

SCHEME OF ARRANGEMENT

BETWEEN

TANEJA AEROSPACE AND AVIATION LIMITED

AND

TAAL ENTERPRISES LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

Preamble

1. This Scheme of Arrangement ('Scheme') is presented under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956, and Section 52 and other applicable provisions of Companies Act, 2013, for demerger of Charter Business carried out by Taneja Aerospace and Aviation Limited and investments in First Airways Inc and TAAL Tech India Private Limited, on a going concern basis and vesting in TAAL Enterprises Limited.
2. This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

Rationale

Taneja Aerospace and Aviation Limited ('TAAL') is engaged in the business of Aircraft Manufacturing and Maintenance, Airfield services, Air Charter and Engineering Design services (through its subsidiary TAAL Tech India Private Limited). In order to direct focus on each of these segments, this scheme provides for retaining the capital intensive businesses of Aircraft Manufacturing and Airfield

while hiving off the Air Charter and the Engineering Services businesses to TAAL Enterprises Limited.

This hive off of the Air Charter and the Engineering Services businesses is expected to lead to –

- Stronger business focus on individual businesses as the business risks and growth strategies related to these businesses are significantly different.
- Enable unlocking of value of these businesses
- Facilitate investment and strategic partnership for individual businesses.

Parts of the Scheme

The Scheme is divided into following parts:

1. **Part A** deals with the Definitions, Interpretation and Share Capital;
2. **Part B** deals with transfer and vesting of charter business carried out by Taneja Aerospace and Aviation Limited and investments in First Airways Inc and TAAL Tech India Private Limited, on a going concern basis, in TAAL Enterprises Limited; and
3. **Part C** deals with the General/Residuary Terms and Conditions.

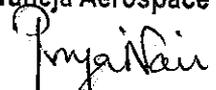
PART A

DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1 DEFINITIONS

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expression shall have the meanings respectively assigned against them:

Certified True Copy
Taneja Aerospace and Aviation Limited


Company Secretary

- 1.1 **“Act” or “the Act”** means the Companies Act, 1956 as may be applicable and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;
- 1.2 **“Appointed Date”** means **October 1, 2014** or such other date as the High Court of Judicature at Madras may direct / fix;
- 1.3 **“BSE”** means the BSE Limited;
- 1.4 **“Board”** means the Board of Directors or any committee thereof of the Taneja Aerospace and Aviation Limited or TAAL Enterprises Limited as the context may require;
- 1.5 **“Book Value(s)”** means the value(s) of the assets and liabilities as appearing in the books of Taneja Aerospace and Aviation Limited at the close of business on the day immediately preceding the Appointed Date;
- 1.6 **“Court” or “High Court”** means the High Court of Judicature at Madras and shall include the National Company Law Tribunal, if applicable;
- 1.7 **“Demerged Business”** means the charter business carried out by Taneja Aerospace and Aviation Limited, and investments in First Airways Inc and TAAL Tech India Private Limited, along with all related assets, liabilities, employees including specifically the following:
- 1.7.1 All assets, wherever situated, whether movable or immovable, leasehold or freehold, tangible or intangible, including all capital work-in-progress, plant & machinery, equipment including specialized equipments for broadcasting, technical software, trademarks, trade names, brands, investments and other Intellectual Property rights, vehicles, furniture, fixtures, office equipment, computer installations, electrical appliances, accessories pertaining to the Demerged Business;

