SCHEME OF AMALGAMATION

OF

HINDOOSTAN TECHNICAL FABRICS LIMITED

WITH

HINDOOSTAN MILLS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 391 To 394 OF THE COMPANIES ACT, 1956

This Scheme of Amalgamation provides for the amalgamation of **HINDOOSTAN TECHNICAL FABRICS LIMITED** with **HINDOOSTAN MILLS LIMITED** pursuant to the provisions of Section 391 to 394 and other relevant provisions of the Companies Act, 1956. This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

1 RATIONALE FOR THE SCHEME

This Scheme of Amalgamation of Hindoostan Technical Fabrics Limited with Hindoostan Mills Limited is presented by Hindoostan Mills Limited and the business of Hindoostan Technical Fabrics Limited can be conveniently combined with Hindoostan Mills Limited.

Further, Hindoostan Mills Limited (HML) is engaged in the business of textile manufacturing revolve around open end spinning of cotton yarns and weaving of cotton and cotton blended products comprising cotton woven, synthetic blended fabrics and cotton yarn in its textiles manufacturing division and cotton rolls, wool paper rolls, flax paper rolls, Laxmi Helextra Squeezing Rolls etc., in its calendar bowl manufacturing division whereas, Hindoostan Technical Fabrics Limited (HTFL) is in the business of manufacturing the highest quality composite woven fabrics from Carbon Fiber and Para Aramide in India. Its products include

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Balanced, Uni-directional and other customized fabrics in a variety of widths, areal weights, styles and fiber combinations. The amalgamation will result into operational synergies, increase in the profitability and reduction in the administrative cost which will benefit shareholders, creditors and all concerned parties. The amalgamation of the Transferor Company as defined herein below with the Transferee Company would *inter alia* have the following benefits:

1.1 The proposed scheme will result in formation of a larger company which would result in maximizing overall shareholder value.

1.2 The Transferor Company and the Transferee Company are companies within the same group of Companies. The proposed Scheme would strengthen and consolidate the position of the Transferee Company, greater flexibility to market and meet customer needs and will be able to compete more effectively, thus further strengthening its market position and to develop and concentrate on the core competency of the promoters in textile and manufacturing activities.

1.3 HML and HTFL both are carrying on the business which is complimentary to each other. With a view to take advantage of consolidation in current competitive environment, which would result in benefits from economies of scale of operations and increased market share, it is proposed to consolidate operations and amalgamate HTFL with HML.

1.4 The existence of independent companies at times result in duplication of efforts and the integration and combination of such businesses will lead to greater and optimal utilization of resources. The amalgamation would, therefore, enable the Transferee Company to increase operations and confer a competitive advantage on the entire business. With integrated processes, the Transferee Company can achieve higher scales of operation.

1.5 The proposed scheme will result in reduction of overheads and other expenses, reduction in administrative and procedural work, eliminate duplication of work, transaction cost, better and more productive utilization of various resources and

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will enable the undertakings concerned to effect internal economies and optimize productivity.

1.6 The proposed scheme will contribute in furthering and fulfilling the objects of the companies concerned and enabling the optimum growth and development of their combined businesses.

1.7 The amalgamation will enable the companies to pool in their financial, managerial, technical and other resources and use the financial, managerial, technical and marketing and distribution expertise of each other.

In view of the aforesaid, the Board of Directors of the Transferor Company as well as the Board of Directors of the Transferee Company have considered and proposed, vide resolutions dated 18th March, 2014, the amalgamation of the entire undertaking and business of the Transferor Company with the Transferee Company in order to benefit the stakeholders of the Transferor Company and the Transferee Company. 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 the Transferor Company with and into the Transferee Company pursuant to the provisions of Section 391 to Section 394 and other relevant provisions of the Act.

2 DEFINITIONS:

In this Scheme, unless repugnant to the context, the following expressions shall have the meanings respectively set out before them:

i. **"Act"** means the Companies Act, 1956 and shall include any statutory modification(s), re-enactment or amendment(s) thereof.

ii. **"Act 2013"** means the Companies Act, 2013 and shall include any statutory modification(s), re-enactment or amendment(s) thereof.

iii. **"Amalgamation"** means the amalgamation as specified under Section 2(1B) of the Income-Tax Act, 1961.

