



VARUN SHIPPING COMPANY LIMITED

Regd. Office : Laxmi Building, 6, Shoorji Vallabhadas Marg, Ballard Estate, Mumbai - 400001

MEETING OF THE EQUITY SHAREHOLDERS

Day & Date : Tuesday, January 8, 2013

Time : 10.30 a.m. onwards

Venue : Y.B.Chavan Centre,
General Jagannath Bhonsle Marg,
Sachivalaya, Mumbai - 400021.

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION**

COMPANY SUMMONS FOR DIRECTION NO.809 OF 2012

IN THE MATTER of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956;

AND

IN THE MATTER of Varun Shipping Company Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001.

AND

IN THE MATTER of Composite Scheme of Arrangement and Amalgamation between Varun Shipping Company Limited and Varun Global Private Limited and Tarun Shipping and Industries Limited and Varun Maritime Private Limited and Varun Gas Infrastructure Limited and Varun Resources Private Limited and their respective Shareholders and Creditors.

Varun Shipping Company Limited,	)	
	)	
a company	)	
incorporated under the Companies Act, 1956	)	
having its registered office at Laxmi Building,	)	
6, Shoorji Vallabhdas Marg, Ballard Estate,	)	
Mumbai 400 001, Maharashtra, India.	)	.. Applicant Company

NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF VARUN SHIPPING COMPANY LIMITED

To,

The Equity Shareholders of Varun Shipping Company Limited ("the Applicant Company"):

TAKE NOTICE that by an Order pronounced on Friday, the 30th day of November, 2012, in the above Company Summons for Direction, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of the Applicant Company be convened and held at 10.30 a.m. on Tuesday, 8th January, 2013 at Y.B.Chavan Centre, General Jagannath Bhonsle Marg, Sachivalaya, Mumbai - 400021, for the purpose of considering, and if thought fit, approving, with or without modification(s), the Composite Scheme of Arrangement and Amalgamation between Varun Shipping Company Limited and Varun Global Private Limited and Tarun Shipping and Industries Limited and Varun Maritime Private Limited and Varun Gas Infrastructure Limited and Varun Resources Private Limited and their respective Shareholders and Creditors (**'Composite Scheme of Arrangement and Amalgamation or the Scheme of Rearrangement'**).

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Company will be convened and held at 10.30 a.m. on Tuesday, 8th January, 2013 at Y.B.Chavan Centre, General Jagannath Bhonsle Marg, Sachivalaya, Mumbai - 400021, at which time, date and place you are requested to attend.

The resolution to be submitted for approval of equity shareholders of Applicant Company shall read as follows:

"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 read together with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 and subject to the approval, consent and sanction of the Hon'ble High Court of Judicature at Bombay, the Composite Scheme of Arrangement and Amalgamation between Varun Shipping Company Limited and Varun Global Private Limited and Tarun Shipping and Industries Limited and Varun Maritime Private Limited and Varun Gas Infrastructure Limited and Varun Resources Private Limited and their respective Shareholders and Creditors as circulated along with notice of the meeting, a copy of which is placed before the meeting and for the purpose of identification initialled by Chairman thereof, be and is hereby approved and agreed to".

"FURTHER RESOLVED THAT all the Directors of the Company and Ms.Manali Parekh, Vice President-Corporate Affairs, Secretarial & Legal and Company Secretary, Mr.Pradeep Mansukhani, Dy. General Manager-Secretarial & Legal and Dy. Company Secretary and Mr.Venkatakrishnan V.R, Dy. General Manager-Corporate Affairs, Secretarial & Legal and Dy. Company Secretary and the restructuring committee constituted by the Board of Directors, shall be authorized, empowered and deemed to have been authorized and empowered to exercise all powers and discharge all functions, jointly and / or severally, to make such alterations, modifications, amendments or changes in the aforementioned Composite Scheme of Arrangement and Amalgamation as may be expedient or necessary for complying and with any requirement(s) or condition(s) imposed by High Court of Judicature at Bombay and / or National Company Law Tribunal and/or any other appropriate / concerned authorities and/or regulatory body and/or concerned party and/or as may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and / or carrying out the aforementioned Composite Scheme of Arrangement and Amalgamation.

