any tax avoidance or violation of the Income Tax Act, 1961 or any other similar issue. The Petitioner Companies have submitted that if there are any outstanding demands and/or any pending proceedings of the Petitioner Companies, the same shall be dealt with in accordance with applicable law.

17. In view of the response dated June 16, 2023, the Learned Counsel for the Petitioner Companies states the right of the Income Tax Department to initiate or continue appropriate proceedings regarding recovery of any tax shall not be affected if the Scheme is sanctioned. Further, pursuant to the request made by the Income Tax Department, the Petitioner Companies *vide* their Affidavit dated June 27, 2023, have undertaken that, upon the Board of Directors of both the Petitioner Companies considering and approving their respective financial statements after giving effect to the Scheme, the Second Petitioner Company will provide its audited financial statement for the financial year ended March 31, 2023, including the details of assets and liabilities of the Demerged Undertaking to the Income Tax Department.

18. From the material on record, the Scheme annexed as Exhibit "A-1" to the Company Scheme Petition appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.

19. Since all the requisite statutory compliances have been fulfilled, the said Company Scheme Petition is made absolute in terms of the prayer clauses 33 (a) to 33 (f) thereof.

20. The Scheme is hereby sanctioned, with the Appointed Date fixed as closing business hours of March 31, 2023 or such other date as may be approved by the Board of the First Petitioner Company and the Second Petitioner Company.

21. The Petitioner Companies are directed to file a copy of this Order along with a copy of the Scheme with the concerned Registrar of Companies, electronically in E-form INC 28 within 30 days from the date of receipt of the certified copy of this Order by the Petitioner Companies.

22. The Petitioner Companies to lodge a copy of this Order along with the Scheme duly authenticated/certified by the Deputy Director or the Assistant Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps for the purpose of adjudication of stamp duty payable, if any, within 60 days from the date of receipt of the certified order from the Registry of this Hon'ble Tribunal.

23. All concerned regulatory authorities to act on a copy of this Order along with Scheme duly certified by the Deputy Director or the Assistant Registrar, National Company Law Tribunal, Mumbai Bench.

24. Any person interested is at liberty to apply to this Hon'ble Tribunal in the above matters for any directions that may be necessary.

25. Any concerned Authorities are at liberty to approach this Hon'ble Tribunal for any further clarification as may be necessary.

26. Ordered accordingly. File to be consigned to records.

Sd/-
MADHU SINHA
Member (Technical)

Sd/-
H. V. SUBBA RAO
Member (Judicial)

Exhibit - A-1

SCHEME OF ARRANGEMENT

BETWEEN

RELIANCE INDUSTRIES LIMITED

AND

ITS SHAREHOLDERS AND CREDITORS

&

RELIANCE STRATEGIC INVESTMENTS LIMITED

AND

ITS SHAREHOLDERS AND CREDITORS

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

(A) DESCRIPTION OF COMPANIES

1. Reliance Industries Limited (**"RIL"** or the **"Demerged Company"**), is a company incorporated under the Companies Act, 1956. The Demerged Company, *inter alia*, has multiple undertakings viz., digital services, retail, financial services, advanced materials and composites, renewables (solar and hydrogen), exploration & production and oil to chemicals. The equity shares and non-convertible debentures of the Demerged Company are listed on the Stock Exchanges (*as defined hereinafter*). The global depository receipts of the Demerged Company are listed on Luxembourg Stock Exchange and are traded on the International Order Book (IOB) (London Stock Exchange) and amongst qualified institutional investors on the over-the-counter (OTC) market in the United States of America. The foreign currency bonds of the Demerged Company are listed on the Singapore Exchange Limited, Luxembourg Stock Exchange and India International Exchange (IFSC) Limited.

2. Reliance Strategic Investments Limited (**"RSIL"** or the **"Resulting Company"**) is a company incorporated under the Companies Act, 1956 and is a wholly-owned subsidiary of RIL. The Resulting Company is a registered non-banking financial company (NBFC) (systemically important non-deposit taking non-banking financial company). The equity shares of the Resulting Company are presently not listed on the Stock Exchanges.

(B) OVERVIEW OF THE SCHEME

1. This Scheme (as defined hereinafter) is pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act (*as defined hereinafter*) and provides for the following:

   (i) demerger, transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company into the Resulting Company on a going concern basis, and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof, in accordance with the provisions of Section 2(19AA) of the Income Tax Act (*as defined hereinafter*); and

   (ii) reduction and cancellation of the entire pre-scheme share capital of the Resulting Company.

2. This Scheme also provides for various other matters consequent and incidental thereto.

(C) RATIONALE

(i) The Demerged Company is India's biggest conglomerate with interests in multiple businesses. One amongst the multiple businesses carried on by the Demerged Company is the Financial Services Business (*as defined hereinafter*) which is carried on by the Demerged Company directly and through its subsidiaries and joint ventures.

(ii) Further growth and expansion of the Financial Services Business would require differentiated strategy aligned to its industry specific risks, market dynamics and growth trajectory.

(iii) The nature and competition involved in the financial services business is distinct from the other businesses and it is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders.

(iv) The following benefits shall accrue on demerger of the Financial Services Business:

   (a) creation of an independent company focusing exclusively on financial services and exploring opportunities in the said sector;

   (b) the independent company can attract different sets of investors, strategic partners, lenders and other stakeholders having a specific interest in the financial services business;

   (c) a financial services company can have a higher leverage (as compared to the Demerged Company) for its growth; and

   (d) unlocking the value of the Demerged Undertaking for the shareholders of the Demerged Company.

The Scheme is in the interests of all stakeholders of the Demerged Company and the Resulting Company.

(D) PARTS OF THE SCHEME

The Scheme is divided into the following parts:

1. **PART I** deals with the definitions, share capital of the Parties (*as defined hereinafter*), date of taking effect and implementation of this Scheme;

2. **PART II** deals with the demerger, transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company on a going concern basis and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof;

3. **PART III** deals with the reduction and cancellation of the entire pre-scheme share capital of the Resulting Company; and

4. **PART IV** deals with the general terms and conditions applicable to this Scheme.

PART I

DEFINITIONS, SHARE CAPITAL OF THE PARTIES, DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

1. DEFINITIONS

1.1 In this Scheme, (i) capitalised terms defined by inclusion in quotations and/ or parenthesis shall have the meanings so ascribed; and (ii) the following expressions shall have the meanings ascribed hereunder:

"Act" means the Companies Act, 2013;

"Applicable Law" or **"Law"** means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, enactments, laws (including the common law), bye-laws, codes, notifications, rules, regulations, policies, guidelines, circulars, press notes, clearances, approvals, directions, directives, ordinances or orders of any Appropriate Authority; (b) Permits; and (c) orders, decisions, writs, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties, in each case having the force of law and that is binding or applicable to a person, as may be in force from time to time;

"Appointed Date" means closing business hours of March 31, 2023 or such other date as may be approved by the Boards of the Demerged Company and the Resulting Company;

"Appropriate Authority" means:

(i) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, Tribunal, central bank, commission or other authority thereof;

(ii) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, statutory, licensing, competition, Tax, importing, exporting or other governmental or quasi-governmental authority including without limitation, SEBI, RBI and the Tribunal; and

(iii) any Stock Exchange.

"Board" in relation to a Party, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors;

"Demerged Company" means Reliance Industries Limited, a company incorporated under the Companies Act, 1956, having corporate identity number L17110MH1973PLC019786 and having its registered office at 3rd Floor, Maker Chambers IV, 222 Nariman Point, Mumbai 400 021, Maharashtra, India;

"Demerged Undertaking" means the undertaking of the Demerged Company pertaining to the Financial Services Business as on the Appointed Date and shall include (without limitation):

(i) all movable and immovable properties of the Demerged Company in relation to the Financial Services Business, whether freehold or leasehold or licensed, including tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, and associated capital costs, security deposits, capital work in progress, easmentary rights, rights of way, furniture, fixtures, office equipment, appliances, accessories, vehicles, stocks, sundry debtors, deposits, provisions, advances, recoverables, receivables, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, or other entitlements, funds, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever and all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits 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 Demerged Company pertaining to the Financial Services Business;

(ii) investments in subsidiaries and joint ventures engaged in Financial Services Business including investments in Reliance Industrial Investments and Holdings Limited;

(iii) Demerged Undertaking Liabilities;

(iv) contracts, agreements, schemes, arrangements, know your customer (KYC) details and any other instruments pertaining to the Financial Services Business;

(v) all refunds, reimbursements, claims, concessions, exemptions, benefits including sales tax deferrals, income tax deducted at source, goods and service tax credit, deductions and benefits under the relevant Law or any other Taxation statute pertaining to the Financial Services Business;

(vi) all Permits, quotas, incentives, powers, authorities, allotments, rights, benefits, advantages, pertaining to the Financial Services Business;

(vii) all intellectual property and intellectual property rights, brands, logos, designs, labels, tradenames and trademarks of the Demerged Company in relation to the Financial Services Business (including any applications for the same) of any nature whatsoever, including all books, records, files, papers, engineering and process information, computer programs, domain names, software licenses (whether proprietary or otherwise), research and studies, technical knowhow, confidential information and other benefits, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former investors, investor credit information, pricing information, and other records whether in physical or electronic form in connection with or pertaining to Financial Services Business;

(viii) entire experience, credentials, past record and market share of the Demerged Company pertaining to the Financial Services Business; and

(ix) all employees engaged in the Financial Services Business.

Any question that may arise as to whether a specific asset (tangible or intangible) or liability or employee pertains or does not pertain to the Demerged Undertaking shall be decided mutually by the Boards of the Demerged Company and the Resulting Company.

