

SCHEME OF AMALGAMATION OF
HTMT TELECOM PRIVATE LIMITED
(Transferor Company)
INTO
HINDUJA VENTURES LIMITED
(Transferee Company)

PART I

BACKGROUND AND RATIONALE OF THE SCHEME

- (A) HTMT Telecom Private Limited (hereinafter referred to as “HTPL” or the “Transferor Company”) was incorporated as a private limited company under the Companies Act, 1956 on 6th February, 2007, in Mumbai. The Registered Office of the Company is situated in the State of Maharashtra.

The main objects of the Transferor Company are as follows:

1. To establish and operate state of the art Telecommunication infrastructure consisting of wire and wireless services of all types and development of Telecommunication network.
2. To undertake and to provided basic and Cellular Mobile Telephone services including Broad Band value added services and to provide telephonic services to the public, to participate in tender for Basic and Cellular Mobile Telephone infrastructure services and tender for provision of telephone services in India and seek all Government approvals in connection with such participation.

- (B) Hinduja Ventures Limited (hereinafter referred to as “HVL” or the Transferee Company) was incorporated as a public limited company under the Companies Act, 1956 on 18th July, 1985 in Mumbai under the name of “Mitesh Mercantile & Financing Limited”. The Certificate of Commencement of business was issued on 6th August, 1985. The name of the Transferee Company was changed from “Mitesh Mercantile & Financing Limited” to “Hinduja Finance Corporation Limited” and a fresh certificate of incorporation consequent on change of name was issued on 31st March, 1995. The name of the Transferee Company was later changed from “Hinduja Finance Corporation Limited” to “Hinduja TMT Limited” on 8th June, 2001. The name of the Transferee Company was further changed from “Hinduja TMT Limited” to “Hinduja Ventures Limited” and a fresh Certificate of Incorporation consequent upon change of name was issued on 23rd October, 2007.

Some of the main objects of the Transferee Company are as follows:

1. To carry on the business as merchants, traders and distributors, commission agents, brokers, adatias, buyers, sellers, importers, exporters, dealers in textile, cloth, silk, rayon, manmade fabrics, synthetic, woolen, yarn, threads, garments, made up hosiery.
 2. To carry on the business of financing by way of loans and advances for subscribing the capital of industrial enterprises.
- (C) The Transferor Company has applied for telecom licences for 16 circles from the Department of Telecommunications (DoT), Government of India under the UASL Telecom Policy. The Company presently is engaged in activities relating to Media, Treasury and Infrastructure provider to telecom and other companies.
- (D) The Transferee Company currently operates in three major business segments namely media and communications, real estate and treasury. While the media is the principal business segment of the Company which is operated through its subsidiaries, the real estate business relates to a property at Bangalore. The Treasury segment comprises deployment of cash surplus in various avenues, pending investment into new ventures. The Transferee Company is also registered as a sub-broker with Bombay Stock Exchange Limited and National Stock Exchange of India Limited under the SEBI (Stock Broker and Sub- broker) Regulation, 1992.

RATIONALE

- (E) This Scheme (as defined hereinafter) envisages amalgamation of HTPL into HVL, resulting in consolidation of the business in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of the two companies. Accordingly, it would be in the best interests of HTPL and HVL, and their respective shareholders. The proposed amalgamation of HTPL into HVL is in line with the global trends to achieve size, scale, integration and greater financial strength and flexibility and in the interests of maximizing shareholder value. The merged entity is likely to achieve higher long-term financial returns than could be achieved by the companies individually. HTPL and HVL, believe that the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of HTPL and HVL, pooled in the merged entity, will lead to increased competitive strength, cost reduction and efficiencies, productivity gains, and logistic advantages, thereby significantly contributing to future growth. Therefore, the management of HTPL and HVL believe that the Scheme of Amalgamation would benefit the respective companies and other stakeholders of respective companies, inter-alia, on account of the following reasons:
- (a) enable Transferee Company to use the resources of Transferor Company in development of business.
 - (b) increase in net worth of Transferee Company, which will facilitate effective and better mobilization of financial resources