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iv. **"Appropriate Authority"** means any governmental, statutory, regulatory, departmental or public body or authority, including Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed, Registrar of Companies, Regional Director, The Official Liquidator, National Company Law Tribunal and Courts of Relevant Jurisdiction.

v. **"The Appointed Date"** means opening business hours of 1st April, 2013 or such other date as may be directed or imposed by the High Court or such other competent authority, as may be applicable.

vi. **"Effective Date" or "coming into effect of this Scheme" or "upon the Scheme becoming effective"** means the last date on which all necessary orders, consents, sanctions, approvals, as the case may be, required under the law or otherwise, to be passed or obtained are so passed or obtained and necessary certified copies of the orders of the Hon'ble High Court and / or National Company Law Tribunal under section 391 to 394 of the Act are filed with the Registrar of Companies, Maharashtra, Mumbai.

vii. **"High Court"** means the Hon'ble High Court of Judicature at Bombay or such other succeeding authority (ies) as may be constituted under law.

viii. **"HML" or "the Transferee Company"** means Hindoostan Mills Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at "Sir Vithaldas Chambers, 16, Mumbai Samachar Marg, Mumbai – 400 001".

ix. **"HTFL" or "the Transferor Company"** means Hindoostan Technical Fabrics Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at "Sir Vithaldas Chambers, 16, Mumbai Samachar Marg, Mumbai – 400 001".

x. **"The Undertaking"** shall mean and include the entire business and undertaking of the Transferor Company as a going concern and shall include (without limitation):

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a. All the assets and properties of the Transferor Company (hereinafter referred to as "the said assets");

b. All the debts, liabilities, duties and obligations of the Transferor Company including contingent liabilities (hereinafter referred to as "the said liabilities");

c. all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, privileges, income tax benefits and exemptions including the right to deduction under Section 72A and any other exemptions as available under the Income Tax Act, 1961(or any statutory modification or re-enactment thereof for the time being in force) in respect of the carried forward and set off of losses of the undertaking, all other rights including sales tax deferrals and exemptions and other benefits, receivables and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts, customer contracts and arrangements and all other interests in connection with or relating to the Transferor Company;

d. Without prejudice to the generality of sub-clause (a) above, the Undertaking of the Transferor Company shall include the movable and immovable properties including building, plant and machinery, including equipments, furniture, fixtures, vehicles, leasehold assets, computer software, computer hardware and other properties, real corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, amounts lying in the banks to the credit of the Transferor Company, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts/customer contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, brands, sub-letting tenancy rights, with or without the consent of the landlord as may be required by law, goodwill, other intangibles, permits, authorisations, trade marks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and rights of any

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nature whatsoever including know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc. all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions and approvals of whatsoever nature including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, unutilized deposits or credits, brought forward accumulated tax losses, unabsorbed depreciation, etc, benefits under the VAT/Sales Tax Act, VAT/sales tax set off, unutilized deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Transferor Company.

xi. **"Scheme"** means this Scheme of Amalgamation of the Transferor Company with the Transferee Company in its present form or with any modification(s) approved or directed by the Hon'ble High Court of Judicature at Bombay.

xii. **"Subsidiary"** means a subsidiary of Hindoostan Mills Limited under Section 2(87) of the Act 2013.

3 OPERATIVE DATE:

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court shall take effect from the Appointed Date but shall be operative from the Effective Date.

4 BACKGROUND:

4.1 Hindoostan Mills Limited, the Transferee Company was incorporated under the Indian Companies Act, 1882, under the name and style of "The Sirdar Carbonic

Gas Company Limited" and obtained a Certificate of Incorporation No. 195 dated 12th May, 1904 from the office of Registrar of Companies, Maharashtra, Mumbai. The name of the company has been changed to its existing name i.e. "Hindoostan Mills Limited" pursuant to the Scheme of Amalgamation of The Hindoostan Spinning and Weaving Mills Limited with The Sirdar Carbonic Gas Company Limited sanctioned by the Hon'ble High Court, Bombay on 01st April, 2011 and obtained a fresh certificate of incorporation consequent upon change of name dated 24th Day of May, 2011 from the Registrar of Companies, Maharashtra, Mumbai.