"Demerged Undertaking Liabilities" means the liabilities as defined in Clause 4.2.6 of the Scheme;

"Effective Date" means the day on which all conditions precedent set forth in Clause 18 (Conditions Precedent) are fulfilled or the Appointed Date, whichever is later;

References in this Scheme to the date of **"coming into effect of this Scheme"** or **"upon the Scheme becoming effective"** shall mean the Effective Date;

"Financial Services Business" means the division of the Demerged Company engaged in investment and other financial services business including non-banking financial services, insurance broking, payments bank, payment aggregation, directly and through its subsidiaries and joint ventures other than the investments of the Demerged Company in Reliance Ventures Limited and Reliance Strategic Business Ventures Limited;

"GDR Depository" means The Bank of New York Mellon, the depository of the Demerged Company for Reliance GDRs;

"Income Tax Act" means the Income-tax Act, 1961;

"Parties" shall collectively mean the Demerged Company and the Resulting Company; and **"Party"** means each of them, individually;

"Permits" means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under Applicable Law;

"Person" means an individual, a partnership, a corporation, a limited liability partnership, a company, an association, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

"RBI" means the Reserve Bank of India;

"Re" or **"Rs"** or **"Rupee(s)"** means Indian Rupee(s), the lawful currency of the Republic of India;

"Record Date" means the date to be fixed by the Board of the Resulting Company in consultation with the Board of the Demerged Company for the purpose of determining the shareholders of the Demerged Company for issue of the Resulting Company New Equity Shares;

"Reliance GDRs" means global depository receipts of the Demerged Company issued by the GDR Depository pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 (including any statutory modifications, re-enactment or amendments thereof for the time being in force) and other Applicable Law;

"Remaining Business of the Demerged Company" means all the business, units, divisions, undertakings, and assets and liabilities of the Demerged Company other than the Demerged Undertaking;

"Resulting Company" means Reliance Strategic Investments Limited, a company incorporated under the Companies Act, 1956, having corporate identity number U65990MH1999PLC120918 and its registered office at 9th Floor, Maker Chambers IV, 222 Nariman Point, Mumbai 400 021, Maharashtra, India;

"Resulting Company New Equity Shares" means fully paid up equity share(s) having face value of Rs 10 each issued by the Resulting Company as consideration in terms of Clause 8.1 of this Scheme;

"RoC" means the relevant jurisdictional Registrar of Companies having jurisdiction over the Parties;

"Scheme" or **"this Scheme"** means this scheme of arrangement as modified from time to time;

"SEBI" means the Securities and Exchange Board of India;

"SEBI Circular" means the circular issued by the SEBI, being SEBI Master Circular No. SEBI/HO /CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, and any amendments thereof issued pursuant to Regulations 11, 37 and 94 of the SEBI LODR Regulations;

"SEBI LODR Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

"Stock Exchanges" means BSE Limited and National Stock Exchange of India Limited collectively and Stock Exchange shall mean each of them individually;

"Tax Laws" means all Applicable Laws dealing with Taxes including but not limited to income-tax, goods and service tax, customs duty or any other levy of similar nature;

"Taxation" or **"Tax"** or **"Taxes"** means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to any of the Parties and all penalties, charges, costs and interest relating thereto; and

"Tribunal" means the relevant bench of the National Company Law Tribunal having jurisdiction over the Parties.

1.2 In this Scheme, unless the context otherwise requires:

(i) words denoting the singular shall include the plural and vice versa;

(ii) headings, subheadings, titles, subtitles to clauses and sub-clauses are for convenience only and shall be ignored in construing the Scheme;

(iii) reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder; and

(iv) all terms and words not defined in this Scheme shall unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them under the Act, Income Tax Act, or any other Applicable Laws, rules, regulations, bye laws, as the case may be.

2. SHARE CAPITAL

2.1 The share capital of the Demerged Company as on October 21, 2022 is as follows:

Particulars	Rs.
Authorised Share Capital	
1400,00,00,000 equity shares of Rs 10 each	14000,00,00,000
100,00,00,000 preference shares of Rs 10 each	1000,00,00,000
Total	**15000,00,00,000**
Issued and Subscribed Share Capital	
676,59,94,014 equity shares of Rs 10 each	6765,99,40,140
Total	**6765,99,40,140**
Paid-up Share Capital	
676,53,73,111 equity shares of Rs 10 each fully paid-up	6765,37,31,110
3,41,236 equity shares of Rs 10 each (Rs 2.5 paid-up)	853,090
2,79,667 equity shares of Rs 10 each (Rs 5 paid-up)	13,98,335
Total	**6765,59,82,535**

The Demerged Company has outstanding employee stock options under its existing stock option scheme, the exercise of which may result in an increase in the issued, subscribed and paid-up share capital of the Demerged Company. Further, payment of call money by the shareholders holding partly paid equity shares will result in increase in paid-up share capital of the Demerged Company.

2.2. The share capital of the Resulting Company as on October 21, 2022 is as follows:

Particulars	Rs.
Authorised Share Capital	
21,00,000 equity shares of Rs 10 each	2,10,00,000
2,25,00,000 preference shares of Rs 100 each	225,00,00,000
5,00,00,000 preference shares of Re 1 each	5,00,00,000
Total	**232,10,00,000**
Issued, Subscribed and Paid-up Share Capital	
20,20,200 equity shares of Rs 10 each	2,02,02,000
31,48,155 non-cumulative compulsory convertible preference shares of Re 1 each	31,48,155
Total	**2,33,50,155**

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

3.1 Part II of the Scheme shall become effective from the Appointed Date but shall become operative from the Effective Date.

3.2 Part III of the Scheme shall become effective from the date of allotment of Resulting Company New Equity Shares in terms of Clause 8 of the Scheme.

PART II

DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

4. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

4.1 Upon coming into effect of the Scheme, with effect from the Appointed Date and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, all assets, Permits, contracts, liabilities, loan, duties and obligations of the Demerged Undertaking shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company on a going concern basis, so as to become as and from the Appointed Date, the assets, Permits, contracts, liabilities, loan, duties and obligations of the Resulting Company by virtue of operation of law, and in the manner provided in this Scheme.

This demerger under Part II of the Scheme complies with the definition of "demerger" as per Section 2(19AA) and other provisions of the Income Tax Act. If any terms of this Scheme are found to be or interpreted to be inconsistent with provisions of the Income Tax Act, then this Scheme shall stand modified to be in compliance with Section 2(19AA) of the Income Tax Act.

4.2 Without prejudice to the generality of the provisions of Clause 4.1 above, the manner of transfer of the Demerged Undertaking under this Scheme, is as follows:

4.2.1 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable in nature (including but not limited to all intangible assets), intellectual property and intellectual property rights, including any applications for the same, of any nature whatsoever including but not limited to brands, trademarks forming part of the Demerged Undertaking, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights and such other industrial and intellectual property rights of whatsoever nature or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Demerged Company to the Resulting Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other or further order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same. The transfer pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or recordal, pursuant to this Scheme, as appropriate to the property being transferred, and title to the property shall be deemed to have been transferred accordingly;

4.2.2 Subject to Clause 4.2.3 below, with respect to the moveable assets of the Demerged Undertaking other than those referred to in Clause 4.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of the Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required;

4.2.3 In respect of such of the assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether or not included in the books of the Demerged Company, including rights, interest and easements in relation thereto, the same shall stand transferred to the Resulting Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Demerged Company and/or the Resulting Company;

4.2.4 For the avoidance of doubt and without prejudice to the generality of Clause 4.2.3 above and Clause 4.2.5 below, it is clarified that, with respect to the immovable properties comprised in the Demerged Undertaking in the nature of land and buildings, the Demerged Company and the Resulting Company shall register the true copy of the order of the Tribunal approving this Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause 4.2.4 or Clause 4.2.5 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any part of the Demerged Undertaking takes place and the Demerged Undertaking shall be transferred solely pursuant to and in terms of this Scheme and the order of the Tribunal sanctioning this Scheme;

4.2.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties comprised in the Demerged Undertaking in the nature of land and buildings situated in states other than the state of Maharashtra, whether owned or leased, for the purpose of, inter alia, payment of stamp duty and transfer to the Resulting Company, if the Resulting Company so decides, the Demerged Company and the Resulting Company, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme;

4.2.6 Upon effectiveness of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking (**"Demerged Undertaking Liabilities"**) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date. The term "Demerged Undertaking Liabilities" shall include:

4.2.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;

4.2.6.2 the specific loans or borrowings (including, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and

4.2.6.3 in cases other than those referred to in Clauses or above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.

However, the tax liabilities and tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date in relation to the Demerged Undertaking shall not be transferred as part of the Demerged Undertaking to the Resulting Company;

4.2.7 Post the Effective Date, the Demerged Company may, at the request of the Resulting Company, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, or deposit, contracts or policies relating to the Demerged Undertaking stands transferred to the Resulting Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes;

4.2.8 In so far as encumbrances, if any, in respect of the Demerged Undertaking Liabilities, such encumbrance shall, without any further act, instrument or deed being required to be taken or modified, be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been encumbered in respect of the Demerged Undertaking Liabilities as transferred to the Resulting Company pursuant to this Scheme. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the encumbrance over such assets relating to any loans, liabilities, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which continue with the Demerged Company shall without any further act, instrument or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities and the Demerged Company shall provide such other security that may be agreed between the Demerged Company and the respective lenders having the encumbrance. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above;

4.2.9 Subject to Clause 4 and any other provisions of this Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;

4.2.10 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Demerged Company and are in relation to or in connection with the Demerged Undertaking, shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company;

4.2.11 Permits, including the benefits attached thereto of the Demerged Company, in relation to the Demerged Undertaking, shall be transferred to the Resulting Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Demerged Company to carry on the operations of the Demerged Undertaking without any hindrance, whatsoever; and

4.2.12 Contracts in relation to the Demerged Undertaking, where the Demerged Company is a party, shall stand transferred to the Resulting Company pursuant to the Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer shall not affect the operation of the foregoing sentence. The Demerged Company and the Resulting Company shall, wherever necessary, enter into and/or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.

4.3 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 4 and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all acts, deeds and things as may be required, including executing necessary confirmatory deeds for filing with the trademark registry and Appropriate Authorities, filing of necessary particulars and/ or modification(s) of charge with the concerned RoC or filing of necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to this Scheme. The Demerged Company shall take such actions as may be necessary to get the assets pertaining to the Demerged Undertaking transferred to and registered in, the name of the Resulting Company, as per Applicable Law.

5. EMPLOYEES

5.1 With effect from the Effective Date, all employees of the Demerged Company engaged in or in relation to the Demerged Undertaking shall become the employees of the Resulting Company on terms and conditions no less favourable than those on which they are engaged by the Demerged Company and without any interruption in service. The decision on whether or not an employee is part of the Demerged Undertaking shall be decided by the Demerged Company, and such decision shall be final and binding on all concerned Parties.

5.2 The accumulated balances, if any, standing to the credit in favour of the aforesaid employees in the existing provident fund, gratuity fund, superannuation fund and any other fund of which they are members, as the case may be, will be transferred to the respective funds of the Resulting Company set-up in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities or to the funds nominated by the Resulting Company. Pending the transfer as aforesaid, the dues of the said employees would continue to be deposited in the existing provident fund, gratuity fund, superannuation fund and other fund respectively of Demerged Company.

6. LEGAL PROCEEDINGS

6.1 Upon coming into effect of this Scheme, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands, legal and other proceedings of whatsoever nature (except proceedings under the Income Tax Act) by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted at any time thereafter and in each case relating to the Demerged Undertaking 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 and shall be continued and be enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings and shall prosecute or defend all such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.

6.2 The Resulting Company undertakes to have all legal and other proceedings (except proceedings under the Income Tax Act) initiated by or against the Demerged Company referred to in Clause 6.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. The Demerged Company and the Resulting Company shall make relevant applications and take all steps as may be required in this regard.

6.3 Notwithstanding anything contained herein above, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority (except proceedings under the Income Tax Act), in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in its place in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

7. TAXES / DUTIES / CESS

7.1 If the Demerged Company is entitled to any unutilized credits (including accumulated losses and unabsorbed depreciation), advance tax, tax deduction at source, tax collection at source, benefits under the state or central fiscal / investment incentive schemes and policies or concessions relating to the Demerged Undertaking under any Tax Law or Applicable Law, the Resulting Company shall be entitled, as an integral part of this Scheme, to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission and such benefit or incentives or unutilised credits, as the case may be, shall be available for utilisation to the Resulting Company in accordance with Applicable Law.