- (c) reduction of overheads and other expenses facilitate administrative convenience and ensure optimum utilization of available services and resources;
- (F) The proposed amalgamation and vesting of HTPL into HVL, with effect from the Appointed Date, is in the interest of the shareholders, creditors, stakeholders and employees, as it would enable a focused business approach for the maximization of benefits to all stakeholders and for the purposes of synergies of business.
- (G) This Scheme is divided into the following parts:
 - (a) Part I, which deals with the background and rationale of the Scheme;
 - (b) Part II, which deals with the definitions and financial position of the Transferor Company and the Transferee Company;
 - (c) Part III, which deals with the merger of the Transferor Company with the Transferee Company;
 - (d) Part IV, which deals with the accounting treatment under this Scheme.
 - (e) Part V, which deals with the general terms and conditions as applicable to this Scheme.

PART II

1. DEFINITIONS

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

- 1.1 "**Act**" mean the Companies Act, 1956, including any statutory modifications, re-enactment or amendments thereof.
- 1.2 "**Appointed Date**" means 1st January, 2011.
- 1.3 "**Board of Directors**" in relation to respective Transferor Company and/or Transferee Company, as the case may be, shall, include a committee of directors or any person authorized by the board of directors or such committee of directors.
- 1.4 "**Court**" or the "**High Court**" means the Hon'ble High Court of Judicature at Bombay
- 1.5 "**Effective Date**" means date on which certified copies of the Order of the High Court of Judicature at Bombay vesting the assets, property, liabilities, rights, duties, obligations and the like of the Transferor Company in the Transferee Company is filed with the Registrar of Companies, Maharashtra at

Mumbai after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary therefor.

- 1.6 **"Transferor Company"** means HTMT Telecom Private Limited, a company incorporated under the Companies Act, 1956, having its registered office situated at 49/50, In Centre, 12th Road, MIDC, Andheri (East), Mumbai – 400093.
- 1.7 **"Transferee Company"** means Hinduja Ventures Limited, a company incorporated under the Companies Act, 1956, and having its registered office situated at 49/50, In Centre, 12th Road, MIDC, Andheri (East), Mumbai – 400093.
- 1.8 **The "Scheme"** means this Scheme of Amalgamation in its present form submitted to the High Court of Judicature at Bombay for sanction or with any modification(s) made under Clause 12 of this Scheme and/or any modification(s) approved or imposed or directed by the said High Court at Bombay.
- 1.9 **"Undertaking"** means and includes:
 - a. all assets and properties of the Transferor Company as on the Appointed Date i.e. all the undertakings, the entire business, all the properties movable , or intangible), offices, residential and other premises, capital work in progress, furniture, fixture, office equipment, investments of all kinds and in all forms, cash balances with banks, loans, advances, contingent rights or benefits, receivables, benefit of any deposits, financial assets, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, permissions, permits, rights, entitlements, guarantees, authorizations, approvals, agreements, contracts, licenses, registrations, tenancies, benefits of all taxes right to carry forward and set off unabsorbed losses and depreciation, privileges and rights under State tariff regulations and under various laws;; avail of telephones, telexes, facsimile, email, interest, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programmes, manuals, data, and other records, and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company or which have accrued to the Transferor Company as on the Appointed Date, whether in India or abroad, of whatsoever nature and wherever situated (hereinafter referred to as the "Assets");
 - b. all debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date (hereinafter referred to as the "Liabilities") ;
 - c. all earnest monies and/or security or other deposits paid by the Transferor Company.

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 ascribed to them under the Act.

2. SHARE CAPITAL

2.1 The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferor Company as on March 31, 2010 was as under:-

HTPL (Transferor Company):

HTMT Telecom Private Limited	
Particulars	Amount in Rs.
Authorised	
1,00,10,000 Equity Shares of Rs.10/- each	100,100,000
9,90,000 1% Participatory Non-Cumulative Preference Shares of Rs. 10. each	9,900,000
Total	110,000,000
Issued, subscribed and paid-up	
1,00,10,000 Equity Shares of Rs.10/- each fully paid-up	100,100,000
8,20,000 1% Participatory Non-Cumulative Preference Shares of Rs. 10. each fully paid up	8,200,000

2.2. The Transferor Company is wholly owned subsidiary of the transferee Company. The entire Share Capital (Equity and Participatory Non-Cumulative Preference Shares) is owned by Transferee Company.

