

Chalet Hotels Limited

Regd. Office: Raheja Tower, Plot No. C-30, Block G, Next to Bank of Baroda, Bandra Kurla Complex, Bandra East, Mumbai 400051.

CIN: L55101MH1986PLC038538

Tel: +91-22-26564000 Fax: +91-22-26565451

Email: companysecretary@chalethotels.com

Website: www.chalethotels.com

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH AT MUMBAI
COMPANY SCHEME APPLICATION NO. CA(CAA)1117/2020/MB**

In the matter of:

The Companies Act, 2013

and

In the matter of:

Application under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

and

In the matter of:

Scheme of Arrangement and Amalgamation between

BELAIRE HOTELS PRIVATE LIMITED ("Transferor No. 1 / Applicant Company No. 1") AND

SEAPEARL HOTELS PRIVATE LIMITED ("Transferor No. 2 / Applicant Company No. 2") AND

CHALET HOTELS LIMITED ("Transferee / Applicant Company No. 3") and their respective Shareholders and Creditors

Chalet Hotels Limited [CIN: L55101MH1986PLC038538])

a Company incorporated under the Companies Act, 1956 and)

having its Registered Office at Raheja Tower, Plot No. C-30,)

Block G, Bandra Kurla Complex, Bandra East, Mumbai 400051.) Transferee / Applicant Company No. 3

NOTICE TO THE UNSECURED CREDITORS OF CHALET HOTELS LIMITED

To

The Unsecured Creditors of Chalet Hotels Limited

NOTICE is hereby given that an application under Sections 230 to 232 of the Companies Act, 2013 ('Act') read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for sanctioning the arrangement embodied in the Scheme of Arrangement and Amalgamation between Belaire Hotels Private Limited, Seapearl Hotels Private Limited and Chalet Hotels Limited and their respective Shareholders and Creditors ('Scheme') was presented before the Hon'ble National Company Law Tribunal, Mumbai Bench ('Hon'ble NCLT'). The Hon'ble NCLT has, vide its Order dated February 05, 2021 passed in the above mentioned Company Scheme Application ('Order'), *inter-alia*, directed the Applicant Companies to issue individual notices under Section 230(3) of the Act, intimating the Scheme to the Unsecured Creditors of the Company having an outstanding balance of Rs.1,00,000 and above as on December 31, 2020, informing therein that they may submit their representations in relation to the Scheme, if any, to the Hon'ble NCLT within 30 days from the date of receipt of the said Notice and copy of such representations shall simultaneously be served upon the Company.

Accordingly, we are enclosing herewith a copy of the Scheme. Please be informed that representations, if any, in connection with the proposed Scheme may be made to the Hon'ble NCLT within 30 days from the date of receipt of this Notice. The address of the Hon'ble NCLT is 4th Floor, MTNL Exchange Building, Near G D Somani School, G D Somani Marg, Cuffe Parade, Mumbai 400 005. A copy of such representation shall also be simultaneously served upon the Company at its Registered Office at Raheja Tower, Plot No. C-30, Block G, Bandra Kurla Complex, Bandra East, Mumbai 400 051.

Dated February 09, 2021

By Order of the Hon'ble National Company Law Tribunal

Sd/-

Christabelle Baptista

Company Secretary

Enclosures: As Above

**SCHEME OF ARRANGEMENT AND AMALGAMATION
(UNDER SECTION 230-232 OF THE COMPANIES ACT, 2013 READ WITH OTHER
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES
FRAMED THEREUNDER)**