7.2 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of this Scheme. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid subsequent to the Appointed Date.

8. CONSIDERATION AND DISCHARGE OF CONSIDERATION

8.1 The consideration for the demerger of the Demerged Undertaking shall be the issue by the Resulting Company of 1 (One) fully paid-up equity share of the Resulting Company having face value of Rs 10 (Rupees Ten) each for every 1 (One) fully paid-up equity share of Rs 10 (Rupees Ten) each of the Demerged Company (**"Resulting Company New Equity Shares"**).

8.2 Upon coming into effect of the Scheme and subject to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent or instrument, issue and allot, the Resulting Company New Equity Share(s) in the following manner:

8.2.1 To the shareholders of the Demerged Company who hold fully paid-up equity shares of the Demerged Company and whose names are recorded in the register of members and/ or records of the depository on the Record Date, 1 (One) equity share of the Resulting Company having face value of Rs 10 (Rupees Ten) each, credited as fully paid up, for every 1 (One) fully paid up equity share of Rs 10 (Rupees Ten) each;

Provided that Resulting Company New Equity Shares aggregating to 41,28,24,826 shall not be issued and allotted to Petroleum Trust and Reliance Services and Holdings Limited in respect of the shares of the Demerged Company held by them in view of the proviso to Section 232(3)(b) of the Act; and

8.2.2 In the event of there being partly paid up equity shares in the Demerged Company, with respect to the shareholders of the Demerged Company who hold such partly paid-up equity shares of the Demerged Company and whose names are recorded in the register of members and/ or records of the depository on the Record Date, the Resulting Company shall issue and allot to the Trustee of a Trust to be set up by the Demerged Company, 1 (One) equity share of the Resulting Company having face value of Rs 10 (Rupees Ten) each, credited as fully paid up, for every 1 (One) partly paid up equity share of Rs 10 (Rupees Ten) each. The Trustee shall hold these equity shares in trust for the benefit of the shareholders of the Demerged Company holding partly paid up shares of the Demerged Company. As and when such shareholders pay the balance amount (including interest, if any) due to the Demerged Company and the partly paid up equity shares become fully paid up equity shares, the Trustee shall transfer such number of fully paid up equity shares of the Resulting Company, as per the eligibility of such shareholder, to his demat account. The Trustee, the Resulting Company and the Demerged Company shall take such steps as may be necessary to give effect to this Clause. All costs and expenses incurred in this respect shall be borne by the Demerged Company.

8.3 After the Record Date, if the Demerged Company forfeits the partly paid up equity shares:

8.3.1 The Resulting Company New Equity Shares held by the Trustee on the date of forfeiture shall stand cancelled without any consideration with effect from the date of such forfeiture and the corresponding equity share capital of the Resulting Company shall stand reduced. This reduction shall be regarded as a reduction of capital of the Resulting Company pursuant to the provisions of Sections 230 to 232 of the Act;

8.3.2 On such reduction, the Resulting Company shall account for the reduction of capital under this clause by debiting its equity share capital account and crediting capital reserve; and

8.3.3 Notwithstanding the reduction in the share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

It is clarified that (a) the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the reduction of the equity share capital of the Resulting Company under applicable provisions of the Act; and (b) the sanction of this Scheme by the Tribunal shall be deemed to be the sanction of the Tribunal for the reduction of the equity share capital of the Resulting Company pursuant to the provisions of Sections 230 to 232 of the Act.

8.4 For avoidance of doubt, nothing contained in this Scheme shall be deemed to restrict the ability of the Demerged Company to forfeit the partly paid up shares prior to the Record Date.

8.5 The issue price of each Resulting Company New Equity Share shall be ('A' - 'B') / 'C', where 'A' is the book value of the assets minus liabilities of the Demerged Undertaking as of the Appointed Date; 'B' is the reserves/retained earnings of the Demerged Undertaking, if any, to the extent identified and transferred to the Resulting Company under this Scheme; and 'C' is the total number of equity shares issued and allotted by the Resulting Company pursuant to this Clause 8. The difference between the issue price and the face value of equity shares to be issued and allotted by the Resulting Company will be recorded as securities premium.

8.6 The Resulting Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of the Resulting Company, including with respect to dividend, bonus, rights shares, voting rights and other corporate benefits attached to the Resulting Company New Equity Shares.

8.7 The Resulting Company New Equity Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. Prior to the Record Date, the eligible shareholders of the Demerged Company, who hold shares in physical form shall provide such confirmation, information and details as may be required, relating to his/ her/ its account with a depository participant, to the Resulting Company to enable it to issue the Resulting Company New Equity Share(s) in dematerialised form.

8.8 For the purpose of allotment of the Resulting Company New Equity Shares pursuant to this Scheme, in the event, if any eligible shareholder of the Demerged Company holds shares in physical form, the Resulting Company shall deal with the relevant shares in such manner as they may deem fit and in the best interest of such eligible shareholder, including by way of issuing the Resulting Company New Equity Share(s) in dematerialised form to a trustee nominated by the Board of the Resulting Company (**"Trustee of the Resulting Company"**) who shall hold these equity shares in trust for the benefit of such shareholder. The Resulting Company New Equity Share(s) held by the Trustee of the Resulting Company for the benefit of such eligible shareholders shall be transferred to the respective eligible shareholder once they provide details of his/her/its demat account to the Trustee of the Resulting Company, along with such other documents as may be required by the Trustee of the Resulting Company.

8.9 The issue and allotment of the Resulting Company New Equity Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law, were duly complied with. It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the issue and allotment of the Resulting Company New Equity Shares under applicable provisions of the Act.

8.10 The equity shares to be issued pursuant to this Scheme in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Resulting Company.

8.11 The Resulting Company New Equity Shares to be issued by the Resulting Company in respect of the equity shares of the Demerged Company held in the unclaimed suspense account shall be credited to a new unclaimed suspense account created for shareholders of the Resulting Company.

8.12 The Resulting Company New Equity Shares to be issued by the Resulting Company in respect of the shares of the Demerged Company held in the Investor Education and Protection Fund shall be credited to the Investor Education and Protection Fund.

8.13 In the event the Demerged Company restructures its share capital by way of share split or consolidation or any other corporate action before the Record Date, the share entitlement ratio set out in Clause 8.1 shall be suitably adjusted considering the effect of such corporate action without requirement of any further approval from shareholders or Appropriate Authority.

8.14 Upon the Scheme becoming effective but prior to the issue of the Resulting Company New Equity Shares, the authorised share capital of the Resulting Company shall stand altered, reclassified and increased, without any further act, instrument or deed on the part of the Resulting Company as under:

Authorised Share Capital	Rs.
1400,00,00,000 equity shares of Rs 10 each	14000,00,00,000
100,00,00,000 preference shares of Rs 10 each	1000,00,00,000
5,00,00,000 preference shares of Re 1 each	5,00,00,000
Total	**15005,00,00,000**

8.15 Consequently, the existing capital clause of the Memorandum of Association of the Resulting Company shall without any act, instrument or deed be and stand altered, modified and amended and be replaced by the following clause:

"The Authorised Share Capital of the Company is ₹ 15005,00,00,000/– (Rupees Fifteen Thousand and Five Crore only) consisting of 1400,00,00,000 (Fourteen Hundred Crore) equity shares of ₹ 10/– (Rupees Ten only) each; 100,00,00,000 (One Hundred Crore) preference shares of ₹ 10/– (Rupees Ten only) each; and 5,00,00,000 (Five Crore) preference shares of ₹ 1/– (Rupee One only) each, with power to increase or 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 respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company"

8.16 It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the alteration of the Memorandum of Association under Sections 13, 61, 64 and other applicable provisions of the Act. The Resulting Company shall pay the requisite stamp duty and RoC fees and shall file the required returns/ information/ amended copy of the Memorandum of Association with the RoC to give effect to the alteration in the authorised share capital.

8.17 The Resulting Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The Resulting Company New Equity Shares allotted by the Resulting Company in terms of Clause 8.2 above, pursuant to this Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.

8.18 The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

8.19 Consideration in respect of the Reliance GDRs:

8.19.1 Upon Part II of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company shall issue to the GDR Depository in relation to Reliance GDRs, the Resulting Company New Equity Shares in accordance with Clause 8.1 and 8.2. The GDR Depository shall hold such Resulting Company New Equity Shares on behalf of the holders of the Reliance GDRs;

8.19.2 The Board of the Resulting Company may, in consultation with the GDR Depository, and by entering into appropriate agreements with the GDR Depository or any other Depository appointed by the Resulting Company for the issuance of GDRs (**"Resulting Company Depository"**) and by taking all approvals and steps as necessary, instruct such Resulting Company Depository to issue GDRs of the Resulting Company representing the Resulting Company New Equity Shares to the holders of Reliance GDRs on a pro rata basis (**"Resulting Company GDR Program"**); and

8.19.3 In the event the Board of the Resulting Company decides not to constitute Resulting Company GDR Program as stated in Clause 8.19.2, the GDR Depository shall sell the Resulting Company New Equity Shares issued to the GDR Depository in terms of Clause 8.19.1 and distribute the proceeds to such Reliance GDR holders in accordance with the depositary agreement entered into between RIL and the GDR Depository.

9. ACCOUNTING TREATMENT

The Demerged Company and Resulting Company shall comply with generally accepted accounting practices in India, provisions of the Act and accounting standards as notified by Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in relation to the underlying transactions in the Scheme including but not limited to the following::

9.1 **In the books of the Demerged Company**

With effect from the Appointed Date and upon Part II of the Scheme coming into effect, the Demerged Company shall account for the demerger in its books of account in the following manner:

9.1.1 The Demerged Company shall de-recognize the carrying values of the tangible assets, intangible assets, financial assets and liabilities and other assets and liabilities as on the Appointed Date, that are held in and /or transferred to Resulting Company pursuant to this Scheme in accordance with de-recognition related stipulations contained in the relevant Ind AS; and

9.1.2 The net amount so de-recognised and the adjustment thereof against retained earnings will be presented separately in the Financial Statements as impact of demerger.

9.2 **In the books of the Resulting Company**

With effect from the Appointed Date and upon Part II of the Scheme coming into effect, the Resulting Company shall account for the demerger in its books of account in the following manner:

9.2.1 The Resulting Company shall record all assets, liabilities and reserves/retained earnings, if any of the Demerged Undertaking transferred to it in pursuance of this Scheme at their respective book values appearing in the books of the Demerged Company;

9.2.2 The difference between (A) the book value of assets minus liabilities and reserves/retained earnings, if any, recorded in the books of the Resulting Company, and (B) the value of the Resulting Company New Equity Shares issued and allotted to the shareholders of the Demerged Company (number of Resulting Company New Equity Shares issued multiplied by issue price per Resulting Company New Equity Shares) as consideration, if any, shall be debited/ credited to the capital reserve account of the Resulting Company;

9.2.3 If the accounting policies adopted by the Resulting Company are different from those adopted by the Demerged Company, the assets, liabilities and reserves/retained earnings of the Demerged Undertaking shall be accounted in the books of the Resulting Company adopting uniform accounting policies consistent with the Companies (Indian Accounting Standards) Rules, 2015; and

9.2.4 Any change effected in the book value of the assets, liabilities and reserves/retained earnings of the Demerged Undertaking pursuant to clause 9.2.3 above, shall be debited/ credited to the capital reserve account in the books of the Resulting Company with appropriate disclosures as required under Indian Accounting Standard – 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

10. REMAINING BUSINESS OF THE DEMERGED COMPANY

10.1 The Remaining Business of the Demerged Company shall continue to belong to and be owned and managed by the Demerged Company. The Demerged Company shall continue to be liable to perform and discharge all its liabilities and obligations in relation to the Remaining Business of the Demerged Company and the Resulting Company shall not have any liability or obligation in relation to the Remaining Business of the Demerged Company.