The Transferee Company is a listed Company and its shares are listed on the BSE Limited (BSE)

4.2 The Authorized, Issued, subscribed and Paid up Share Capital of HML as on 31st March, 2013 and as on date is as under:

Authorized Share Capital :	**Amount(Rs.)**
2,27,67,500 Equity Shares of Rs.10/- each	22,76,75,000
2500 5% Redeemable Cumulative "A" Preference Shares of Rs.10/- each	25000
7,80,000 15% Non convertible Redeemable Non cumulative Preference Shares of 10/- each	78,00,000
1,00,00,000 Preference Shares of Rs.10/- each	10,00,00,000
TOTAL	**33,55,00,000**
Issued, Subscribed and Paid Up Capital:	
16,64,548 Equity Shares of Rs.10/- each *[Out of the above: 9,58,708 Equity Shares of Rs.10/- each were allotted as fully paid to the shareholders of the erstwhile The Hindoostan Spinning And Weaving Mills Limited pursuant to the Scheme of Amalgamation approved by the High Court, Bombay on 01st April, 2011]*	1,66,45,480
TOTAL	**1,66,45,480**

4.3 Hindoostan Technical Fabrics Limited, The Transferor Company was originally incorporated on 8th day of July, 2010 in Mumbai under the name and style of "Hindoostan Technical Fabrics Limited". The Company has obtained a certificate

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for commencement of business from the Registrar of Companies, Maharashtra, Mumbai vide its certificate dated 30th September, 2010.

4.4 The Authorized, Issued and Subscribed Paid up Share Capital of HTFL as on 31st March, 2013 is as under:

Authorised Share Capital	**Amount(Rs.)**
5,00,000 Equity Shares of Rs.10/- each	50,00,000
TOTAL	**50,00,000**
Issued, Subscribed & Paid-up Share Capital	
50,000 Equity Shares of Rs.10/- each	5,00,000
TOTAL	**5,00,000**

Notes:-

4.4.1 The shareholders, pursuant to the provisions of Section 16, 94 and other applicable provisions if any of the Companies Act, 1956 have passed a resolution on 12th July, 2013 for increasing its Authorized Share Capital from Rs. 50 lacs to Rs. 5 crores.

4.4.2 The Board of Directors at their meeting held on 21st October, 2013 have allotted 29,50,000 Equity Shares of Rs.10/- each aggregating to Rs. 295 lacs to Hindoostan Mills Limited, the Transferee Company.

4.4.3 Accordingly the present Authorized, Issued, Subscribed and Paid up Capital of HTFL is as under:

Authorised Capital	**Amount(Rs.)**
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000
TOTAL	**5,00,00,000**
Issued, Subscribed and Paid Up Capital	
30,00,000 Equity Shares of Rs.10/- each fully paid up	3,00,00,000
TOTAL	**3,00,00,000**

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4.5 The entire paid-up Equity Share Capital of the Transferor Company is held by the Transferee Company and its nominee(s) and therefore the Transferor Company is wholly owned subsidiary of the Transferee Company.

5 VESTING OF AN UNDERTAKING:

5.1 Upon the coming into effect of the Scheme, the Undertaking of the Transferor Company shall without any further act, instrument or deed be merged and transferred to and vested in or be deemed to have been transferred to and vested as a going concern in the Transferee Company pursuant to the applicable provisions of the Act on and from the Appointed Date.

5.2 Notwithstanding what is stated in clause (5.1) above, it is expressly provided that such of the estates and assets forming part of the Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery of the same shall be so transferred by the Transferor Company to the Transferee Company without any further act or execution of an instrument as on the Appointed Date.

5.3 In respect of the rights, titles, and interest including benefits, entitlements, provisions, concessions, remissions, accretions and appurtenances of the Transferor Company prior to the Appointed Date and/ or thereafter up to the Effective Date, including cash and bank balances, as are movable in nature or are otherwise capable of transfer by manual delivery, payment or by endorsement and delivery, shall be so transferred, without any further act or execution of an instrument by the Transferor Company, and shall become the property as an integral part of the Transferee Company.

5.4 The Transferee Company may, at any time after the coming into effect of the Scheme in accordance with the provision thereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of Unsecured creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which the Transferor Company are parties or any writings that 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,

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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 compliance referred to above, or part of the Transferor Company to be carried out or performed.