- 1.7.2 All liabilities, present and future (including contingent liabilities pertaining to or relatable to the Demerged Business), as may be determined by the Board of the Taneja Aerospace and Aviation Limited;
- 1.7.3 All rights and all assignments and grants thereof, all permits, registrations, rights (including rights under any agreement, contracts, applications, letters of intent etc), benefits of all licenses including but not restricted to the license to operate the charter business viz. Air Operator Permit (Non Scheduled) No. AOP: 05/1997 initially issued by the Director General of Civil Aviation on November 7, 1997 and renewed thereafter, contracts/ agreement, memorandum of understanding (including but not limited to contracts/ agreement with vendors, customer, government etc), approvals, regulatory approvals, entitlements, goodwill, investments, cash balances, bank balances, bank accounts, receivables, loans and advances, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, inventory, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Business;
- 1.7.4 All deposits and balances with Government, Semi-Government, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by Taneja Aerospace and Aviation Limited, directly or indirectly in connection with or in relation to the Demerged Business;
- 1.7.5 All books, records, files, papers, directly or indirectly relating to the Demerged Business;
- 1.7.6 Any other asset / liability which is deemed to be pertaining to the Demerged Business by the Board of Taneja Aerospace and Aviation Limited but

excluding any of the foregoing relating to the remaining business of Taneja Aerospace and Aviation Limited; and

- 1.7.7 All permanent employees employed by Taneja Aerospace and Aviation Limited pertaining to the Demerged Business, as identified by the Board of Directors of Taneja Aerospace and Aviation Limited, as on the Effective Date.

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Business or whether it arises out of the activities or operations of the Demerged Business shall be decided by mutual agreement between the Board of Directors of Taneja Aerospace and Aviation Limited and TAAL Enterprises Limited;

- 1.8 **“Effective Date”** means the date on which the authenticated copies or certified copies of the Orders of High Court of Judicature at Madras under Sections 391 to 394 read with Sections 100 to 103 of the Act and Section 52 of Companies Act, 2013 sanctioning the Scheme are filed with the Registrar of Companies, Coimbatore, Tamil Nadu, and Registrar of Companies, Chennai, Tamil Nadu;

- 1.9 **“Record Date”** means the date to be fixed jointly by the Board of Directors of Taneja Aerospace and Aviation Limited and TAAL Enterprises Limited for the purposes of determining the shareholders of Taneja Aerospace and Aviation Limited to whom shares would be issued in accordance with Clause 5 of this Scheme (as defined hereinafter);

- 1.10 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in its present form as submitted to the Hon’ble High Court or this Scheme with such modification(s), if any made, as per Clause 16 of the Scheme.

- 1.11 **“TEL”** or the **“the Resulting Company”** means TAAL Enterprises Limited (CIN U62200TN2014PLC096373), a company incorporated under the

Companies Act, 2013 and having its registered office at 2nd Floor, MMPDA Towers, 184, Royapettah High Road, Chennai – 600 014, Tamil Nadu;

1.12 “TAAL” or the “the Demerged Company” means Taneja Aerospace and Aviation Limited (CIN: L62200TZ1988PLC014460), a Company incorporated under the Act and having its registered office at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli 635 114, Tamil Nadu;

1.13 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act 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 AND 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 or made as per Clause 16 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3 SHARE CAPITAL

3.1 The share capital of TAAL as at March 31, 2014 is as under:

Share Capital	Rs. in Lakhs
<u>Authorized Share Capital</u>	
4,00,00,000 Equity Shares of Rs. 5/- each	2,000.00
10,00,000 15% Redeemable Cumulative Preference Shares of Rs. 50/- each	500.00
TOTAL	2,500.00
<u>Issued, subscribed and paid-up Share Capital</u>	

Share Capital	Rs. in Lakhs
2,49,30,736 Equity Shares of Rs. 5/- each fully paid	1,246.54
TOTAL	1,246.54

Subsequent to the above date, there has been no change in the capital structure of TAAL. The shares of TAAL are listed on the BSE.

3.2 The share capital of TAAL Enterprises Limited as on 1st July, 2014 is as under:

Share Capital	Rupees in Lakhs
<u>Authorized Share Capital</u>	
50,000 equity shares of Rs. 10 each	5.00
TOTAL	5.00
<u>Issued, subscribed and paid-up Share Capital</u>	
50,000 equity shares of Rs. 10 each, fully paid up	5.00
TOTAL	5.00

As on the date of approval of this Scheme, the entire issued, subscribed and paid up share capital of TEL is held by TAAL.