10.2 If the Resulting Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Remaining Business of the Demerged Company, the Resulting Company shall take all such steps in the proceedings before the Appropriate Authority to substitute the Resulting Company with the Demerged Company. However, if the Resulting Company is unable to replace the Demerged Company in such proceedings, the Resulting Company shall defend the same or deal with such demand at the cost of the Demerged Company and the latter shall reimburse the Resulting Company, against all liabilities and obligations incurred by or against the Resulting Company, in respect thereof.

PART III

REDUCTION AND CANCELLATION OF THE ENTIRE PRE-SCHEME SHARE CAPITAL OF THE RESULTING COMPANY

11. REDUCTION AND CANCELLATION OF ENTIRE PRE-SCHEME SHARE CAPITAL OF THE RESULTING COMPANY

11.1 Upon allotment of the Resulting Company New Equity Shares, the entire pre-scheme paid up share capital of the Resulting Company (**"Resulting Company Cancelled Shares"**) shall stand cancelled and reduced, without any consideration, which shall be regarded as reduction of share capital of the Resulting Company, pursuant to Sections 230 to 232 of the Act as an integral part of the Scheme.

11.2 The Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares and credit capital reserve / securities premium for the same amount.

11.3 It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the reduction of the share capital of the Resulting Company under applicable provisions of the Act.

11.4 Notwithstanding the reduction in the share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

PART IV

GENERAL TERMS & CONDITIONS

12. BUSINESS UNTIL THE EFFECTIVE DATE

12.1 With effect from the date of approval of this Scheme by the respective Boards of the Parties and up to and including the Effective Date:

12.1.1 The Demerged Company shall carry on the business of the Demerged Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto; and

12.1.2 The Resulting Company shall be entitled, pending the sanction of this Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Resulting Company may require to carry on the relevant business that is being transferred and vested in terms of this Scheme.

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

12.2.1 The Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities of the Demerged Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets of the Demerged Undertaking for and on account of, and in trust for the Resulting Company;

12.2.2 All profits or income arising or accruing to the Demerged Company with respect to the Demerged Undertaking and all Taxes paid thereon (including but not limited to advance tax, tax deducted or collected at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by the Demerged Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, Taxes or losses, as the case may be, of the Resulting Company;

12.2.3 All loans raised and all liabilities and obligations incurred by the Demerged Company with respect to the Demerged Undertaking, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company; and

12.2.4 The Demerged Company (with respect to the Demerged Undertaking) shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Resulting Company may require to carry on the Identified Business of the Demerged Company and to give effect to the Scheme.

13. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, on or after the Effective Date, as the case may be, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Undertaking is transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority, regulatory bodies or otherwise, in favour of the Resulting Company, the Resulting Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the Parties, the Demerged Company will continue to hold the property and/or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, in trust for and on behalf of the Resulting Company.

14. TRANSFER OF INVESTMENTS

14.1 Further, as an integral part of the reorganisation, Reliance Industrial Investments and Holdings Limited pursuant to a separate arrangement shall transfer its investment (in the form of shares) in its wholly owned subsidiaries namely, Reliance Retail Finance Limited, Reliance Payment Solutions Limited, Jio Information Aggregator Services Limited and Reliance Retail Insurance Broking Limited to the Resulting Company.

14.2 The transfer of the investment of the Demerged Company in Jio Payments Bank Limited (which forms part of the Demerged Undertaking) will be given effect to in accordance with the approval granted by the RBI.

15. FACILITATION PROVISIONS

15.1 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Resulting Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Demerged Undertaking, in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company shall always be deemed to have been authorized to execute any pleadings, applications, forms etc., as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all Taxes and charges and fulfil all obligations in relation to or applicable to all immovable properties including mutation and/or substitution of the ownership or the title to or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authorities in favour of the Resulting Company pursuant to the sanction of this Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Resulting Company. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/or substitution.

16. APPLICATIONS/PETITIONS TO THE TRIBUNAL

The Parties shall make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

17. MODIFICATION OR AMENDMENTS TO THIS SCHEME

17.1 The Board of Parties may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate.

The Board of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.

17.2 For the purposes of giving effect to this Scheme or to any modification hereof, the Board of the Demerged Company or the Board of the Resulting Company, acting jointly or individually, as may be relevant, give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding on the Resulting Company as if the same were specifically incorporated in this Scheme.

18. CONDITIONS PRECEDENT

This Scheme is conditional upon and subject to the following conditions precedent:

18.1 Receipt of no-objection/ observation letter from the Stock Exchanges in relation to this Scheme under Regulation 37 of the SEBI LODR Regulations.

18.2 Approval of this Scheme by the requisite majority of each class of shareholders and creditors of the Parties as applicable or as may be required under the Act and as may be directed by the Tribunal.

18.3 The Demerged Company complying with other provisions of the SEBI Circular, including seeking approval of its shareholders through e-voting.

18.4 Sanction of the Scheme by the Tribunal under Sections 230 to 232 of the Act.

18.5 Approvals from RBI or other Appropriate Authority for the transfer of investment specified in Clause 14 and transaction contemplated in Part II of the Scheme.

19. WITHDRAWAL OF THIS SCHEME

19.1 The Board of the Demerged Company shall be at liberty to withdraw the Scheme.

20. CHANGE OF NAME OF THE RESULTING COMPANY

20.1 Upon this Scheme becoming effective, the name of the Resulting Company shall stand changed to **'Jio Financial Services Limited'** or such other name which is available and approved by the RoC, by simply filing the requisite forms with the Appropriate Authority and no separate consent, approval, act, procedure, instrument, or deed shall be required to be obtained or followed under the Act.

20.2 Consequently, subject to Clause 20.1 above, Clause I of the memorandum of association of the Resulting Company shall without any act, procedure, instrument or deed be and stand altered, modified and amended, to reflect the revised name of the Resulting Company, pursuant to Sections 13, 232 and other applicable provisions of the Act.

20.3 It is hereby clarified that, for the purposes of acts and events as mentioned in Clause 20.1 and 20.2, the consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14 or any other applicable provisions of the Act, would be required to be separately passed.

21. COSTS AND EXPENSES

All costs, charges and expenses payable in relation to or in connection with this Scheme and incidental to the completion of the transfer and vesting of the Demerged Undertaking in the Resulting Company, in pursuance of this Scheme including stamp duty on the order(s) of the Tribunal, if any, to the extent applicable and payable shall be borne and paid by the Demerged Company.

22. SAVING OF CONCLUDED TRANSACTIONS

Nothing in this Scheme shall affect any transaction or proceedings already concluded or liabilities incurred by the Demerged Company in relation to the Demerged Undertaking until the Effective Date, to the end and intent that the Resulting Company shall accept and adopt all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of the Resulting Company.

ANNEXURE (xiii)

NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

COURT III

9. C.P.(CAA)/194/MB/2023
IN
C.A.(CAA)/116/MB/2023
CORAM: SHRI H. V. SUBBA RAO, MEMBER (J)
MS. MADHU SINHA, MEMBER (T)

ORDER SHEET OF THE HEARING OF MUMBAI BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL ON **03.08.2023**

NAME OF THE PARTIES: Reliance Industries Limited

SECTION 230-232, 234 OF COMPANIES ACT, 2013

ORDER

C.P.(CAA)/194/MB/2023

Mr. Gaurav Joshi, Senior counsel a/w Mr. Mehul Shah appearing for the petitioner and Mr. Bhagwati Prasad, Assistant Director, RD are present.

Heard the counsel appearing for the petitioner. The representative of the Regional Director reported no objection to allow the above scheme.

Accordingly, the above C.P.(CAA)/194/MB/2023 is **allowed**. Detailed order would follow:

Sd/-
MADHU SINHA
Member (Technical)
//RKS//

Sd/-
H.V. SUBBA RAO
Member (Judicial)

IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH, COURT- III

C.P. (CAA)/194/MB/2023
CONNECTED WITH
C.A(CAA)/116/MB/2023

IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE SCHEME OF ARRANGEMENT BETWEEN RELIANCE PROJECTS & PROPERTY MANAGEMENT SERVICES LIMITED AND ITS SHAREHOLDERS AND CREDITORS & RELIANCE INDUSTRIES LIMITED AND ITS SHAREHOLDERS AND CREDITORS

Reliance Industries Limited, a company incorporated under the provisions of the Companies Act, 1956, having Corporate Identity Number L17110MH1973PLC019786 and its registered office at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai – 400 021, Maharashtra, India

…Petitioner Company/ Resulting Company/ RIL

Order dated 03.08.2023.

CORAM: SHRI H.V. SUBBA RAO, HON'BLE MEMBER (Judicial)
MS. MADHU SINHA, HON'BLE MEMBER (Technical)

For the Petitioner Company	:	Senior Counsel Mr Gaurav Joshi a/w Mr Mehul Shah, Mr Peshwan Jehangir, Mr Aman Yagnik, Mr Haabil Vahanvaty, Mr. Harsh Salgia and Ms. Dhruvi Dharia i/b Khaitan & Co, Advocates for the Petitioner Company
For the Regional Director	:	Mr. Bhagwati Prasad, Representative of the Regional Director, MCA (WR), Mumbai

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ORDER

1. Heard Learned Counsel for the Petitioner Company. No objector has come before the Tribunal to oppose the Company Scheme Petition nor has any party controverted any averments made in the Company Scheme Petition.

2. The sanction of this Tribunal is sought under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (**"Act"**) to the Scheme of Arrangement between Reliance Projects & Property Management Services Limited and its shareholders and creditors & Reliance Industries Limited and its shareholders and creditors (**"Scheme"**).

3. The Petitioner Company inter alia, has multiple undertakings viz., digital services, retail, financial services, advanced materials and composites, renewables (solar and hydrogen), exploration & production and oil-to-chemicals.

4. The registered office of Reliance Projects & Property Management Services Limited (**"Demerged Company"**) is situated in Ahmedabad, Gujarat. The Demerged Company had filed the Company Petition No. CP(CAA)/21(AHM)2023 before the jurisdictional Tribunal viz., National Company Law Tribunal, Ahmedabad Bench (**"Ahmedabad Bench"**), seeking its sanction to the Scheme. The Ahmedabad Bench has sanctioned the Scheme vide its order dated July 31, 2023.