5.5 All assets acquired by the Transferor Company after the Appointed Date and prior to the Effective Date shall also stand transferred to and vested in the Transferee Company.

6 TRANSFER OF LIABILITY

6.1 On and from the Appointed Date, all debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also be and stand transferred to and be deemed to stand transferred to the Transferee Company without any further act, instrument or deed under the provisions of Section 394 of the Act so as to become the debts, liabilities, duties and obligations of the Transferee Company. To the extent that there are any loans, outstanding or balances due from the Transferor Company to the Transferee Company or vice versa, 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.

6.2 The transfer and vesting shall be subject to the existing charges and mortgages/encumbrances, if any, over or in respect of any of the assets or any part thereof created by the Transferor Company. Provided, however, that such charges/mortgages/encumbrances shall be confined only to the relative assets or part thereof as encumbered by the Transferor Company and transferred to and vested in the Transferee Company on and from the Appointed Date and no such charges / mortgages / encumbrances shall extend over or apply to any other asset(s) or property (ies) of the Transferee Company. Any reference in any security documents or arrangements (to which the Transferor Company is a party) to any assets or property(ies) of the Transferor Company shall be so construed to the end and intent that such security, shall not extend or be deemed to extend to any of the other asset(s) or property(ies) of the Transferee Company.

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7 CONTRACTS, DEEDS AND OTHER INSTRUMENTS

7.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, benefits /obligations under different statutes, schemes, arrangements, performances and other instruments of whatsoever nature in relation to which the Transferor Company is a party or to the benefits 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 on part of the Transferor Company or the Transferee Company be in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

7.2 Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Transferor Company with the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at its own costs 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, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company are a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Transferor Company will, if necessary, also be a party to the above but shall not be required to incur any cost in this behalf. 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.

8 TREATMENT OF EMPLOYEES

8.1 Employees, if any, of the Transferor Company, who are in service on the date immediately preceding the Effective Date shall, become the employees of the Transferee Company.

8.2 On the Scheme finally taking effect as hereinafter provided:

The employees of the Transferor Company, if any, shall become the employees of the Transferee Company, without any break or interruption in service and on terms and conditions not less favourable than those on which they are engaged by the Transferor Company immediately preceding the Effective Date. Services of all employees of the Transferor Company shall be taken into account from the date of their respective appointment with the Transferor Company for the purposes of all retirement benefits and all other entitlements for which they may be eligible. The Transferee Company further agrees that for the purpose of payment of any retrenchment compensation, if any, such past services with the Transferor Company shall also be taken into account;

8.3 The services of such employees shall not be treated as having been broken or interrupted for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company;

8.4 It is provided that as far as the Provident Fund and / or any other special fund created or existing for the benefit of the staff, workmen and other employees of the Transferor Company are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company in respect of the employees transferred with the Undertaking for all purposes whatsoever relating to the administration or operation of such Funds or Trusts or in relation to the obligation to make contribution to the said Funds or Trusts in accordance with the provisions of such Funds or Trusts as provided in the respective Trust Deeds or other documents. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such Funds or Trusts shall become those of the Transferee Company. The Trustees including the Board of Directors of the Transferor Company and the Transferee Company shall be entitled to adopt such course of action in this regard as may be advised provided however that there shall be no discontinuation or breakage in the services of the employees of the Transferor Company.

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9 LEGAL PROCEEDINGS

If any suit, appeal or other legal proceedings of whatever nature are pending by or against the Transferor Company, the same shall not abate or be discontinued or be in any way prejudicially affected by reason of the amalgamation or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.

10 CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

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

10.1.1 The Transferor Company shall carry on and be deemed to have been carrying on its business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for the Transferee Company. The Transferor Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date.

10.1.2 The Transferor Company shall carry on its business and activities with reasonable diligence, business prudence and shall not without the prior written consent of the Transferee Company, sell, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the assets comprising the Undertaking or any part thereof except in the ordinary course of business nor shall it undertake any new business or substantially expand its existing business.

10.1.3 All the profits or income accruing or arising to the Transferor Company or expenditure or losses arising to or incurred by the Transferor Company, with effect from the said Appointed Date shall for all purposes and intents 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.