PART B - TRANSFER AND VESTING OF DEMERGED BUSINESS OF TAAL
INTO TEL

4 TRANSFER AND VESTING OF DEMERGED BUSINESS

With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and assets and properties of the Demerged Business, shall, under the provisions of Sections 391 to 394, read with Section 100 to 103 and all other applicable provisions, if any, of the Act, and Section 52 and other applicable provisions, if any, of Companies Act, 2013, without any further act, instrument, deed, matter or thing stand vested in and/or deemed to be vested in TEL, so as to vest in TEL all the rights, title and interest

pertaining to the Demerged Business. In so far as the immovable properties, if any, of the Demerged Business are concerned, TEL shall register the true copy of the Order of the High Court approving the Scheme with the relevant authorities. The Demerged Business of TAAL, as defined in clause 1.7, shall stand vested in or deemed to be transferred to and vested in TEL, as a going concern, in compliance with Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. The vesting of Demerged Business of TAAL in TEL shall happen in the following manner:

4.1 Without prejudice to the generality of Clause 4.1, in respect of such of the assets of Demerged Business as are moveable in nature or are otherwise capable of transfer and vesting by manual delivery or by endorsement and/or delivery or by physical possession including plant, machinery and equipment, the same may be transferred to and vested into TEL, as follows:

- (i) All the moveable assets capable of being transferred and vested by delivery, including plant and machinery, shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to TEL along with such other documents as may be necessary towards the end and intent that the property therein passes to TEL on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of TEL accordingly. The investments held in dematerialized form, if any, will be transferred to TEL by issuing appropriate delivery instructions to the depository participant with whom TAAL has an account. Such delivery and transfer shall be made on a date

mutually agreed upon between the respective Boards of Directors of TAAL and TEL, being a date after the sanction of the Scheme by the High Court.

(ii) The moveable assets, other than those specified in Clause 4.2 (i) above, including intangible assets, actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested into as the property of TEL. TEL may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of TEL to recover or realise the same is in substitution of the right of TAAL and that appropriate entry should be passed in their respective books to record the aforesaid charges.

4.2 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of TAAL relating to the Demerged Business shall, without any further act or deed be and stand transferred to TEL so as to become as from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of TEL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause. After the Effective Date, TEL undertakes to meet, discharge and satisfy the said liabilities to the exclusion of TAAL and to keep TAAL indemnified at all times from and against all such liabilities and from and against all actions, demands and proceedings in respect thereto.

4.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by TAAL required to carry on operations in the Demerged Business, including but not restricted to the license to operate the charter business viz. Air Operator Permit (Non-Scheduled) No. AOP : 05/1997, initially issued by Director General of Civil Aviation on November 7, 1997 and renewed thereafter, shall stand vested in TEL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of TEL, and that the order of the High Court shall be binding upon the Director General of Civil Aviation and all other authorities / bodies / other establishments. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to TEL pursuant to the Scheme. In so far as various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by TAAL relating to the Demerged Business, are concerned, the same shall vest with and be available to TEL on the same terms and conditions.

4.4 The transfer and vesting of Demerged Business as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to Demerged Business to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Demerged Business.

4.5 On the Effective Date, unless the Board of TAAL agrees, the subsisting security and corporate guarantee provided by TAAL for any loans borrowed by TAAL Tech India Private Limited shall not continue.