AMONGST

CHALET HOTELS LIMITED

AND

BELAIRE HOTELS PRIVATE LIMITED

AND

SEAPEARL HOTELS PRIVATE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

I. PREAMBLE

A. Description of Companies

1. Chalet Hotels Limited (hereinafter referred as “**Chalet**” or the “**Transferee Company**”), was incorporated on January 6, 1986 under the Companies Act, 1956 as Kenwood Hotels Private Limited in the State of Maharashtra. Pursuant to application being made for change of name, the name of the Transferee Company was initially changed to K. Raheja Resorts & Hotels Limited on April 6, 1998 and thereafter to Chalet Hotels Limited on May 4, 1999. Thereafter, upon an application for conversion into a private company, the Transferee Company name was changed to Chalet Hotels Private Limited on October 15, 2011. Subsequently, upon an application for conversion into a public company, the Transferee Company name was changed to Chalet Hotels Limited on June 6, 2018. The Corporate Identity Number of Chalet is L55101MH1986PLC038538. The registered office of Chalet is at Raheja Tower, 4th Floor, Block – G, Plot No. C-30, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Chalet is authorized to *inter alia* carry on the business of hotel, holiday resorts, restaurant, café, tavern bars, refreshment rooms, boarding, lodging, housekeepers, clubs, in India or in any other part of the world.
2. Belaire Hotels Private Limited (hereinafter referred as “**Belaire**” or the “**Transferor No. 1 Company**”), is a private limited company, incorporated on May 14, 2007 under the Companies Act, 1956 in the State of Maharashtra. The Corporate Identity Number of Belaire is U55101MH2007PTC170789. The registered office of Belaire was at B-1, 204, 2nd Floor, Boomerang, Chandivali Farm Road, Andheri (East), Mumbai 400 072. Subsequently, on October 28, 2015, the registered office was changed to Office No. 5 AB, 5th Floor, Rushabh Chambers, Marol Makwana Road, Andheri (East), 400 059. Thereafter, on October 1, 2018, the registered office was changed to Unit No. 405, B-Wing, 4th Floor, Everest Chambers, Marol Naka, Andheri Kurla Road, Andheri (East), Mumbai – 400 059. Presently, the registered office of Belaire is at Raheja Tower, 4th Floor, Block – G, Plot No. C-30, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Belaire is authorized to *inter alia* carry on in India and abroad the business of developing, owning, acquiring, managing, operating, renovating, refurbishing and promoting hotels, service apartments, restaurants, eating places, conference and convention centres and other hospitality related facilities and activities either by itself or jointly with any third party whether as a shareholder, unit holder, joint venture partner. Belaire is a wholly owned subsidiary of Chalet.
3. Seapearl Hotels Private Limited (hereinafter referred as “**Seapearl**” or the “**Transferor No. 2 Company**”), is a private limited company, incorporated on March 13, 2007 under the Companies Act, 1956 in the State of Maharashtra. The Corporate Identity Number of Seapearl is U55204MH2007PTC168713. The registered office of Seapearl was at B-1, 204, 2nd Floor, Boomerang, Chandivali Farm Road, Andheri (East), Mumbai 400 072. Subsequently, on October 28 2015, the registered office was changed to Office No. 5 AB, 5th Floor, Rushabh Chambers, Marol Makwana Road, Andheri (East), 400 059. Thereafter, on October 1, 2018, the registered office was changed to Unit No. 405, B-Wing, 4th Floor, Everest Chambers, Marol Naka, Andheri Kurla Road, Andheri (East),

Mumbai – 400 059. Presently, the registered office of Seapearl is at Raheja Tower, 4th Floor, Block – G, Plot No. C-30, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Seapearl is authorized to *inter alia* carry on in India and abroad the business of developing, owning, acquiring, managing, operating, renovating, refurbishing and promoting hotels, service apartments, restaurants, eating places, conference and convention centres and other hospitality related facilities and activities either by itself or jointly with any third party whether as a shareholder, unit holder, joint venture partner. Seapearl is a wholly owned subsidiary of Chalet.

“Belaire” and “Seapearl” are hereinafter collectively referred to as the “**Transferor Companies**”.

“Transferor Companies” and “Transferee Company” are hereinafter collectively referred to as the “**Parties**”.

B. Rationale for the Composite Scheme of Arrangement and Amalgamation

1. The Transferor Companies are wholly owned subsidiaries of the Transferee Company, engaged in the same field of business. The restructuring, consolidation and streamlining pursuant to this Scheme shall achieve the following benefits:
 - (i) Consolidation of the business of the Transferor Companies and the Transferee Company, leading to synergy in operations, greater financial strength, and improve the position of the merged entity post the completion of the Scheme;
 - (ii) Assisting in achieving higher long term financial returns and making available the assets, employees, financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of the Transferor Companies and the Transferee Company leading to synergistic benefits, enhancement of future business potential, cost reduction and efficiencies, productivity gains and logistical advantages, including operational rationalization, organizational efficiency and optimal utilization of resources, which will be in the interest of shareholders, employees, if any, creditors and other stakeholders, thereby contributing to significant future growth and enhancement of shareholder value post the completion of the Scheme;
 - (iii) Rationalization and standardization of the business processes, economies of scale, corporate and administrative efficiencies, and streamlining of operations to enable more efficient management, control and day to day operations to reduce overheads, administrative and other expenditure, which will contribute to make the Transferee Company more profitable, thereby further enhancing the overall shareholder value post completion of the Scheme;
 - (iv) Enabling unified accounting, compliances and auditing resulting in reduction of costs, post the completion of the Scheme;

- (v) Pooling in administrative synergies of the Transferor Companies with the Transferee Company, post the completion of the Scheme;
- 2. Accordingly, in order to achieve the above objectives, the Board of Directors of the Parties have resolved to make requisite applications and/or petitions before the Hon'ble National Company Law Tribunal (as defined hereinafter) under Sections 230 to 232 of the Companies Act, 2013, the rules framed thereunder and other applicable provisions of law for the sanction of this Scheme.
- 3. Pursuant to the Scheme, in accordance with Section 2(1B) of the Income-tax Act, 1961, the Transferor Companies shall amalgamate with the Transferee Company. This Scheme has been drawn up to comply with the conditions relating to "amalgamation" as specified under Section 2(1B) of the Income-Tax Act, 1961. If any terms or provisions of the Scheme is/ are inconsistent with the provisions of Section 2(1B) of the Income-Tax Act, 1961, the provisions of Section 2(1B) of the Income-Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-Tax Act, 1961, such that the modification to not affect other parts of the Scheme.

II. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- (i) Part A deals with the definitions and share capital of the relevant companies, being the Transferor Companies and Transferee Company;
- (ii) Part B deals with the amalgamation of the Transferor Companies into Chalet/ Transferee Company;
- (iii) Part C deals with general terms and conditions that would be applicable to the Scheme.

The Scheme also provides for matters consequential, incidental or otherwise integrally connected herewith.

PART A: DEFINITION AND SHARE CAPITAL OF THE COMPANIES

1. DEFINITIONS

"Applicable Law" means all applicable (i) statutes, enactments, acts of legislature or parliament, laws, ordinances, code, directives, rules, regulations, bye-laws, notifications, guidelines or policies of any applicable jurisdiction; and (ii) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals required from governmental authorities of, or agreements with any governmental authority;

"Appointed Date" means April 1, 2020 or such other date as may be fixed or approved by the National Company Law Tribunal, or such other competent authority;

“Belaire FCCDs” means the 8,45,034 unsecured zero coupon, fully compulsorily convertible debentures of face value of Rs. 100/- each, issued by Belaire, and held by Chalet.

“Belaire ICD” means the zero coupon, Inter Corporate Deposit availed by Belaire from Chalet, payable on demand.

“Board of Directors” or **“Board”** means and includes the respective Boards of Directors of the Transferor Companies and the Transferee Company, as the context may require, and shall include a committee duly constituted and authorized thereby for the purpose of matters pertaining to the Scheme and/or any other consequential or incidental matter in relation thereto;

“Book Value” means the value of the assets and liabilities of the Transferor Companies as appearing in books of accounts of the Transferor Companies, at the close of business hours on the day immediately preceding the Appointed Date.

“Companies Act” or **“Act”** means the Companies Act, 2013 the rules and regulations framed thereunder including any statutory modifications, amendments or re-enactments thereof from time to time;

“Encumbrance or Encumbrances” shall have the meaning as ascribed in Clause 5;

“Funds” has the same meaning as ascribed in Clause 12.2;

“Governmental Authority” means any governmental authority including, without limitation, the RoC, Ministry of Corporate Affairs, Regional Director, Official Liquidator or any other relevant authority approving the Scheme, as the case may be;

“National Company Law Tribunal” or **“NCLT”** means the National Company Law Tribunal, Mumbai as the context may require, including their respective benches;

“Parties” has the same meaning as ascribed in the Preamble;

“Registrar of Companies” or **“RoC”** means the Registrar of Companies, Mumbai;

“Scheme” or **“the Scheme”** or **“this Scheme”** or **“the Composite Scheme”** means this Scheme of Arrangement and Amalgamation in its present form along with any modification(s) and/or amendment(s) made under Clause 18 of the Scheme as approved or directed by the NCLT/Governmental Authority, as the case may be, as applicable;

- 1.1 Headings shall not affect the interpretation or construction of this Scheme;
- 1.2 Words using the singular terms shall also include the plural terms and vice versa;
- 1.3 Reference to the word “include” and “including” shall be construed without limitation;
- 1.4 References to a person includes any individual, firm, body corporate, Governmental Authority,

joint venture, association or partnership.

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 Companies Act and other applicable laws, rules, regulations, bye-laws, as the case may be, or any statutory modification or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT

The Scheme as set out herein in its present form along with any modification(s) and/or amendments(s) made under Clause 18 of the Scheme, approved or imposed or directed by the NCLT/Governmental Authority as the case may be, shall be effective from the Appointed Date and become operative from the last of the dates on which all the conditions set out in Clause 19.1 of the Scheme are satisfied.

3. SHARE CAPITAL OF THE PARTIES

3.1 The share capital of Parties as on July 31, 2020 is as set out below:

(i) Share capital of Chalet is as under:

Particulars	Amount in Rs.
<u>Authorised share capital</u>	
22,91,00,000 equity shares of Rs. 10/- each.	229,10,00,000/-
20,000, 0.00 % non-cumulative non- convertible redeemable preference shares of Rs. 1,00,000/- each.	200,00,00,000/-
1600, 0.001% non-convertible redeemable preference shares of Rs. 1,00,000/- each.	16,00,00,000/-
	445,10,00,000/-
<u>Subscribed and fully paid-up share capital</u>	
20,50,23,864 equity shares of Rs. 10 each/-	205,02,38,640/-
1600, 0.001% non-cumulative redeemable preference shares of Rs. 1,00,000/- each.	16,00,00,000/-

10,000, 0.00% non-cumulative, non-convertible redeemable preference shares of Rs. 1,00,000/- each, fully paid up (Series – A)	100,00,00,000/-
10,000, 0.00% non-cumulative, non-convertible redeemable preference shares of Rs. 1,00,000/- each, partly paid up, Rs. 25,000/- per share (Series – B)	25,00,00,000/-
	346,02,38,640/-

Subsequent to July 31, 2020 there is no change in the authorised, issued, subscribed and paid up share capital of Chalet. It is hereby clarified that between the Appointed Date and upon date of coming into operation of this Scheme, Chalet shall be entitled to issue further shares, make further calls on partly paid-up preference shares and make consequent changes to its authorised, issued, paid up and subscribed capital.