10.1.4 The Transferor Company shall not alter its equity capital structure either by

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fresh issue of shares or convertible securities (on a rights basis or by way of bonus shares or otherwise) or by any decrease, reduction, reclassification, sub-division, consolidation, re-organisation or in any other manner, which may in any way affect the share exchange ratio prescribed hereunder, except by and with the consent of the Board of Directors of the Transferee Company.

10.1.5 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Transferor Company.

11 PERMITS, CONSENTS AND LICENSES

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, licenses including income tax benefits and exemptions as provided in the Income Tax Act, 1961, certificates, clearances from various authorities including MIDC, power of attorneys (including for the operation of bank accounts), all in respect of the Transferor Company shall stand transferred to the extent they are capable of being transferred under the Applicable Laws to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company and the rights and benefits under the same shall be available to the Transferee Company.

12 SAVING OF CONCLUDED TRANSACTIONS

The transfer of assets and/or the continuance of proceedings by or against the Transferee Company shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto.

13 DECLARATION OF DIVIDENDS

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13.1 The Transferor Company shall not after the Appointed Date declare dividend without the prior written consent of the Transferee Company.

13.2 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 the constitutive documents of the respective Company including right to receive dividends from the respective company of which they are members till the date this Scheme finally takes effect i.e. the Effective Date.

13.3 It is clarified, however, that the provisions herein in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on any shareholder 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 their respective Board of Directors and, if required, the approval of the shareholders of the respective companies.

14 CONSIDERATION

14.1 Upon the Scheme becoming effective shares held by the Transferee Company or its nominee in the Transferor Company shall be cancelled and extinguished.

14.2 Since the entire Equity Share Capital of the Transferor Company is held by the Transferee Company, there will be no issue and allotment of Equity Shares of Transferee Company to the Shareholders of the Transferor Company, upon the scheme becoming effective.

15 ACCOUNTING TREATMENT

Upon the Scheme being sanctioned by the High Court and transfer taking place as stipulated herein above:-

15.1 All the assets and liabilities recorded in the books of the Transferor Company shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at their respective book values as appearing in the books of the Transferor Company as per "Pooling of Interest Method" prescribed under Accounting Standard – 14 issued by the

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Institute of Chartered Accountants of India.

15.2 An amount equal to the balance lying to the debit of "Profit & Loss Account" in the Books of Account of the Transferor Company shall be debited by the Transferee Company to its "Profit & Loss Account". The identity of the reserve will be preserved.

15.3 Difference between the amount recorded as investment in Transferor Company in the books of Transferee Company and the amount of share capital of Transferor Company shall be adjusted against the General Reserve of the Transferee Company.

15.4 In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

15.5 The Transferor Company is a wholly owned subsidiary of the Transferee Company, thus pursuant to the Scheme no new shares shall be issued after the Scheme is sanctioned by the Hon'ble High Court at Bombay.

15.6 Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits balances or other obligations as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.

15.7 The shares held by the Transferee Co in the Transferor Company shall stand cancelled and there shall be no further obligation / outstanding in that behalf.

16. CONSOLIDATION OF SHARE CAPITAL OF THE TRANSFEROR COMPANY:

16.1 Upon sanction of this Scheme, the Authorised share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty

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and fees payable to Registrar of Companies, by the Authorised share capital of Transferor Company amounting to Rs. 5,00,00,000/-(Rupees Five Crores Only) comprising of 50,00,000 equity shares of Rs.10/- (Rupees Ten) each and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 16, 31, 94 and 394 and applicable provisions of the Act, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company for increase in the authorised share capital to that extent.

16.2 In consequence of the increase/consolidation of the Authorised Share Capital, as mentioned above, the clause of share capital in Memorandum of Association of transferee company shall be as under:

"The Share Capital of the Company is Rs. 38,55,00,000/- (Rupees Thirty Eight Crores Fifty Five Lacs only) divided into 2,77,67,500 Equity Shares of Rs.10/- (Rupees Ten) each, 2,500 5% Redeemable Cumulative "A" Preference Shares of Rs.10/- (Rupees Ten) each, 7,80,000 15% Non-Convertible Redeemable Non-Cumulative Preference Shares of Rs.10/- (Rupees Ten) each and 1,00,00,000 Preference Shares of Rs.10/- (Rupees Ten) each with power to increase and reduce the capital of the company or 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 regulations of the company and to vary, modify of abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the regulations of the company and the Legislative provisions for the time being in force."