5 ISSUE OF SHARES

5.1 Upon this Scheme becoming effective and upon vesting of the Demerged Business of TAAL in TEL in terms of this Scheme, TEL shall, without any

further application or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the members of TAAL, holding fully paid up equity shares in TAAL and whose names appear in the Register of Members of TAAL on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as may be recognized by the Board of Directors of TEL in the following manner:

Consideration payable to Equity Shareholders:

1 (One) fully paid up Equity Share of Rs. 10 (Rupees Ten) each of TAAL Enterprises Limited shall be issued and allotted for every 8 (Eight) fully paid up equity shares of Rs. 5 (Rupees Five) each held in Taneja Aerospace and Aviation Limited”

- 5.2 The consideration in the form of equity shares shall be issued and allotted by TEL in dematerialized form to all the shareholders of TAAL holding such shares in dematerialized form and in physical form to all those shareholders of TAAL, holding such shares in physical form as per Clause 5.6
- 5.3 The equity shares to be issued and allotted by TEL to the equity shareholders of TAAL shall be subject to the Scheme and the Memorandum and Articles of Association of TEL.
- 5.4 No shares shall be allotted in respect of fractional entitlements, by TEL to which the members of TAAL may be entitled on allotment of shares as per Clause 5.1. The Board of Directors of TEL shall, instead consolidate all such fractional entitlements and thereupon allot equity shares in lieu thereof to a person authorized by the Board of Directors of TEL in this behalf who shall hold the shares in trust on behalf of the members of TAAL entitled to fractional entitlements with the express understanding that person shall sell the same in the market at such time or times and at such price or prices in the market and to such person, as he deems fit, and pay to TEL, the net sale proceeds thereof, whereupon TEL shall distribute such net sale proceeds, subject to tax

deductions as applicable, to the members of TAAL in proportion to their respective fractional entitlements.

- 5.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of TAAL, the Board of Directors of TAAL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in TAAL, after the effectiveness of this Scheme.
- 5.6 The equity shares shall be issued in dematerialized form to those shareholders who hold shares of TAAL in dematerialized form, in to the account in which TAAL shares are held or such other account as is intimated by the shareholders to TAAL and / or its Registrar before the Record Date. All those shareholders who hold shares of TAAL in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to TAAL and / or its Registrar before the Record Date. The shareholders who fail to provide such details shall be issued equity shares in physical form.
- 5.7 The equity shares to be issued by TEL to the members of TAAL pursuant to clause 5.1 of this Scheme will be listed and/or admitted to trading in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 on all the Stock Exchanges on which shares of TAAL are listed on the Effective Date. TEL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for TEL with the formalities of the said Stock Exchanges. The equity shares of TEL allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange(s). There shall be no change in the shareholding pattern or control in TEL between

the Record Date and the listing which may affect the status of approvals received from the Stock Exchange(s).

5.8 TEL shall and to the extent required, increase its Authorized Share Capital to facilitate issue of equity shares under this Scheme.

5.9 The approval of this Scheme by the shareholders of TAAL and TEL under Sections 391 to 394 of the Act shall be deemed to have the approval of under Sections 13, 14 and other applicable provisions of Companies Act, 2013 and any other consents and approvals required in this regard.

6 REDUCTION OF SHARE CAPITAL HELD BY TAAL IN TEL

Post allotment of equity shares by TEL in terms of Clause 5 of this Scheme, the existing shareholding of TAAL, in TEL shall be cancelled in accordance with provisions of Sections 100 to 103 of the Act. The reduction of share capital of TEL shall be effected as an integral part of this Scheme without having to follow the process under Sections 100 to 103 if the Act separately and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of TEL, TEL shall not be required to add "And Reduced" as suffix to its name and the TEL shall carry on its old name.

7 ACCOUNTING TREATMENT

In the books of TEL

7.1 TEL shall, upon the Scheme becoming effective, record the assets and liabilities of the Demerged Business of TAAL vested in it pursuant to this Scheme, at respective book values, as appearing in the books of TAAL at the close of business on the day immediately preceding the Appointed Date.

- 7.2 TEL shall credit to the share capital account, the aggregate face value of Equity Shares issued and allotted by it pursuant to Clause 5.1 of the Scheme.
- 7.3 The inter company balances, if any, appearing in the books of accounts of TEL and the Demerged Business being transferred, will stand cancelled;
- 7.4 The difference being the excess of the net assets value of Demerged Business transferred to TEL, over the face value of equity shares allotted as per clauses 5.1 and after considering the adjustment mentioned in clause 6 and clause 7.3 above would be recorded as Capital Reserve. Shortfall, if any, shall be recorded as Goodwill.