(ii) Share capital of Belaire is as under:

Particulars	Amount in Rs.
<u>Authorised share capital</u>	
14,10,00,000 equity shares of Rs. 10/- each.	141,00,00,000/-
<u>Subscribed and fully paid-up share capital</u>	
14,07,04,838 equity shares of Rs. 10/- each.	140,70,48,380/-

The entire subscribed and paid up share capital of Belaire is held by Chalet and its nominees.

(iii) Share capital of Seapearl is as under:

Particulars	Amount in Rs.
<u>Authorised share capital</u>	
1,20,00,000 equity shares of Rs. 10 each.	12,00,00,000/-
<u>Subscribed and fully paid-up share capital</u>	
52,66,000 equity shares of Rs. 10/- each.	5,26,60,000/-

The entire subscribed and paid up share capital of Seapearl is held by Chalet and its nominees.

PART B: AMALGAMATION OF THE TRANSFEROR COMPANIES INTO THE TRANSFEREE

4. TRANSFER AND VESTING

Transfer of Assets

- 4.1 With effect from the Appointed Date and upon the date of coming into operation of this Scheme, the Transferor Companies without any further act, instrument or deed, be and stand amalgamated, merged and transferred to and vested in or be deemed to be amalgamated, merged and transferred to and vested in Chalet, as a going concern, so as to vest in Chalet, all the rights, titles and interests of the Transferor Companies pursuant to the provisions of Sections 230 to 232 of the Act and pursuant to the orders of the NCLT sanctioning this Scheme.
- 4.2 In respect of such assets and properties of the Transferor Companies as are movable in nature which are capable of passing by manual delivery or by endorsement and delivery, including cash in hand, they shall on and from the Appointed Date be transferred to or stand vested in and recorded pursuant to this Scheme and/or be deemed to be transferred to or vested in Chalet without requiring any deed or instrument of conveyance for the same and shall become the property and an integral part of Chalet. The vesting pursuant to this clause shall be deemed to have occurred by manual delivery or endorsement, as may be appropriate to the property being transferred or vested and title to the property shall be deemed to have been transferred and vested accordingly.
- 4.3 In respect of movable assets of the Transferor Companies, other than those specified in Clause 4.2 above, including but not limited to sundry debtors, outstanding loans, recoverable in cash or in kind or value to be received, bank balances and deposits with government bodies, customers, the same shall on and from the Appointed Date stand transferred to and vested in Chalet or be deemed to be transferred to and vested in Chalet without any requirement to provide notice or other intimation to such party, debtors or depositors, as the case may be. Chalet may, although it is not obliged, give notice in such form as it may deem fit and proper to each party, debtors or depositors, as the case may be, that pursuant to the orders of the NCLT sanctioning the Scheme, the said debts, loans, advances, etc., on and from the Appointed Date, be paid or made good or held on account of Chalet as the person entitled thereto and the right of the Transferor Companies to recover or realize the same stands extinguished. Chalet may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the orders of the NCLT sanctioning the Scheme, on and from the Appointed Date, the said debtor or depositor should pay the said debt, loan, advance or make good the same or hold the same to its account and that the rights of Chalet to recover or realize the same are in substitution of the rights of the Transferor Companies.