16.3 Consequent upon the amalgamation, the Authorised, Issued, Subscribed and paid-up share capital of the Transferee Company will be as under:

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Authorised Share Capital	(Amount in Rs.)
2,77,67,500 Equity Shares of Rs.10/- each	27,76,75,000
2500 5% Redeemable Cumulative "A" Preference Shares of Rs.10/- each	25,000
7,80,000 15% Non convertible Redeemable Non cumulative Preference Shares of 10/- each	78,00,000
1,00,00,000 Preference Shares of Rs.10/- each	10,00,00,000
TOTAL	**38,55,00,000**
16,64,548 Equity Shares of Rs.10/- each *[Out of the above: 9,58,708 Equity Shares of Rs.10/- each were allotted as fully paid to the shareholders of the erstwhile The Hindoostan Spinning And Weaving Mills Limited pursuant to the Scheme of Amalgamation approved by the High Court, Bombay on 01st April, 2011]*	1,66,45,480
TOTAL	**1,66,45,480**

It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum of Association of the Transferee Company as may be required under the Act.

17. WINDING UP OF THE TRANSFEROR COMPANY

On the Scheme becoming effective the Transferor Company shall be dissolved without being wound up.

18. MODIFICATION / AMENDMENT TO THE SCHEME

18.1 The Transferor Company and the Transferee Company through their Board of Directors may consent on behalf of all persons concerned to any modifications or amendments of this Scheme or to any conditions which the Court and/or any other authorities under law may deem fit to approve of or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting this Scheme into effect.

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18.2 However no modifications and / or amendments to the Scheme can be carried out or effected by the Board of Directors without approval of the Court and the same shall be subject to powers of the court under Section 392 of the Act.

18.3 For the purpose of giving effect to this Scheme or to any modifications thereof, the Directors of the Transferee Company and the Transferor Company are authorized to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

18.4 The Transferor Company and Transferee Company shall take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

19. APPLICATION TO HIGH COURT:

The Transferor Company and Transferee Company shall make necessary applications / petitions before the High Court and / or National Company Law Tribunal for obtaining the Court / tribunal sanction to this Scheme and for the consequent dissolution without winding up of the Transferor Company.

20. CONDITIONS

The Scheme is conditional upon and subject to the following:

20.1 The requisite consent, approval or permission of the Appropriate Authorities or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.

20.2 The Scheme being approved by the respective requisite majorities of the members and creditors of the Transferor Company and Transferee Company as may be directed by the Hon'ble High Court and/or any other competent authority and it being sanctioned by the Hon'ble High Court and / or any other competent authority, as may be applicable.

20.3 All other sanctions and approvals as may be required by law including registration of the order of the Bombay High Court / Tribunal sanctioning the

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Scheme of Amalgamation or any other Appropriate Authority, by the Registrar of Companies, under the Act in respect of this Scheme being sanctioned.

20.4 Certified copies of the orders of the Hon'ble High Court or such other competent authority, as may be applicable, sanctioning this Scheme being filed with the respective Registrar of Companies.

21. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS:

In the event of any of the approvals or sanctions enumerated in this Scheme not being obtained or conditions not being complied or for any other reason, this Scheme cannot be implemented then the Board of Directors of the Transferee and Transferor Company shall mutually waive such conditions as they considered appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement or in case this Scheme is not sanctioned by the High Court or does not otherwise become effective by 31st March, 2015 or within such further period or periods as may be agreed upon between the Transferor and the Transferee Companies through their respective Board of Directors, then the Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter-se by either of the Transferor Company and the Transferee Company or their respective shareholders or creditors or employees or any other persons 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 in accordance with the applicable law and in such case, each company shall bear its own cost unless otherwise mutually agreed.

22. COSTS

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), incurred in carrying out and implementing this Scheme and matters incidentals thereto, shall be borne by the Transferee Company.

For HINDOOSTAN MILLS LIMITED

Company Secretary / ~~Authorised Signatory~~

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