2.3 The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferee Company as on March 31, 2010 was as under:

HVL (Transferee Company):

Hinduja Ventures Limited	
Particulars	Amount in Rs.
Authorised	
70,000,000 (Previous Year – 70,000,000) Equity Shares of Rs.10/- each	700,000,000
Issued, subscribed and paid-up	
20,555,503 Equity Shares of Rs.10/- each fully paid-up	205,555,030

2.4 The existing equity shares of the Transferee Company (HVL) are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

2.5 Financial Position

The summarized financial position of the Transferor Company and the Transferee Company as per their respective latest Audited Accounts as at March 31, 2010 is as under:-

HTPL (Transferor Company)

		(In Rs.000)
		As at 31st March, 2010
Assets:		
Investments		917,560
Current Assets, Loans & Advances:		
Sundry Debtors	8548	
Cash and Bank Balances	12,765	
Loans and Advances	9,247	
	30,560	
Less: Current Liabilities & Provisions:		
Current Liabilities	15,143	
Provisions	2,163	

	17,306	
Net Current Assets		13,254
Total		930,814
Source of Funds		
Share Capital	108,300	
Reserves and Surplus	822,514	930,814

HVL (Transferee Company)

		(In Rs.000)
		As at 31st March, 2010
Fixed Assets:		
Gross Block	16,293	
Less: Accumulated Depreciation	6,697	
Net Block	9,596	
Capital Work in Progress	214,939	224,535
Investments		3,156,277
Deferred Tax Asset (Net)		39,827
Current Assets, Loans & Advances:		
Stock –in-trade	217,104	
Sundry Debtors	44,826	
Cash and Bank Balances	103,658	
Other Current Assets	34,377	
Loans and Advances	2,667,802	
	3,067,767	
Less: Current Liabilities & Provisions		
Current Liabilities	88,545	
Provisions	247,554	
	336,099	
Net Current Assets		2,731,668
Miscellaneous Expenditure (to the extent not written off or adjusted)		111
TOTAL		6,152,418
Source of Funds		
Share Capital	205,555	
Reserves and Surplus	5,946,863	6,152,418

Full details of the financial position are given in the published Accounts of the Transferee Company and the Transferor Company.

PART III

3. TRANSFER AND VESTING

- 3.1 With effect from the Appointed Date and upon this Scheme coming into effect, the Transferor Company shall stand merged with and be vested in the Transferee Company, as a going concern, without any further act or instrument and pursuant to the provisions of Sections 391 to 394 of the Act, together with all the properties, assets, rights, liabilities, benefits and interest therein, as more specifically described in the subsequent clauses of this Scheme.
- 3.2 With effect from the Appointed Date, the entire business and the whole of the Undertaking of the Transferor Company shall, without any further act or deed, be and stand transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company as a going concern, pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act, PROVIDED ALWAYS that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security after the amalgamation has become effective or otherwise. The transfer/vesting as aforesaid shall be subject to the existing charges/hypothecation over or in respect of the Assets or any part thereof of the Transferor Company. Further, the Transferee Company shall not be required to create any additional security over assets acquired by it under the Scheme for any loans, deposits or other financial assistance availed /to be availed by the Transferor Company.
- 3.3 With effect from the Appointed Date, and subject to any corrections and adjustments as may be required, in the opinion of the Board of Directors of the Transferee Company, the Reserves and Surplus if any, of the Transferor Company will be merged with those of the Transferee Company in the same form and nomenclature as they appeared in the financial statements of the Transferor Company.
- 3.4 Any legal or other proceedings by or against Transferor Company pending on the Effective Date and relating to the Undertaking (including property rights, powers, liabilities, obligations and duties) of Transferor Company shall be continued and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued and enforced by or against Transferor Company.