- 4.4 In respect of assets belonging to the Transferor Companies that require execution of separate documents to effect transfer, the relevant parties will execute the necessary documents, as and when required after the coming into operation of the Scheme. For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that in so far as the immovable properties comprised in the Transferor Companies are concerned, including but not limited to all land, buildings and rights and entitlements appurtenant thereto, the parties shall register the true copy of the orders of the NCLT/Governmental Authority, as the case may be, as applicable sanctioning the Scheme, with the offices of the relevant Governmental Authority having jurisdiction over such immovable property and shall also execute and register, as required, such other documents which may be necessary in this regard. The Transferor Companies shall take all steps as may be necessary to ensure that lawful, peaceful and unencumbered possession, right, title, interest of the immovable property is given to the Transferee.
- 4.5 With effect from the Appointed Date and upon the Scheme coming into operation, all unavailed credits and exemptions including any input credits, margin money, retention money, deposit with statutory authorities, other deposits and benefit of carried forward losses (if any) and unabsorbed depreciation and other statutory benefits, including in respect of income tax (including minimum alternate tax (MAT) credit), Goods and Services Tax (GST), Cenvat, customs, VAT, sales tax, service tax etc. to which the Transferor Companies are entitled to, shall be available to and vest in Chalet without any further act or deed.
- 4.6 With effect from the Appointed Date and upon the Scheme coming into operation, all the licenses, permits, quotas, contracts (together with all non-compete covenants), approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, exemptions, allotments, no-objection certificates, entitlements, municipal approvals, grants, rights, claims, leases (if any), tenancy rights (if any), insurance claims and policies, powers of attorney, interests, all other rights (including, but not limited to right to use and avail electricity connections, water connections, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, environmental clearances), liberties, special status and other benefits, advantages or privileges enjoyed or conferred upon or held or availed of by the Transferor Companies and all rights and benefits that have accrued or which may accrue to the Transferor Companies, whether before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 and all other applicable provisions of the Act, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vested in or be deemed to be transferred to and vested in and be available to Chalet so as to become as and from the Appointed Date, the licenses, permits, quotas, contracts (together with all non-compete covenants), approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, exemptions, allotments, no-objection certificates, entitlements, municipal approvals, grants, rights, claims, leases, (if any) tenancy rights (if any), insurance claims and policies, powers of attorney, interests, all other rights (including, but not limited to right to use and avail electricity connections, water connections, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, environmental clearances), liberties, special status and other benefits, advantages or privileges of the Transferor Companies and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately registered by the relevant statutory authorities in favour

of Chalet pursuant to this Scheme, in order to facilitate the continuation of operations of the Transferor Companies in Chalet without any hindrance, on and from the Appointed Date. Any and all Export Promotion Capital Goods (EPCG) scheme obligations and entitlements of the Transferor Companies shall be combined and consolidated with the obligations and entitlements of the Transferee Company.

- 4.7 Without prejudice to anything as provided in Clause 4.2 and 4.3 above, all assets, properties and undertakings of the Transferor Companies on the Appointed Date, whether or not included in the books of the Transferor Companies, and all assets and properties which are acquired by the Transferor Companies on or after the Appointed Date but prior to the date of coming into operation of the Scheme, shall be deemed to be, and shall become, the assets and properties of Chalet, and shall under the provisions of Sections 230 to 232 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 Chalet from the date of coming into operation of the Scheme pursuant to the provisions of Sections 230 to 232 of the Act.
- 4.8 Pursuant to this Scheme, all benefits, entitlements and incentives of any nature whatsoever (including sales tax concessions and incentives) of the Transferor Companies, to the extent statutorily available, shall be claimed by Chalet and without the imposition of any fees, charges, taxes or levy. Such benefits shall relate back to the Appointed Date as if Chalet was originally entitled to such benefits, subject to compliance by Chalet with all the terms entitled and conditions upon which such benefits were made available to the Transferor Companies. With respect to admissibility of claim under Section 43B of the Income-Tax Act, 1961 or such provisions becoming admissible in the period after the Appointed Date on discharging liabilities pertaining to the Transferor Companies, Chalet shall be entitled to such claims in the same manner and to the same extent as the Transferor Companies would have been entitled to deduction but for the amalgamation.
- 4.9 Upon the transfer of each of the benefits, entitlements and incentives of any nature whatsoever of the Transferor Companies to Chalet pursuant to the order of the NCLT, Chalet shall file the relevant notifications and communications, if any required, for the record of the appropriate authorities which shall take them on record.

Transfer of Liabilities

- 4.10 With effect from the Appointed Date and upon the Scheme coming into operation, all debts, liabilities, duties and obligations of the Transferor Companies shall, pursuant to the order of the NCLT under Sections 232 of the Companies Act, without any further act or deed, be transferred or deemed to be transferred to and vested in and assumed by Chalet so as to become the debts, liabilities, duties and obligations of Chalet. 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 of this Scheme.

- 4.11 All debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date, whether or not provided in the books, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Companies on or after the Appointed Date and prior to the date coming into operation of the Scheme, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by Chalet by virtue of this Scheme.
- 4.12 Where any such debts, loans raised, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date have been discharged or satisfied by the Transferor Companies after the Appointed Date and prior to the date of the Scheme coming into operation, such discharge or satisfaction shall be deemed to be for and on account of Chalet.
- 4.13 All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Companies in the ordinary course of its business, after the Appointed Date and prior to the date of the Scheme coming into operation shall be deemed to have been raised, used, incurred or undertaken for and on behalf of Chalet and to the extent they are outstanding on the date of the Scheme coming into operation, shall, upon the coming into effect of this Scheme and under the provisions of Sections 230 to 232 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 Chalet and shall become the loans and liabilities, duties and obligations of Chalet which shall meet, discharge and satisfy the same.
- 4.14 With effect from the Appointed Date and upon the Scheme coming into operation, all taxes, duties, cess payable by the Transferor Companies including all advance tax payments, tax deducted at source or any refunds / credit / claims relating thereto shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds / credit / claims on account of Chalet.