In the books of TAAL

- 7.5 Upon the Scheme becoming effective, TAAL shall reduce the book value of assets and liabilities pertaining to the Demerged Business transferred to TEL.
- 7.6 The excess of the book value of assets transferred over the book value of liabilities transferred, and after considering the reduction of shareholding of TAAL in TEL as per Clause 6 of this Scheme, shall be adjusted against the balance lying in Securities Premium Account. Such adjustment shall be as per the provisions of Section 52 of Companies Act, 2013 read with Sections 100 to 104 of the Act. The reduction of capital (Securities Premium Account) in the books of TAAL shall be effected as an integral part of this Scheme without having to follow the process under Section 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any, or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable. TAAL shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

8 PROFITS, DIVIDEND, BONUS/RIGHT SHARES

TAAL shall not utilize profits or income, if any, pertaining to the Demerged Business for any purpose including declaring or paying any dividend in respect of the period falling on and after the Appointed Date. TAAL shall also not utilize profits, adjust or claim adjustment of the profits/loss as the case may be earned/incurred or suffered in respect of the Demerged Business after the Appointed Date.

9 CONDUCT OF DEMERGED BUSINESS OF TAAL TILL THE EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

9.1 TAAL shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Business and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the Demerged Business for and on account of and in trust for TEL. TAAL hereby undertakes to hold its said assets with utmost prudence until the Effective Date.

9.2 As regards the charter business forming a part of the Demerged Business (excluding investments in First Airways Inc and Taal Tech India Private Limited), TAAL shall be deemed to have been carrying on and shall carry on its business and activities relating to the charter business forming a part of the Demerged Business and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the charter business forming a part of the Demerged Business for and on account of and in trust for TEL until the time TEL obtains the requisite statutory licenses required for carrying on the charter business. However, the Board of Directors of TAAL and TEL may mutually agree an earlier date (not

- earlier than the Effective Date) where the charter business forming a part of the Demerged Business may be transferred by TAAL to TEL whether or not TEL has obtained the requisite statutory license for carrying on the charter business.
- 9.3 TAAL shall carry on its business and activities relating to the Demerged Business with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of TEL, alienate charge, mortgage, encumber or otherwise deal with or dispose of Demerged Business or part thereof.
- 9.4 All the profits or income accruing or arising to TAAL or expenditure or losses arising or incurred or suffered by TAAL pertaining to the Demerged Business shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of TEL.
- 9.5 TEL shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which TEL may require pursuant to this Scheme.
- 10 EMPLOYEES**
- 10.1 On the Scheme becoming operative, all staff and employees of TAAL pertaining to Demerged Business in service on the Effective Date shall be deemed to have become staff and employees of TEL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with TEL shall not be less favourable than those applicable to them with reference to their employment in TAAL.
- 10.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts, if any, created or existing for the benefit of the staff and employees of TAAL pertaining to Demerged Business or all purposes whatsoever in relation to the

administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of TAAL in relation to Demerged Business in relation to such Fund or Funds shall become those of TEL. It is clarified that the services of the staff and employees of TAAL pertaining to Demerged Business will be treated as having been continuous for the purpose of the said Fund or Funds.

- 10.3 TEL shall not vary the terms and conditions of employment of any of the employees of TAAL pertaining to the Demerged Business except in the ordinary course of business.

11 LEGAL PROCEEDINGS

- 11.1 If any suit, appeal or other proceeding of whatever nature by or against TAAL in relation to Demerged Business is pending, the same 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 TEL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against TAAL in relation to Demerged Business as if this Scheme had not been made.

- 11.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against TAAL in relation to Demerged Business, TEL shall be made party thereto and any payment and expenses made thereto shall be the liability of TEL.