5. The Learned Counsel for the Petitioner Company submits that the rationale mentioned in the Scheme is as under:

    1. *"The Resulting Company has decades of experience in executing some of the largest & complex projects in the world and has a strong team of ~ 4,000 engineers with proven expertise across EPC business for its oil to chemicals vertical. The Demerged Company has built capabilities in EPC and infrastructure services for the digital business. It is proposed to demerge the Demerged Undertaking (as defined hereinafter) from the Demerged Company to the Resulting Company to aggregate and synergize engineering capabilities and expertise of the group.*

2. *The Scheme will result in the following benefits:*

   (a) *Consolidate EPC capabilities in the Resulting Company;*

   (b) *To execute EPC services in a cost-efficient manner, leading to a long-term value creation; and*

   (c) *Pooling of resources and expertise of the Demerged Company with that of the Resulting Company.*

3. *The Scheme is in the interest of the Demerged Company and the Resulting Company and their respective stakeholders."*

6. The Learned Counsel for the Petitioner Company submits that the Company Scheme Petition No. C.P. (CAA)/194/MB/2023 was filed pursuant to the Order dated May 11, 2023 passed by this Tribunal in the Company Scheme Application No. CA(CAA)/116/MB/2023 (**"CSA Order")** as modified by the Order dated July 14, 2023 passed by the Hon'ble National Company Law Appellate Tribunal (**"Appellate Tribunal"**) in Company Appeal (AT) No. 109 of 2023 (**"Appellate Tribunal Order"**) filed by the Petitioner Company.

7. The Learned Counsel for the Petitioner Company further submits that, the Hon'ble Appellate Tribunal *vide* the Appellate Tribunal Order granted dispensation from convening / obtaining written consent affidavits of equity shareholders, secured creditors and unsecured creditors of the Petitioner Company, thus modifying the CSA Order.

8. The Learned Counsel for the Petitioner Company submits that as the Petitioner Company did not have any preference shareholders, the question of convening and holding the meeting of the preference shareholders of the Petitioner Company did not arise.

9. The Learned Counsel for the Petitioner Company further submits that the Petitioner Company had filed an Affidavit dated July 18, 2023, in connection with change in the Appointed Date of the Scheme from 'close of business hours of December 22, 2022 or such other date as may be approved by the Boards of the Parties' to 'close of business hours of December 31, 2022 or such other date as may be approved by the Boards of the Parties'. The Hon'ble Tribunal has taken the aforesaid affidavit on record in its order dated July 19, 2023.

10. The Learned Counsel for the Petitioner Company submits that, the Tribunal admitted the Company Scheme Petition on July 19, 2023 and fixed August 3, 2023 as the date for hearing and final disposal of the Company Scheme Petition. The Learned Counsel for the Petitioner Company states, as directed by this Hon'ble Tribunal, the Petitioner Company caused the publication of notice of hearing and final disposal of the Company Scheme Petition in in 'Business Standard' in English language and 'Loksatta' in Marathi language on July 21, 2023.

11. The Learned Counsel for the Petitioner Company submits that the Petitioner Company has also served notice of hearing and final disposal of Company Scheme Petition upon: (i) the Central Government through the Regional Director, Western Region, Ministry of Corporate Affairs (**"Regional Director"**); (ii) the Registrar of Companies, Ministry of Corporate Affairs at Mumbai; (iii) the Income Tax Authority addressed to the Assistant Commissioner of Income Tax Circle 3(4), 29th Floor, Centre 1, World Trade Centre, Cuffe Parade, Mumbai 400 005 within whose jurisdiction the Petitioner Company's assessment is made;(iv) the Goods & Services Tax Authority addressed to the Commissioner of Central Goods & Services Tax, Belapur Commissionerate, 1ST Floor, CGO Complex, CBD Belapur, Navi Mumbai – 400 614; (v) BSE Limited (through BSE listing centre); (vi) National Stock Exchange of India Limited; and (vii) Securities and Exchange Board of India.

12. The Petitioner Company has filed an Affidavit dated July 24, 2023 evidencing the publication of newspaper advertisements and service of notice upon the concerned regulatory authorities.

13. The Learned Counsel for the Petitioner Company states that the Petitioner Company has complied with all the requirements as per the directions of this Tribunal.

14. The Regional Director has filed its report dated August 2, 2023 (**"Report"**) and a supplementary report dated August 2, 2023 enclosing therewith the copy of the report dated August 2, 2023 received from the Registrar of Companies, Mumbai (**"Supplementary Report"**). In the Report, the Regional Director has presented its observations/ certain information derived from the records of the case and has prayed for kind consideration and disposal of the case as the Hon'ble Tribunal may deem fit and proper. The observations of the Regional Director and the reply of the Petitioner Company in its affidavit dated August 2, 2023 are reproduced below:

Sr. No. of Paragraph 2	Observations in Report filed by the Regional Director	Reply of Petitioner Company
a)	*ROC, Mumbai report is still awaited and therefore he has been advised to file his separate report, if he has any observations in this matter, before Hon'ble NCLT, Mumbai Bench.*	The Petitioner Company submits that the Regional Director has filed a supplementary report dated August 2, 2023 enclosing therewith the copy of the report received from the Registrar of Companies, Mumbai. The observations in the aforesaid report are dealt with in Paragraph 6 of this Affidavit.
b)	*In compliance of Accounting Standard-14 or IND-AS 103, as may be applicable, the resultant company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards including AS-5 or IND AS-8 etc.*	The Petitioner Company undertakes that it will pass necessary accounting entries as specified in the Scheme and comply with the accounting principles as prescribed under generally accepted accounting practices in India, provisions of the Act and accounting standards as notified by the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

Sr. No. of Paragraph 2	Observations in Report filed by the Regional Director	Reply of Petitioner Company
c)	*The Hon'ble Tribunal may kindly direct the Petitioner Companies to file an affidavit to the extent that the Scheme enclosed to the Company Application and Company Petition are one and same and there is no discrepancy, or no change is made.*	The Petitioner Company states that, subsequent to filing of the Company Scheme Petition with the Hon'ble Tribunal, the Petitioner Company had filed an Affidavit dated July 18, 2023, in connection with change in the Appointed Date of the Scheme from 'close of business hours of December 22, 2022 or such other date as may be approved by the Boards of the Parties' to 'close of business hours of December 31, 2022 or such other date as may be approved by the Boards of the Parties'. The aforesaid Affidavit was taken on record by the Hon'ble Tribunal in its order dated July 19, 2023. Further, the Petitioner Company had informed Regional Director about the revised Appointed Date in the Scheme along with the notice of hearing of the Company Scheme Petition on July 21, 2023. A copy of the acknowledgement received from the Regional Director evidencing service of notice of hearing of the Company Scheme Petition is annexed hereto and marked as Annexure 1. Except as mentioned above, no other modification/ change has been carried out in the Scheme.
d)	*The Petitioner Companies under provisions of section 230(5) of the Companies Act 2013 have to serve notices to concerned authorities which are likely to be affected by the Amalgamation or arrangement. Further, the approval of the scheme by the Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such authorities shall be binding on the petitioner companies concerned.*	The Petitioner Company states that notices have been issued to the concerned authorities under Section 230(5) of the Companies Act, 2013. Necessary Affidavit of Service has been filed before this Hon'ble Tribunal in that regard on July 15, 2023. The Petitioner Company confirms that the sanction of the Scheme will not prevent the authorities from dealing with any issues arising after giving effect to the Scheme, as per applicable laws.
e)	*It is submitted that the petitioner Company has stated that the scheme is in compliance of Section 2(19AA), in this regard, petitioner company may be directed to place on record that as to how this scheme is in compliance of Section 2(19AA) of the Income Tax Act, 1961;*	Section 2(19AA) of the Income-tax Act, 1961 prescribes the conditions, the compliance of which would qualify a transaction as "demerger". The Petitioner Company submits that the Scheme provides for the demerger, transfer and vesting of the Demerged Undertaking (as defined in the Scheme) from the Demerged Company into the Petitioner Company on a going concern basis in accordance with the provisions of Section 2(19AA) of the Income- tax Act, 1961. The Petitioner Company further submits that its compliance with the conditions of Section 2(19AA) of the Income-tax Act, 1961 may be examined by the income tax department at the time of assessment proceedings. The Petitioner Company states that the Income Tax Department has filed a letter dated August 1, 2023 with this Hon'ble Tribunal stating that it does not have any objection to the Hon'ble Tribunal granting its approval to the Scheme.
f)	*As per Definition of the Scheme,* *"Appointed Date" means close of business hours of December 31, 2022 or such other date as may be approved by the Boards of the Parties;* *"Effective Date" means the last of the dates on which the Tribunal, sanctions the Scheme. Reference in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "effect of this Scheme" or "upon the Scheme becoming effective" shall mean the Effective Date;* *Any references in this Scheme to the date of 'coming into effect of this Scheme' or 'effectiveness of this Scheme' or 'Scheme taking effect' or 'upon this Scheme coming into effect' shall mean the Effective Date.* *It is submitted that the Petitioners may be asked to comply with the requirements as clarified vide circular no. F. No. 7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.*	The Petitioner Company submits that the present Scheme is in compliance with the requirements of Circular No. F.No.7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.
g)	*Petitioner Companies shall undertake to comply with the directions of Income Tax Department and the GST Authorities, if any.*	The Petitioner Company undertakes to comply with the directions of the Income tax department and GST Authorities, if any, in accordance with applicable laws.

Sr. No. of Paragraph 2	Observations in Report filed by the Regional Director	Reply of Petitioner Company
h)	*Petitioner Companies shall undertake to comply with the directions of the concerned sectoral Regulatory, if any.*	There is no sectoral regulator for the Petitioner Company.
l)	*Petitioner Companies has foreign shareholders hence Petitioner Companies shall undertake to comply with guidelines of RBI, FEMA and FERA.*	The Petitioner Company undertakes that it will ensure necessary compliance under the FEMA Regulations and RBI Guidelines, to the extent applicable.
m)	*Petitioner Resulting Company is listed company, hence Petitioner Resulting Company shall undertake to comply with SEBI (LODR) Regulations, 2016 with the observations of BSE, NSE or any other stock exchanges, if any. However, the Petitioner listed company vide their reply letter dated 20.07.2023 (copy enclosed) has stated that necessary disclosures to BSE/NSE have been given in compliance of SEBI (LODR) Regulations, 2016 being Wholly Owned Subsidiary relationship between Petitioner Companies, hence NOC from BSE, NSE or any other stock exchanges is not required in this matter.*	The Scheme involves demerger of the Demerged Undertaking of the Demerged Company (a wholly-owned subsidiary of the Petitioner Company) to the Petitioner Company and therefore No Objection Certificate from BSE Limited and National Stock Exchange of India Limited is not required in terms of Regulation 37(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") read with SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, as amended.
i)	*Reliance Projects & Property Management Services Limited, "Demerged Company" situated at office-101, Saffron, Near Centre Point, Panchwati 5 Rasta, Ambawadi, Ahmedabad – 380006, Gujarat, India;, Hence Petitioner Demerged Company shall undertake to obtain approval of Hon'ble NCLT, Ahmedabad Bench.*	The Petitioner Company states that the Demerged Company had filed the Company Petition No. CP(CAA)/21(AHM)2023 for seeking approval of the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT Ahmedabad Bench"). The Hon'ble NCLT Ahmedabad Bench has sanctioned the Scheme vide its order dated July 31, 2023.