PART C: GENERAL TERMS & CONDITIONS

5. ENCUMBRANCES

- 5.1 The transfer and vesting of the properties, assets, liabilities and undertakings of the Transferor Companies to and in Chalet in the manner as provided herein, shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- 5.2 All existing encumbrances over the assets and properties of Chalet or any part thereof which relate to liabilities and obligations of Chalet prior to the coming into operation of the Scheme 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 Companies that may have been transferred to and vested in Chalet.
- 5.3 The existing encumbrances, debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date, whether or not provided in the books of the Transferor Companies, and all debts and loans raised, and duties, liabilities and obligations incurred, or which arise or accrue to the Transferor Companies on or after the Appointed Date till the coming into operation of the Scheme, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by Chalet by virtue of this Scheme.
- 5.4 Any reference in any security documents or arrangements of the Transferor Companies and its assets and properties, shall be construed as a reference to Chalet. Without prejudice to the foregoing provisions, the Parties 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 RoC to give formal effect to the above provisions, if required.

6. CANCELLATION OF SHARES

- 6.1 The entire issued, subscribed and paid up share capital of the Transferor Companies is held by the Transferee Company and its nominees. Accordingly, pursuant to the Scheme, no shares of the Transferee Company shall be allotted in respect of its holding in the Transferor Companies. Upon the Scheme coming into operation, no shares of the Transferee Company shall be allotted in lieu or exchange of its holding in the Transferor Companies and the paid up share capital of the Transferor Companies shall stand cancelled and extinguished. The investment in the shares of the Transferor Companies appearing in the books of the Transferee Company, shall without any further act or deed, stand cancelled.

7. INCREASE IN THE AUTHORISED CAPITAL OF THE TRANSFEE COMPANY

- 7.1 Upon the Scheme coming into operation, the authorised share capital of the Transferor Companies shall be added to that of the Transferee Company and the Memorandum of Association and Articles of Association of the Transferee Company, shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company,

including payment of stamp duty and fees payable to the Registrar of Companies, by an aggregate amount of Rs. 153,00,00,000, and the Memorandum of Association and 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, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under sections 13, 14, 61, 64 of the Companies Act, or any other applicable provisions of the Companies Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Companies on their authorised share capital shall be utilized and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on the combined authorised share capital. Accordingly, the Transferee Company shall not be required to pay any fees/ stamp duty on the authorised share capital so increased.

- 7.2 The capital clause being Clause V of the Memorandum of Association of the Transferee Company shall upon the scheme coming into operation stand substituted to read as follows:-

“The Authorised Share Capital of the Company is Rs. 598,10,00,000 divided into 38,21,00,000 Equity Shares of Rs. 10 (Rupees Ten) each, 20,000, 0.00% Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs. 1,00,000/- (Rupees One Lakh) each and 1,600, 0.001% Non-Cumulative Redeemable Preference Shares of Rs. 1,00,000/- (Rupees One Lakh) each, with the rights, privileges and conditions attaching thereto as provided by the Articles of Association of the Company for the time being with power of the Company to increase or reduce such capital original or increased with or without any preference, priority or special privileges or subject to any postponement of rights or to any conditions or restrictions, and so that unless the conditions of issue otherwise expressly declare, any issue of shares, whether declared to be preference or otherwise shall be subject to the power hereinbefore contained.”

8. ACCOUNTING TREATMENT IN THE BOOKS OF THE PARTIES

- 8.1 The accounting treatment of the amalgamation shall be as of the Appointed Date and Parties shall account for the amalgamation in accordance with “the acquisition method” as specified under the Indian Accounting Standards (Ind AS) 103 and other applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act and other Generally Accepted Accounting Principles in India.

The accounting treatment will be as under:

- i. for the purpose of accounting for and dealing with the Book Value of the assets, liabilities and reserves in the books of account of the Transferee upon the Scheme becoming effective, the audited financial statements of the Transferor Companies as on the close of business on the day immediately preceding the Appointed Date shall be forwarded to the Transferee Company by the Transferor Companies;
- ii. the Book Value of all the assets, liabilities (excluding the Belaire FCCD’s and Belaire ICD) and reserves of Transferor Companies as recorded in the financial statements referred to in sub-clause (i) above shall be recorded in the books of accounts of the

Transferee Company as such, subject to suitable adjustments being made, if any, to ensure uniformity of accounting policies;

- iii. investments in the Share Capital of the Transferor Companies in the books of accounts of the Transferee Company, whether held directly or indirectly through nominees, shall stand cancelled;
- iv. surplus or deficit, if any, arising as a result of amalgamation of the Transferor Companies into and with the Transferee Company, in terms of this Scheme, after adjustment of the amount of investment of the Transferee Company in the Transferor Companies due to cancellation of the share capital of the Transferor Company, shall be adjusted to reserves in the books of the Transferee Company;
- v. identity of the reserves of the Transferor Companies, if any, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner, in which they appeared in the financial statements of the Transferor Companies, as on the Appointed Date;
- vi. all outstanding balances (including the Belaire FCCD's and Belaire ICD) as on the Appointed date between the Transferor Companies and the Transferee Company will stand cancelled and there shall be no further obligation in that behalf;
- vii. in case of any differences in accounting policies followed by Transferor Companies from that of Transferee Company, impact of the same till the date immediately preceding the Appointed Date shall be quantified and be appropriately adjusted and reported in accordance with Accounting Standards in the books of the Transferee Company, so as to ensure that the financial statements of Transferee reflect the financial position on the basis of consistent accounting policies.