- 3.5 It is expressly provided that in respect of such of the assets of the Transferor Company as are moveable in nature or are otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company by physical delivery and shall become the property of the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act.
- 3.6 With effect from the Appointed Date, all liabilities, debts, duties and obligations of the Transferor Company shall, without any further act or deed, also stand transferred to the Transferee Company, pursuant to the applicable provisions of the Act, so as to become as from the Appointed Date, the liabilities, debts, duties and obligations of the Transferee Company.
- 3.7 All inter party transactions between the Transferor Company and the Transferee Company as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as intra party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due inter-se i.e. between the Transferor Company and the Transferee Company as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically extinguished.

4. ALTERATIONS/AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION OF TRANSFEREE COMPANY

With respect to the Transferee Company, upon this Scheme becoming effective but before allotment of the Equity Shares in terms of this Scheme:

- 4.1 The Memorandum of Association of the Transferee Company shall stand altered and amended without any separate approval from the shareholders of the Transferee Company pursuant to section 17 of the Act or without any further act or deed, or without following the procedure laid down under the Act by way of addition of the following new clauses nos 2c (i) and 2c (ii) of the Memorandum of Association, after the existing clause 2c:
- 2c (i) To establish and operate state of the art Telecommunication infrastructure consisting of wire and wireless services of all types and development of Telecommunication network.
- 2c (ii) To undertake and to provided basic and Cellular Mobile Telephone services including Broad Band value added services and to provide telephonic services to the public, to participate in tender for Basic and Cellular Mobile Telephone infrastructure services and tender for provision of telephone services in India and seek all Government approvals in connection with such participation.

5. ISSUE OF SHARES BY THE TRANSFEREE COMPANY

Transferor Company is a wholly owned (100%) subsidiary of Transferee Company, on amalgamation no separate consideration shall be paid by the Transferee Company to the Shareholders of the Transferor Company and no shares shall be issued by the Transferee Company to any person in consideration of or consequent upon the amalgamation and the share capital of the Transferor Company shall be extinguished upon the Scheme becoming effective.

6. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

6.1 With effect from the Appointed Date and upto and including the Effective Date;

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

6.2 The Transferor Company hereby undertakes, from the Appointed Date upto and including the Effective Date -

- (i) to carry on the business of the Undertaking with reasonable diligence and business prudence and not borrow alienate, charge mortgage, encumber or otherwise deal with or dispose of the Undertaking or any part thereof, nor to undertake any new business or a substantial expansion of its existing business except with prior written consent of the Transferee Company.
- (ii) not to utilise the profits, if any, relating to the Undertaking for the purposes of declaring or paying any dividend in respect of the period falling on and after the Appointed Day without obtaining prior approval of the Transferee Company.

6.3 The Transferee Company shall be entitled, pending the sanction of Scheme, to apply to the Central or State Government and all other agencies departments and regulatory or other authorities concerned as are necessary under any law, for such registrations, consents, approvals, licenses and sanctions which the Transferee Company may require to own and operate the Undertaking.

7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, leases, insurance policies and other instruments of whatsoever nature relating to the Undertaking to which the Transferor Company is a party and subsisting or having effect on or before the Effective date shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually, as if, instead of the Transferor Company, the Transferee Company had at all material times been a party thereto.

8. DIRECTORS

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

9. LEGAL PROCEEDINGS

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

PART IV

10. ACCOUNTING TREATMENT

Upon the Scheme becoming effective:

- 10.1 The Transferee Company shall account for the assets and liabilities of the Transferor Company vested in it in terms of the Scheme at book value appearing in the books of the Transferor Company. The Transferee Company shall record in its books of account, all transactions of the Transferor Company in respect of assets, liabilities, income and expenses at its book value from the Appointed Date to the Effective Date.
- 10.2 The inter-company balances, if any, shall stand cancelled.
- 10.3 Subject to provisions of this Scheme, the Transferee Company shall abide by the AS- 14 issued by the Institute of Chartered Accountants of India.

- 10.4 Pursuant to the Scheme coming into effect, investments made by the Transferee Company in the Transferor Company in the equity and the participatory non-cumulative preference shares shall automatically stand cancelled.