12 CONTRACTS, DEEDS, ETC.

- 12.1 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 pertaining to Demerged

Business to which TAAL is a party and which is subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of TEL and may be enforced by or against TEL as fully and effectually as if, instead of TAAL, TEL had been a party thereto.

- 12.2 TEL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which TAAL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. TEL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of TAAL for the Demerged Business and to implement or carry out all formalities required to give effect to the provisions of this Scheme.

13 **SAVING OF CONCLUDED TRANSACTIONS**

The transfer of the Demerged Business of TAAL into TEL under Clause 4 above and the continuance of proceedings by or against TEL under Clause 11 above shall not affect any transaction or proceedings already concluded by TAAL for the Demerged Business on or after the Appointed Date till the Effective Date, to the end and intent that TEL accept and adopts all acts, deeds and things done and executed by TAAL for the Demerged Business in respect thereto as done and executed on behalf of TEL.

PART C

GENERAL TERMS AND CONDITIONS

14 **REMAINING BUSINESS OF TAAL**

- 14.1 The remaining business of TAAL (aircraft manufacturing and maintenance and airfield services) and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by TAAL.
- 14.2 All legal and other proceedings by or against TAAL under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or

not in respect of any matter arising before the Effective Date and relating to the remaining business of TAAL (including those relating to any property, right, power, liability, obligation or duty of TAAL in respect of the remaining business of TAAL) shall be continued and enforced by or against TAAL.

14.3 With effect from the Appointed Date and including the Effective Date –

- (a) TAAL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the remaining business of TAAL for and on its own behalf;
- (b) all profit accruing to TAAL thereon or losses arising or incurred by it relating to the remaining business of TAAL shall, for all purposes, be treated as the profit, or losses, as the case may be, of TAAL.

15 APPLICATION TO HIGH COURT OF JUDICATURE AT MADRAS

TAAL and TEL shall with all reasonable dispatch make all necessary applications to the High Court for necessary orders or directions for holding or dispensing with the meetings of the members (and creditors, if necessary) of TAAL and TEL respectively and for sanctioning this Scheme under Section 391 to 394 of the Act (or such applicable provisions of the Companies Act, 2013, as the case may be) and orders under Section 394 of the Act (or such applicable provisions of the Companies Act, 2013, as the case may be), for carrying this Scheme into effect.

16 MODIFICATION OR AMENDMENTS TO THE SCHEME

TAAL and TEL by their respective Board of Directors ('the Board', which term shall include Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court 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). TAAL and TEL by their respective Board 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, whether by reason of any directive or Orders 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.

17 CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 17.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 17.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of TAAL and TEL as may be directed by the High Court.
- 17.3 The sanction of the High Court under Sections 391 to 394 of the Act in favour of TAAL and TEL under the said provisions and to the necessary Order under Section 394 of the Companies Act, 1956 being obtained;
- 17.4 Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Coimbatore, Tamil Nadu and Registrar of Companies, Chennai, Tamil Nadu by TAAL and TEL respectively.
- 17.5 All statutory and other approvals necessary for the Scheme to be given effect to being received.

18 EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before September 30, 2015 or within such further period or periods as may be agreed upon between TAAL and TEL by their Board of Directors (and which the Board of Directors of TAAL and TEL are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect.

19 REPEALS AND SAVINGS

Any matter filed with Registrar, Regional Director or the Central Government under the Companies Act, 1956, before the notification of the corresponding provisions under The Companies Act, 2013 and not fully addressed at that time shall be concluded by the Registrar, Regional Director or the Central Government, as the case may be, in terms of the Act. Any direction or order given by the Hon'ble High Court under the provisions of the Act and any act done by TEL and TAAL based on such directions or order shall be deemed to be in accordance with and consistent with the provisions of The Companies Act, 2013. Accordingly, the provisions of The Companies Act, 2013, shall not apply to acts done by TEL and TAAL as per direction or order of the Hon'ble High Court sanctioning the Scheme.

20 COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne as mutually agreed by the Board of Directors of TAAL and TEL.