9. DISSOLUTION OF THE TRANSFEROR COMPANIES

- 9.1 Upon the Scheme coming into operation, the Transferor Companies shall stand dissolved without being wound-up.
- 9.2 On effect from the date of coming into operation of the Scheme, the name of the Transferor Companies shall be struck off from the records of the RoC.

10. PROFITS, DIVIDEND

- 10.1 All Parties shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the coming into operation of this Scheme in the ordinary course.
- 10.2 On and from the Appointed Date, the profits of the Transferor Companies shall belong to and be the profits of Chalet and will be available to Chalet for being disposed of in any manner as it thinks fit.

11. CONDUCT OF BUSINESS TILL THE COMING INTO OPERATION OF SCHEME

- 11.1 From the date of approval of the Scheme by the Board of the Transferor Companies and up to and including the date of coming into operation of the Scheme, the Transferor Companies shall carry on their business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of Chalet, alienate charge, mortgage, encumber or otherwise deal with or dispose of the assets forming part of the business of the Transferor Companies and shall not undertake any new business other than business contemplated/commenced as per business plans of the Transferor Companies.

12. EMPLOYEES OF THE TRANSFEROR COMPANIES

- 12.1 From the date of coming into operation of the Scheme, all staff and employees, if any, who are in employment of the Transferor Companies on the date immediately preceding the date of coming into operation of the Scheme, shall be deemed on and from the Appointed Date, to have become staff and employees of Chalet without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with Chalet shall not be less favorable than those applicable to them with reference to their employment in the Transferor Companies as on the date of coming into operation of the Scheme.
- 12.2 On and from the date of coming into operation of the Scheme and with effect from the Appointed Date, the provident fund, gratuity fund, superannuation fund, employee state insurance scheme or any other special fund or trusts, (hereinafter collectively referred as “**Funds**”) if any, created or existing for the benefit of the staff and employees of the Transferor Companies for any and all purposes whatsoever in relation to the administration or operation of such Fund(s) or in relation to the obligation to make contributions to the said Fund(s) in accordance with the provisions thereof, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Companies in relation to such Fund(s) shall become those of Chalet. It is clarified that the services of the staff and employees of the Transferor Companies will be treated as having been continuous for the purpose of the said Fund(s).

13. LEGAL PROCEEDINGS

- 13.1 All legal proceedings or other proceedings under any statute of whatsoever nature by or against the Transferor Companies pending on and/or arising after the Appointed Date shall not abate or be discontinued or in any way be prejudicially affected by reason of 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 Chalet 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 Companies.

14. TREATMENT OF TAXES

- 14.1 With effect from the Appointed Date and upon the Scheme coming into operation, all taxes, duties, cess payable by the Transferor Companies including all advance tax payments, tax

deducted at source or any refunds / credit / claims relating thereto shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds / credit / claims on account of Chalet.

- 14.2 With effect from the Appointed Date and upon the Scheme coming into operation, all unavailed credits and exemptions including any input credits, margin money, retention money, deposit with statutory authorities, other deposits and benefit of carried forward losses / unabsorbed depreciation (if any) and other statutory benefits, including in respect of income tax (including minimum alternate tax (MAT) credit), Goods and Services Tax, Cenvat, customs, VAT, sales tax, service tax etc. to which the Transferor Companies are respectively entitled to, shall be available to and vest in Chalet without any further act or deed.
- 14.3 Upon the Scheme coming into operation, the Parties are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, any returns under the goods and service tax, sales tax/ value added tax returns, service tax returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/ credits, pursuant to the provisions of this Scheme and in accordance with the applicable laws.
- 14.4 Chalet shall be entitled to file/ revise its income tax returns, TDS certificates, TDS returns, and other statutory returns, if required, and shall have the right to claim refunds, advance tax credits, credit of tax under Section 115JB of the Income Tax Act, 1961, credit of tax deducted / collected at source, credit of taxes paid/ withheld etc., if any, as may be required consequent to implementation of this Scheme.