PART V

11. APPLICATION TO THE HIGH COURT

On the Scheme being agreed to by the requisite majority of the members and creditors of the Transferor Company and the Transferee Company, the Transferor Company and the Transferee Company shall respectively and /or jointly with reasonable dispatch, apply to the High Court of Judicature at Bombay for sanctioning this Scheme of Amalgamation under Sections 391 to 394 of the Act and for an order or orders under Section 394 of the Act for carrying this Scheme into effect.

12. MODIFICATIONS/AMENDMENTS TO THE SCHEME:

The Transferor Company (by its Directors) and the Transferee Company (by its Directors) may, in their full and absolute discretion, assent to any alterations or modifications in this Scheme which the Court may deem fit to approve or impose or direct and may give such directions as they may consider necessary to settle any questions or difficulty that may arise under the Scheme or in regard to its implementation or in any matter connected therewith (including any question or difficulty arising in / connected with any deceased or insolvent shareholder of the respective Company). In the event that any conditions are imposed or directions given by the said High Court which the Transferor Company or the Transferee Company find unacceptable for any reason whatsoever then the Transferor Company and/or the Transferee Company shall be entitled to withdraw from the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them.

13. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

The Scheme is conditional upon and subject to:

- (i) The Scheme being agreed to by the respective requisite majority of the members and creditors of the Transferor Company and the Transferee Company and the requisite order or orders referred to in Clause 12 hereof being obtained;
- (ii) The sanction of the Scheme by the High Court of Judicature at Bombay under Sections 391 and 394 of the Act, in favour of the Transferor Company and the Transferee Company and to the necessary Order or Orders under Section 394 of the Act, being obtained;

- (iii) The certified copies of the orders of the Hon'ble High Court at Bombay referred to in Clauses 12 above being filed with the Registrar of Companies, Maharashtra at Mumbai.
- (iv) Any other sanction or approval of any governmental or regulatory authority, as may be considered necessary and appropriate by the respective Board of Directors of the Transferor Company and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.

14. SCHEME RENDERED NULL AND VOID

- 14.1 This Scheme although to come into operation from the Appointed Date shall not become effective until the last of the date on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in Clause 13 shall be obtained or passed. The last of such dates shall be the "Effective Date" for the purpose of this Scheme.
- 14.2 In the event of this Scheme failing to take effect finally within such period or periods as may be decided by the Transferor Company (by its Directors) and the Transferee Company (by its Directors), this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or by incurred inter se to or by the Parties or any one of them.

15. OPERATIVE DATE OF THE SCHEME

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

16. DISSOLUTION OF THE TRANSFEROR COMPANY

On the Scheme becoming effective, the Transferor Company shall be dissolved without winding up in accordance with the provisions of Sections 391 to 394 of the Act.

17. EXPENSES CONNECTED WITH THE SCHEME:

- 17.1 Save and except as provided elsewhere in the Scheme, all costs, charges taxes, levies and other expenses including registration fee of any deed, in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of the Scheme shall be borne and paid by the Transferee Company.
- 17.2 In the event that this Scheme fails to take effect within such period or periods as may be decided by the Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors), or the scheme is rendered null and void in terms of Clause 14.2 of this Scheme then, the Transferor

Company and Transferee Company shall bear their own costs and expenses incurred by them, in relation to or in connection with the Scheme.

18. GENERAL TERMS AND CONDITIONS

- 18.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make all applications/ petitions under Section 391 and 394 and other applicable provisions of the Act to the Court for the sanctioning of the Scheme and obtain all approvals and consents as may be required under law or any agreement.
- 18.2 The respective Board of Directors of the Transferor Company and the Transferee Company may empower any Committee of Directors or Officer(s) or any individual director, officer or other person to discharge all or any of the powers and functions, which the said Board of Directors are entitled to exercise and perform under the Scheme.
- 18.3 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferor Company and the Transferee Company and their respective shareholders and/or creditors, and the terms and conditions of this Scheme, the latter shall prevail.
- 18.4 If any part of this Scheme is invalid, ruled illegal by any court or authority of competent jurisdiction or unenforceable under the present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part.