Refer paragraph no 16 for the reply to the Supplementary Report

15. The observations of the Registrar of Companies as per the Supplementary Report and the reply of the Petitioner Company are set out in tabular format below:

Sr. No. of Paragraph 32	Observations in Supplementary Report filed by the Regional Director	Reply of Petitioner Company
1.	*As per the provisions of Section 230(3)(i) of the Companies Act, 2013 where the transferor company is dissolved, the fee, if any, paid by the transferor company on its authorised capital shall be set-off against any fees payable by the Transferee Company on its authorised capital subsequent to the amalgamation. Therefore, remaining fee, if any after setting- off the fees already paid by the transferor company on its authorised capital, must be paid by the transferee company on the increased authorised capital subsequent to the amalgamation.*	The Petitioner Company states the Scheme provides for the demerger, transfer and vesting of the Demerged Undertaking (as defined in the Scheme) from the Demerged Company into the Petitioner Company on a going concern basis and both the Demerged Company and the Petitioner Company will continue to exist after implementation of the Scheme. Thus, the provisions of Section 230(3)(i) of the Companies Act, 2013 are not applicable in this case.
2.	*As per master data various charges are open against into the demerged and resulting company.*	The Petitioner Company states that both the Demerged Company and the Petitioner Company will continue to exist after implementation of the Scheme and continue to carry on business in the ordinary course. The charges against the Demerged Company and Petitioner Company are registered and approved by the jurisdictional Registrar of Companies and will be dealt with in ordinary course. The sanction to the Scheme by this Hon'ble Tribunal will not affect such pending charges.
3.	*Interest of the creditors should be protected.*	The Petitioner Company affirms that the interests of the creditors have been protected under the Scheme.
4.	*Various complaints pending against resulting company (RIL)- List are attached as Annexure- "A"*	The Petitioner Company states that it will continue to exist upon implementation of the Scheme and that the complaints against the Petitioner Company shall be dealt by the Petitioner Company in ordinary course and in accordance with applicable law. The sanction to the Scheme by this Hon'ble Tribunal will not affect such pending complaints.
5.	*Pursuant to the order dated 14.07.2023 passed in Company Appeal (AT) No. 109 of 2023 by the Hon'ble National Company Law Appellate Tribunal, the Resulting Company (RIL) has dispensed with the convening and holding of meeting of equity shareholders, secured creditors and unsecured creditors and the Hon'ble NCLAT further stated that consent affidavits of 90% of the total value of shareholders and secured creditors and all unsecured creditors will not be necessary at this stage.*	The aforesaid observation is factual in nature.

A. Mr. Bhagwati Prasad, representative of Office of Regional Director (WR), Mumbai, appeared on the date of hearing and submits that above explanations and clarifications submitted by the Petitioner Company are found satisfactory and that they have no objection to the Scheme.

16. The Income Tax Authority concerned of the Petitioner Company has filed its no objection letter with the Hon'ble Tribunal. The Learned Counsel for the Petitioner Company submits that the sanction of the Scheme will not adversely affect the rights of the Income Tax Department for any past, present or future proceedings. The Income Tax Department will be at liberty to take appropriate action as per law in case of an event of any tax-avoidance or violation of income tax law or any other similar issue.

17. From the material on record, the Scheme of Arrangement between Reliance Projects & Property Management Services Limited and its shareholders and creditors & Reliance Industries Limited and its shareholders and creditors with Appointed Date as 'close of business hours of December 31, 2022 or such other date as may be approved by the Board of the Parties' (**"Modified Scheme"**) appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.

18. Since all the requisite statutory compliances have been fulfilled, the said Company Scheme Petition is made absolute in terms of the prayer clauses 24 (a) to (f) thereof.

19. The Modified Scheme as annexed to the Affidavit dated 18th July 2023 filed by the Petitioner Company is hereby sanctioned, with the Appointed Date as close of business hours of December 31, 2022 or such other date as may be approved by the Boards of the Petitioner Company and the Demerged Company.

20. The Petitioner Company is directed to file a copy of this Order along with a copy of the Modified Scheme with the concerned Registrar of Companies, electronically in E-form INC 28 within 30 days from the date of receipt of the certified copy of this Order by the Petitioner Company.

21. The Petitioner Company to lodge a copy of this Order along with the Modified Scheme duly authenticated/certified by the Deputy Director or the Assistant Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps for the purpose of adjudication of stamp duty payable, if any, within 60 days from the date of receipt of the certified order from the Registry of this Tribunal.

22. All concerned regulatory authorities to act on a copy of this Order along with Scheme duly certified by the Deputy Director or the Assistant Registrar, National Company Law Tribunal, Mumbai Bench.

23. Any person interested is at liberty to apply to this Hon'ble Tribunal in the above matters for any directions that may be necessary.

24. Any concerned Authority is at liberty to approach this Hon'ble Tribunal for any further clarification as may be necessary.

25. Ordered accordingly. File to be consigned to records.

Sd/-
MADHU SINHA
Member (Technical)

Sd/-
H.V. SUBBA RAO
Member (Judicial)

ANNEXURE - B

SCHEME OF ARRANGEMENT

BETWEEN

RELIANCE PROJECTS & PROPERTY MANAGEMENT SERVICES LIMITED

&

ITS SHAREHOLDERS AND CREDITORS

AND

RELIANCE INDUSTRIES LIMITED

&

ITS SHAREHOLDERS AND CREDITORS

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

(A) PREAMBLE

This Scheme *(as defined hereinafter)* is pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act *(as defined hereinafter)* and provides for the demerger, transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company (*as defined hereinafter*) into the Resulting Company (*as defined hereinafter*) on a *going concern* basis in accordance with the provisions of Section 2(19AA) of the Income Tax Act (*as defined hereinafter*). The Scheme also provides for various other matters consequent and incidental thereto.

(B) DESCRIPTION OF COMPANIES

1. **Reliance Projects & Property Management Services Limited** is a company incorporated under the provisions of the Act (hereinafter referred to as "**RPPMSL**" or "**Demerged Company**"). RPPMSL provides to group entities and third parties, support services including IT/ITES, manpower, engineering, procurement, project management and commissioning ("**EPC**") & related services for physical and digital infrastructure relating to digital and retail business and Infrastructure services and property management services. RPPMSL is a wholly owned subsidiary of RIL (*as defined hereinafter*).

2. **Reliance Industries Limited** is a company incorporated under the provisions of the Companies Act, 1956 (hereinafter referred to as "**RIL**" or "**Resulting Company**"). RIL *inter alia*, has multiple undertakings *viz.*, digital services, retail, financial services, advanced materials and composites, renewables (solar and hydrogen), exploration & production and oil-to-chemicals. The equity shares and non-convertible debentures of RIL are listed on BSE Limited and National Stock Exchange of India Limited. The global depository receipts of RIL are listed on Luxembourg Stock Exchange and are traded on the International Order Book (IOB) (London Stock Exchange) and amongst qualified institutional investors on the over-the-counter (OTC) market in the United States of America. The foreign currency bonds of RIL are listed on the Singapore Exchange Limited, Luxembourg Stock Exchange and India International Exchange (IFSC) Limited.

(C) RATIONALE FOR THE SCHEME

1. The Resulting Company has decades of experience in executing some of the largest & complex projects in the world and has a strong team of ~ 4,000 engineers with proven expertise across EPC business for its oil to chemicals vertical. The Demerged Company has built capabilities in EPC and infrastructure services for the digital business. It is proposed to demerge the Demerged Undertaking (as defined hereinafter) from the Demerged Company to the Resulting Company to aggregate and synergize engineering capabilities and expertise of the group.

2. The Scheme will result in the following benefits:

   (a) Consolidate EPC capabilities in the Resulting Company;

   (b) To execute EPC services in a cost-efficient manner, leading to a long-term value creation; and

   (c) Pooling of resources and expertise of the Demerged Company with that of the Resulting Company.

3. The Scheme is in the interest of the Demerged Company and the Resulting Company and their respective stakeholders.

(D) PARTS OF THE SCHEME

The Scheme is divided into the following parts:

1. **PART I** deals with the definitions, share capital of the Parties (*as defined hereinafter*) and date of taking effect and implementation of this Scheme;

2. **PART II** deals with the demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company on a *going concern basis*; and

3. **PART III** deals with the general terms and conditions applicable to this Scheme.

PART I

DEFINITIONS, SHARE CAPITAL OF THE PARTIES AND DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

1. DEFINITIONS

1.1 In this Scheme, (i) capitalised terms defined by inclusion in quotations and/ or parenthesis shall have the meanings so ascribed; and (ii) the following expressions shall have the meanings ascribed hereunder:

"Act" means the Companies Act, 2013;

"Applicable Law" or **"Law"** means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, enactments, laws (including the common law), bye-laws, codes, notifications, rules, regulations, policies, guidelines, circulars, clearances, approvals, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Parties; (b) Permits; and (c) orders, decisions, writs, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties, in each case having the force of law and that is binding or applicable to a person, as may be in force from time to time;

"Appointed Date" means close of business hours of December 31, 2022 or such other date as may be approved by the Boards of the Parties;

"Appropriate Authority" means:

(a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative sub-division thereof) and any department, ministry, agency, instrumentality, court, tribunal, central bank, commission or other authority thereof; and

(b) any governmental, quasi-governmental or private body or agency lawfully exercising or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, statutory, licensing, competition, Tax, importing, exporting or other governmental or quasi-governmental authority including without limitation, the Tribunal.

"Board" in relation to a Party means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors;

"Demerged Company" means Reliance Projects & Property Management Services Limited, a company incorporated under the provisions of the Act and having corporate identity number U72501GJ2019PLC108755 and registered office at Office-101, Saffron, Near Centre Point, Panchwati 5 Rasta, Ambawadi, Ahmedabad – 380006, Gujarat, India;

"Demerged Undertaking" means the Digital EPC & Infrastructure Business together with all business units, undertakings, assets, properties, investments (direct and indirect), and liabilities of whatsoever nature and kind, and wherever situated, of the Demerged Company, in relation to and pertaining to the Digital EPC & Infrastructure Business. Without prejudice to the generality of the provisions of the foregoing, the Demerged Undertaking shall include:

(a) all properties and assets of the Demerged Company, including all movable or immovable, freehold, leasehold or licensed, tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, but not limited to plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits, provisions, advances, recoverables, receivables, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, security deposits, or other entitlements, funds, powers, authorities, licences, registrations, quotas, allotments, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Demerged Company with respect to the Digital EPC & Infrastructure Business;

(b) Demerged Undertaking Liabilities;

(c) all contracts, agreements, schemes, arrangements and any other instruments for the purpose of carrying on the business of the Digital EPC & Infrastructure Business;

(d) all Permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, pertaining to the Digital EPC & Infrastructure Business;

(e) all tax credits, refunds, reimbursements, claims, concessions, exemptions, benefits under Tax Laws including sales tax deferrals advance taxes, tax deducted/ collected at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, deferred tax assets, minimum alternate tax credit, goods and service tax credit, deductions and benefits under the Income Tax Act or any other Taxation statute or Applicable Law enjoyed by the Demerged Company with respect to the Digital EPC & Infrastructure Business;

(f) entire experience, credentials, past record and market share of the Demerged Company pertaining to the Digital EPC & Infrastructure Business;

(g) all books, records, files, papers, engineering and process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Digital EPC & Infrastructure Business; and

(h) all employees (including graduate trainees) and contract workers employed in the conduct of the Digital EPC & Infrastructure Business.