15. CONTRACTS, DEEDS, ETC.

- 15.1 Upon the Scheme coming into operation and subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature to which the Transferor Companies are a party to and which is subsisting or having effect on the date of coming into operation of the Scheme, shall be in full force and effect against or in favor of Chalet and may be enforced by or against Chalet as fully and effectually as if, Chalet had been a party thereto in place of the Transferor Companies respectively.
- 15.2 Chalet may at any time after the coming into operation effect of this Scheme in accordance with the provisions hereof, if so required under any law or if it is otherwise considered necessary or expedient, execute deeds, confirmations or other writings or confirmations or enter into any tripartite arrangements, confirmations or novation's, to which the Transferor Companies will, if necessary, also be parties in order to give formal effect to the provisions of this Scheme if so required or becomes necessary. Chalet shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required to give effect to the provisions of this Scheme.

16. SAVING OF CONCLUDED TRANSACTIONS

Transfer and vesting of the assets, liabilities and obligations of the Transferor Companies and

continuance of any legal proceedings by or against the Transferor Companies shall not in any manner affect any transaction or legal proceedings already completed by the Transferor Companies till the Appointed Date to the extent that Chalet shall accept all such acts, deeds and things done and executed by and/or behalf of the Transferor Companies as acts, deeds and things done and executed by and on behalf of the Transferor Companies.

17. APPLICATION TO NCLT

The Parties shall make all necessary applications under Sections 230 to 232 and other applicable provisions of the Companies Act to the NCLT as per the directions of their respective Board of Directors for seeking approval of the Scheme and for dissolution of the Transferor Companies without being wound up.

18. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 18.1 The Parties by their respective Boards of Directors and with the consent of the NCLT, may assent to/make and/or consent to any modifications/amendments of any kind to the Scheme or to any conditions or limitations that the NCLT /Governmental Authority, as the case may be, as applicable and/or any other authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board of Directors).
- 18.2 The Parties by their respective Board of Directors are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or order of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith and the same shall be binding on all Parties, in the same manner as if the same were specifically incorporated in this Scheme.
- 18.3 The Parties by their respective Board of Directors may jointly modify, vary or withdraw this Scheme at any time. Any modification to the Scheme by the Parties after receipt of sanction by the NCLT, shall be made only with the prior approval of the NCLT.

19. CONDITIONALITY OF THE SCHEME

- 19.1 The coming into operation of this Scheme is, and shall be conditional upon, and subject to:
- (i) The Scheme being approved by the requisite majority in number and value of the various class of shareholders and/or creditors (where applicable) of the Parties, as may be directed by the NCLT.
 - (ii) The Scheme being sanctioned by the NCLT, Mumbai under Sections 230 to 232 and other applicable provisions of the Act.
 - (iii) Certified copies of the orders of the NCLT sanctioning the Scheme, being filed with the RoC.

- (iv) The requisite consent, approval or permission of any other statutory or regulatory authority including depository(ies), which by law may be necessary for the implementation of this Scheme.

19.2 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if is approved in its entirety unless specifically agreed otherwise by the Board of the Parties.

19.3 The Board of Directors of the Transferor and Transferee shall, with the leave of the Tribunal (as applicable) be at liberty to withdraw the Scheme at any stage prior to obtaining the sanction of the Tribunal. Upon such withdrawal, the Scheme shall stand revoked, cancelled and be of no effect and no rights and liabilities whatsoever shall accrue to or be incurred inter se to the Transferor Companies and the Transferee Companies or their respective shareholders or creditors or employees or any other person.

20. EFFECT OF NON-RECEIPT OF APPROVALS

20.1 In the event of any of the said sanctions and approvals referred to in Clause 19 are not satisfied then the Parties have the power to withdraw the Scheme in the manner as provided in Clause 19.3.

20.2 In the event the Scheme is withdrawn by the Parties in the manner as provided in Clause 19.3, then in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such a case each Party shall bear and pay its respective costs, charges and expenses for and in connection with the Scheme.

21. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Parties arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne in such manner as may be mutually agreed between the Parties and without prejudice to such mutual agreement between the Parties, any cash balances lying to the account of the Transferor Companies may be utilised towards meeting such costs, charges, taxes including duties, levies and all other expenses, if any.

22. RESIDUAL PROVISIONS

22.1 From the date of coming into operation of the Scheme, the Transferee Company shall be entitled to operate all bank accounts relating to the Transferor and realize all monies and complete and enforce all subsisting contracts and transactions in respect of the Transferor Companies in so far as may be necessary until the transfer of rights and obligations of the Transferor Companies to the Transferee Companies under this Scheme is formally accepted by the parties concerned.

- 22.2 All approvals, permits, sanctions, statutory and other registers of any authorities as well as any record maintained by any statutory or other authority shall upon request of the Transferee Company be modified by the relevant authorities to record the impact on such registers and records by virtue of this Scheme.
- 22.3 Any error, mistake, omission, commission, which is apparent and/or absurd in the Scheme should be read in a manner which is appropriate to the intent and purpose of the Scheme and in line with the rationale as mentioned herein above.