Any question that may arise as to whether a specific asset (tangible or intangible) or liability or employee pertains or does not pertain to the Demerged Undertaking shall be decided mutually by the Boards of the Demerged Company and the Resulting Company;

"Demerged Undertaking Liabilities" means the liabilities as defined in Clause 4.7 of the Scheme;

"Digital EPC & Infrastructure Business" means the Demerged Company's business of designing, building and/ or maintaining the physical & digital infrastructure which includes EPC services and provision of telecommunication infrastructure, digital and other ancillary and support services along with Infrastructure services;

"Effective Date" means the last of the dates on which the Tribunal, sanctions the Scheme.

Reference in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** or **"effect of this Scheme"** or **"upon the Scheme becoming effective"** shall mean the Effective Date;

"Income Tax Act" means the Income-tax Act, 1961;

"Parties" means collectively the Demerged Company and the Resulting Company and **"Party"** shall mean each of them, individually;

"Permits" means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under the Applicable Law;

"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;

"Remaining Undertaking" means all the business, units, divisions, undertakings, and assets and liabilities of the Demerged Company other than the Demerged Undertaking;

"Resulting Company" means Reliance Industries Limited, a company incorporated under the provisions of the Companies Act, 1956 and having corporate identity number L17110MH1973PLC019786 and registered office at 3rd Floor, Maker Chamber IV, 222 Nariman Point, Mumbai – 400021, Maharashtra, India;

"RoC" means the relevant jurisdictional Registrar of Companies having jurisdiction over the Demerged Company and the Resulting Company, as the case may be;

"Rs" or **"Re"** or **"Rupee(s)"** means Indian Rupee, the lawful currency of the Republic of India;

"Scheme" means this scheme of arrangement as modified from time to time;

"Tax Laws" means all the Applicable Law dealing with Taxes including but not limited to income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, excise duty, customs duty or any other levy of similar nature;

"Taxation" or **"Tax"** or **"Taxes"** means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to any of the Parties and all penalties, charges, costs and interest relating thereto; and

"Tribunal" means the relevant bench of the National Company Law Tribunal having jurisdiction over the Demerged Company and the Resulting Company, as the case may be.

1.2 In this Scheme, unless the context otherwise requires:

1.2.1 words denoting the singular shall include the plural and *vice versa*;

1.2.2 headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are for information and convenience only and shall be ignored in construing the Scheme;

1.2.3 all terms and words not defined in this Scheme shall unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them under the Act, Income Tax Act, or any other Applicable Law, rules, regulations, bye laws, as the case may be including any statutory modification or re-enactment thereof from time to time; and

1.2.4 reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder.

2. SHARE CAPITAL

2.1 The share capital of the Demerged Company as on October 21, 2022 is as follows:

Particulars	Rs.
Authorised Share Capital	
10,00,20,000 equity shares of Rs 10 each	100,02,00,000
1005,90,00,000 preference shares of Rs 10 each	10059,00,00,000
Total	**10159,02,00,000**
Issued, subscribed and paid-up capital	
10,00,00,000 equity shares of Rs 10 each fully paid	100,00,00,000
979,52,40,000 – 0.01% non-cumulative optionally convertible preference shares of Rs 10 each	**9795,24,00,000**
Total	**9895,24,00,000**

2.2. The share capital of the Resulting Company as on October 21, 2022 is as follows:

Particulars	Rs.
Authorised share capital	
1400,00,00,000 equity shares of Rs 10 each	14000,00,00,000
100,00,00,000 preference shares of Rs 10 each	1000,00,00,000
Total	**15000,00,00,000**
Issued and subscribed share capital	
676,59,94,014 equity shares of Rs 10 each	6765,99,40,140
Total	**6765,99,40,140**
Paid-up share capital	
676,53,73,111 equity shares of Rs 10 each fully paid-up	6765,37,31,110
3,41,236 equity shares of Rs 10 each (Rs 2.5 paid-up)	853,090
2,79,667 equity shares of Rs 10 each (Rs 5 paid-up)	13,98,335
Total	**6765,59,82,535**

The Resulting Company has outstanding employee stock options under its existing stock option scheme, the exercise of which may result in an increase in the issued, subscribed and paid-up share capital the Resulting Company. Further, payment of call money by the shareholders holding partly paid equity shares will result in increase in paid up share capital of the Resulting Company.

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme in its present form or with any modification(s) made as per Clause 18 of this Scheme, shall become effective from the Appointed Date but shall be operative from the Effective Date.

PART II

DEMERGER OF THE DEMERGED UNDERTAKING FROM THE DEMERGED COMPANY TO THE RESULTING COMPANY AND OTHER RELATED MATTERS

4. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

4.1 Upon coming into effect of the Scheme, with effect from the Appointed Date and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, all assets, Permits, contracts, liabilities, loan, duties and obligations of the Demerged Undertaking shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company on a going concern basis, so as to become as and from the Appointed Date, the assets, Permits, contracts, liabilities, loan, duties and obligations of the Resulting Company by virtue of operation of law, and in the manner provided for in this Scheme.

The demerger proposed under the Scheme complies with the definition of "demerger" under Section 2 (19AA) and other provisions of the Income Tax Act. If any terms of this Scheme are found to be or interpreted to be inconsistent with the provisions of the Income Tax Act, then this Scheme shall be modified by the Board to be in compliance with Section 2 (19AA) of the Income Tax Act.

4.2 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable in nature (including but not limited to all intangible assets) or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Demerged Company to the Resulting Company upon coming into effect of this Scheme and shall, ipso facto and without any other or further order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same. The transfer pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or recordal, pursuant to this Scheme, as appropriate to the property being transferred, and title to the property shall be deemed to have been transferred accordingly.

4.3 With respect to the moveable assets of the Demerged Undertaking other than those referred to in Clause 4.2 above, including all rights, titles and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of the Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required.

4.4 In respect of such of the assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether or not included in the books of the Demerged Company, including rights, interests and easements in relation thereto, the same shall stand transferred to the Resulting Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Demerged Company and/or the Resulting Company.

4.5 For the avoidance of doubt and without prejudice to the generality of Clause 4.4 above and Clause 4.6 below, it is clarified that, with respect to the immovable properties comprised in the Demerged Undertaking in the nature of land and buildings, the Demerged Company and the Resulting Company shall register the true copy of the order of the Tribunal approving this Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt,

it is clarified that any document executed pursuant to this Clause 4.5 or Clause 4.6 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any part of the Demerged Undertaking takes place and the Demerged Undertaking shall be transferred solely pursuant to and in terms of this Scheme and the order of the Tribunal sanctioning this Scheme.

4.6 Notwithstanding anything contained in this Scheme, with respect to the immovable properties comprised in the Demerged Undertaking in the nature of land and buildings situated in states other than the state of Maharashtra and Gujarat, whether owned or leased, for the purpose of, *inter alia,* payment of stamp duty and transfer to the Resulting Company, if the Resulting Company so decides, the Demerged Company and the Resulting Company, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under the Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme.

4.7 Upon effectiveness of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking (**"Demerged Undertaking Liabilities"**) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company. The term "Demerged Undertaking Liabilities" shall include:

4.7.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;

4.7.2 the specific loans or borrowings (including, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and

4.7.3 in cases other than those referred to in Clauses 4.7.1 or 4.7.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.

However, Tax liabilities and Tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date in relation to the Demerged Undertaking shall not be transferred as part of the Demerged Undertaking to the Resulting Company.

4.8 Post the Effective Date, the Demerged Company may, at the request of the Resulting Company, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, or deposit, contracts or policies relating to the Demerged Undertaking stands transferred to the Resulting Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes.

4.9 In so far as encumbrances, if any, in respect of the Demerged Undertaking Liabilities, such encumbrance shall, without any further act, instrument or deed being required to be taken or modified, be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been encumbered in respect of the Demerged Undertaking Liabilities as transferred to the Resulting Company pursuant to this Scheme. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the encumbrance over such assets relating to any loans, liabilities, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which continue with the Demerged Company shall without any further act, instrument or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities. The Demerged Company shall provide such other security that may be agreed between the Demerged Company and the respective lenders having the encumbrance. In so far as the assets comprising the Remaining Business are concerned, the encumbrance, if any, over such assets pertaining to the Demerged Undertaking Liabilities is concerned, shall without any further act, instrument or deed being required, be released and the discharged from the encumbrances relating to the same. The Resulting Company may provide such other security that may be agreed between the Resulting Company and the respective lenders having the encumbrance. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.

4.10 Subject to Clause 4 and any other provisions of this Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

4.11 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Demerged Company and are in relation to or in connection with the Demerged Undertaking, shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.

4.12 Permits, including the benefits attached thereto of the Demerged Company, in relation to the Demerged Undertaking, shall be transferred to the Resulting Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Demerged Company to carry on the operations of the Demerged Undertaking without any hindrance, whatsoever.

4.13 Contracts in relation to the Demerged Undertaking, where the Demerged Company is a party, shall stand transferred to the Resulting Company pursuant to the Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer shall not affect the operation of the foregoing sentence. The Demerged Company and the Resulting Company shall, wherever necessary, enter into and/or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.

4.14 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 4 and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all acts, deeds and things as may be required, including executing necessary confirmatory deeds for filing with the trademark registry and Appropriate Authorities, filing of necessary particulars and/ or modification(s) of charge with the concerned RoC or filing of necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to this Scheme. The Demerged Company shall take such actions as may be necessary to get the assets pertaining to the Demerged Undertaking transferred to and registered, in the name of the Resulting Company, as per the Applicable Law.

4.15 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act, in respect of this Scheme by the Tribunal, the Resulting Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company, in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company, in relation to the Demerged Undertaking is and shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all Taxes and charges and fulfil all obligations in relation to or applicable to all immovable properties including mutation and/or substitution of the ownership or the title to or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authorities in favour of the Resulting Company pursuant to the sanction of this Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Resulting Company. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/or substitution.

5. EMPLOYEES

5.1 With effect from the Effective Date, all employees of the Demerged Company engaged in or in relation to the Demerged Undertaking shall become the employees of the Resulting Company on terms and conditions no less favourable than those on which they are engaged by the Demerged Company and without any interruption in service.

5.2 The accumulated balances, if any, standing to the credit in favour of the aforesaid employees in the existing provident fund, gratuity fund, superannuation fund and any other fund of which they are members, as the case may be, will be transferred to the respective funds of the Resulting Company set-up in accordance with the Applicable Law and caused to be recognized by the Appropriate Authorities or to the funds nominated by the Resulting Company. Pending the transfer as aforesaid, the dues of the said employees would continue to be deposited in the existing provident fund, gratuity fund, superannuation fund and other fund respectively of the Demerged Company.

6. LEGAL PROCEEDINGS

6.1 Upon coming into effect of this Scheme, all demands, claims, show cause notices, suits, actions, administrative proceedings, tribunals proceedings, legal and other dispute resolution proceedings of whatsoever nature (except proceedings under the Income Tax Act) by or against the Demerged Company pending on the Effective Date relating to the Demerged Undertaking 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 Resulting Company with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings and shall prosecute or defend all such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.

6.2 The Resulting Company undertakes to have all legal and other proceedings (except proceedings under the Income Tax Act) initiated by or against the Demerged Company referred to in Clause 6.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. Both the Parties shall make relevant applications and take all steps as may be required in this regard.

6.3 Notwithstanding anything contained hereinabove, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority (except proceedings under the Income Tax Act), in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in its place in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

7. CONSIDERATION

The Demerged Company is a wholly owned subsidiary of the Resulting Company and therefore there shall be no issue of shares as consideration for the transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company.

8. ACCOUNTING TREATMENT

The Demerged Company and the Resulting Company shall comply with generally accepted accounting principles in India, provisions of the Act and accounting standards as notified by the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in relation to the transactions in the Scheme including but not limited to the following:

8.1 **In the books of the Demerged Company**

With effect from the Appointed Date and upon Part II of the Scheme coming into effect, the Demerged Company shall account for the demerger in its books of account in the following manner:

8.1.1 The Demerged Company shall de-recognize the carrying values of (i) assets; (ii) liabilities; and (iii) reserves/ retained earnings of the Demerged Undertaking, to the extent identified and being transferred to the Resulting Company pursuant to this Scheme in accordance with the de-recognition related stipulations contained in the relevant Indian Accounting Standards; and

8.1.2 The net amount so de-recognized shall be adjusted to the following accounts sequentially, (i) securities premium account; and (ii) preference share capital account.

8.2 **In the books of the Resulting Company**

With effect from the Appointed Date and upon the Scheme coming into effect, the Resulting Company shall account for the demerger in its books of account in the following manner:

8.2.1 The Resulting Company shall record all assets, liabilities and reserves/retained earnings, if any, of the Demerged Undertaking to the extent identified and transferred to it in pursuance of this Scheme at their respective book values appearing in the books of the Demerged Company;

8.2.2 The difference, if any, between (A) the book value of (i) assets, (ii) liabilities and (iii) reserves/retained earnings, if any, to be recorded in the books of the Resulting Company and (B) the amount to be adjusted to investment held by the Resulting Company in the Demerged Company pursuant to the reduction in (i) securities premium account; and (ii) preference share capital account by the Demerged Company, under clause 9.1 of the Scheme, shall be adjusted in the capital reserve;

8.2.3 If the accounting policies adopted by the Resulting Company are different from those adopted by the Demerged Company, the assets, liabilities and reserves/retained earnings of the Demerged Undertaking shall be accounted in the books of the Resulting Company adopting uniform accounting policies consistent with the Companies (Indian Accounting Standards) Rules, 2015; and

8.2.4 Any change effected in the book value of the assets, liabilities and reserves/retained earnings of the Demerged Undertaking pursuant to clause 8.2.3 above, shall be adjusted in the capital reserve account in the books of the Resulting Company with appropriate disclosures as required under Indian Accounting Standard – 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

9. ANCILLARY PROVISIONS

9.1 Pursuant to various clauses in this Scheme, the Demerged Company may be required to adjust (i) securities premium account; and (ii) preference share capital account. After adjusting the securities premium account, the balance amount shall be rounded down to the nearest multiple of ten and such amount shall be adjusted against the preference share capital account of the Demerged Company. Upon such adjustment, the preference shares of the Demerged Company representing the amount adjusted shall be cancelled in the order of their issuance. After adjustment to the securities premium account and preference share capital account in accordance with this clause, any remaining debit amount shall be adjusted in the capital reserve of the Demerged Company. Prior to giving effect of Clause 8, debit balance, if any, in the retained earnings of the Demerged Undertaking shall be adjusted against the balance in the capital reserve of the Demerged Undertaking, to the extent available.

9.2 The amount so adjusted to the securities premium account, preference share capital account and/or capital reserve account shall result in reduction of share capital of the Demerged Company and the same shall be effected pursuant to Sections 230 to 232 of the Act and as an integral part of the Scheme.

9.3 It is clarified that the approval of the members of the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the reduction of the share capital of the Demerged Company under applicable provisions of the Act.

9.4 Notwithstanding the reduction in the share capital of the Demerged Company, the Demerged Company shall not be required to add 'And Reduced' as suffix to its name.

10. VALIDITY OF EXISTING RESOLUTIONS, ETC.

10.1 Upon the coming into effect of this Scheme, the resolutions/ power of attorney executed by the Demerged Company in relation to the Demerged Undertaking, as the case may be, as considered necessary by the Board of the Demerged Company in relation to the Demerged Undertaking that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Resulting Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then said limits as are considered necessary by the Board of the Demerged Company shall be added to the limits, if any, under like resolutions passed by the Resulting Company, and shall constitute the aggregate of the said limits in the Resulting Company.

10.2 In terms of Regulation 23 read with Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"LODR Regulations"**), the Resulting Company has taken approval of its shareholders for the related party transaction(s) (as defined in LODR Regulations) between the Demerged Company and its related parties with respect to the business of the Demerged

Undertaking. Upon effectiveness of the Scheme, the Resulting Company will step into the shoes of the Demerged Company with respect to such related party transaction(s) and shall become party on the same terms and conditions. As an integral part of this Scheme, the approval of the shareholders of the Resulting Company for such related party transaction(s) shall be deemed to be the approval, for the Resulting Company to be party to such related party transaction(s) on and with effect from the Appointed Date.

11. REMAINING BUSINESS OF THE DEMERGED COMPANY

11.1 The Remaining Undertaking shall continue to belong to and be owned and managed by the Demerged Company. The Demerged Company shall continue to be liable to perform and discharge all its liabilities and obligations in relation to the Remaining Undertaking and the Resulting Company shall not have any liability or obligation in relation to the Remaining Undertaking.

11.2 If the Resulting Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Remaining Undertaking, the Resulting Company shall take all such steps in the proceedings before the Appropriate Authority to substitute the Resulting Company with the Demerged Company. However, if the Resulting Company is unable to get the Demerged Company so substituted in such proceedings, the Resulting Company shall defend the same or deal with such demand in accordance with the advice of the Demerged Company and at the cost of the Demerged Company and the latter shall reimburse the Resulting Company, against all liabilities and obligations incurred by or against the Resulting Company, in respect thereof.

12. TAXES, DUTIES & CESS

12.1 If the Demerged Company is entitled to any unutilized credits (including accumulated losses and unabsorbed depreciation), advance tax, tax deduction at source, tax collection at source, benefits under the state or central fiscal / investment incentive schemes and policies or concessions relating to the Demerged Undertaking under any Tax Law or Applicable Law, the Resulting Company shall be entitled, as an integral part of this Scheme, to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission and such benefit or incentives or unutilised credits, as the case may be, shall be available for utilisation to the Resulting Company in accordance with the Applicable Law.

12.2 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of this Scheme. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid subsequent to the Appointed Date.

PART III

GENERAL TERMS & CONDITIONS

13. SAVING OF CONCLUDED TRANSACTIONS

Nothing in this Scheme shall affect any transaction or proceedings already concluded or liabilities incurred by the Demerged Company in relation to the Demerged Undertaking until the Effective Date to the end and intent that the Resulting Company shall accept and adopt all acts, deeds and things done and executed by the Demerged Company in relation to the Demerged Undertaking in respect thereto as done and executed on behalf of the Resulting Company.

14. BUSINESS UNTIL EFFECTIVE DATE

14.1 With effect from the date of approval of the Scheme by the respective Boards of the Parties and up to and including the Effective Date:

14.1.1 The Demerged Company shall carry on the business of the Demerged Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto; and

14.1.2 The Resulting Company shall be entitled, pending the sanction of this Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Resulting Company may require to carry on the relevant business that is being transferred and vested in terms of this Scheme.

14.2 The Demerged Company in relation to the Demerged Undertaking, with effect from the Appointed Date and up to and including the Effective Date:

14.2.1 shall be deemed to have been carrying on and shall carry on its businesses and activities and shall hold and stand possessed of the assets for and on account of, and in trust for the Resulting Company;

14.2.2 all profits or income arising or accruing to the Demerged Company in relation to the Demerged Undertaking and all Taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, dividend distribution tax, securities transaction tax, Taxes withheld/paid in a foreign country, etc.) or losses arising or incurred by the Demerged Company shall, be treated as and deemed to be the profits or income, taxes or losses of the Resulting Company, as the case may be; and

14.2.3 all loans raised and all liabilities and obligations incurred by the Demerged Company in relation to the Demerged Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company, respectively in which it shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also, without any further act, instrument or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company, as the case maybe.

15. FACILITATION PROVISIONS

15.1 For demerger of the Demerged Undertaking, the Demerged Company is permitted to align its businesses with that of the Resulting Company and remeasure its assets and/or liabilities, the effect of which shall be adjusted against the retained earnings of the Demerged Undertaking.

15.2 The treatment effected in the books of the Demerged Company pursuant to the Scheme shall mutatis mutandis be reflected in the consolidated financial statements of the Resulting Company as per the requirement of section 129 of the Act.

15.3 If any convertible debt instruments issued by the Demerged Company are transferred as part of the Demerged Undertaking, and if the holder of the aforesaid instrument is a subsidiary of the Resulting Company, then the aforesaid convertible debt instruments shall cease to be convertible and shall be recorded as debt in the books of the Resulting Company. The Resulting Company shall at its option offset/ adjust all or part of the aforesaid debt against any receivable/ investment by the Resulting Company from such subsidiary.

16. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, on or after the Effective Date, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Company in relation to the Demerged Undertaking is transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority, regulatory bodies or otherwise, in favour of the Resulting Company, the Resulting Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the Parties, the Demerged Company will continue to hold the property and/or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, in trust for and on behalf of the Resulting Company.

17. APPLICATIONS/ PETITIONS TO THE TRIBUNAL

The Parties shall make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

18. MODIFICATION OR AMENDMENTS TO THIS SCHEME

18.1 The Board of the Parties acting jointly may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. Any modification or amendment to the Scheme by the Board of the Parties pursuant to this Clause 18.1 shall not require any further approval/ consent from the shareholders and/ or creditors if the shareholders/ creditors have already approved/ consented to the Scheme. The Board of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.

18.2 For the purposes of giving effect to this Scheme, the Board of either of the Parties may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme and duly approved by the Tribunal.

19. WITHDRAWAL OF THIS SCHEME

The Board of the Parties acting jointly shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.

20. COSTS AND EXPENSES

All costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) of the Parties, respectively in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/ or incidental to the completion of this Scheme shall be paid by the Resulting Company.