"FURTHER RESOLVED THAT in relation to the aforementioned Composite Scheme of Arrangement and Amalgamation and its implementation and with respect to all or any of the matters connected thereto, Mr.Yudhishtir D. Khatau, Chairman & Managing Director, Ms.Manali Parekh, Vice President-Corporate Affairs, Secretarial & Legal and Company Secretary, Mr.Pradeep Mansukhani, Dy. General Manager-Secretarial & Legal and Dy. Company Secretary and Mr.Venkatakrishnan V.R, Dy. General Manager-Corporate Affairs, Secretarial & Legal and Dy. Company Secretary be and are hereby, jointly and/or severally, authorized to do all such acts, matters, deeds and things as may be necessary or desirable for the purpose of giving effect to the aforementioned Composite Scheme of Arrangement and Amalgamation."

TAKE FURTHER NOTICE that you may attend and vote at the said meeting either in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the registered office of the Applicant Company at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001, Maharashtra, India, not later than 48 hours before the aforesaid meeting.

The Hon'ble High Court of Judicature at Bombay has appointed Mr.Yudhishtir D. Khatau, to be the Chairman of the said meeting, failing whom Mr.Khurshed M. Thanawalla to be the Chairman of the said meeting, failing whom Mr.C.M.Maniar to be the chairman of the said meeting.

A copy of the Composite Scheme of Arrangement and Amalgamation, the Statement under Section 393 of the Companies Act, 1956 and a Form of Proxy and Attendance Slip are enclosed herewith.

Sd/
Yudhishtir D. Khatau
Chairman appointed for the meeting

Dated this 7th day of December, 2012

Registered Office:

Laxmi Building,
6, Shoorji Vallabhdas Marg,
Ballard Estate,
Mumbai 400 001
E-mail : investors@varunship.com

Notes:

- 1) All alterations made in the Form of Proxy should be initialled.
- 2) Only registered Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy) at the Equity Shareholders meeting. The authorized representative of a body corporate and Foreign Institutional Investor (FII) which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders meeting provided that a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate or custodial resolution/Power of Attorney in original as the case may be authorizing such a representative to attend and vote at the Equity Shareholders Meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting.

Enclosures: As Above.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO.809 of 2012**

IN THE MATTER of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956;

AND

IN THE MATTER of Varun Shipping Company Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001.

AND

IN THE MATTER of Composite Scheme of Arrangement and Amalgamation between Varun Shipping Company Limited and Varun Global Private Limited and Tarun Shipping and Industries Limited and Varun Maritime Private Limited and Varun Gas Infrastructure Limited and Varun Resources Private Limited and their respective Shareholders and Creditors.

Varun Shipping Company Limited, a company	)	
incorporated under the Companies Act, 1956	)	
having its registered office at Laxmi Building,	)	
6, Shoorji Vallabhdas Marg, Ballard Estate,	)	
Mumbai 400 001, Maharashtra, India	)	.. Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated November 30, 2012, passed by the Hon'ble High Court of Judicature at Bombay in respect of the aforesaid Company Summons for Direction, a meeting of the Equity Shareholders of Varun Shipping Company Limited will be held at 10.30 a.m. on Tuesday, 8th January, 2013 at Y.B.Chavan Centre, General Jagannath Bhonsle Marg, Sachivalaya, Mumbai - 400021 for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Composite Scheme of Arrangement and Amalgamation under Sections 391 to 394 read together with Sections 100 to 103 of the Companies Act, 1956 between Varun Shipping Company Limited ("VSCL" or the "Applicant Company") and Varun Global Private Limited ("VGL") and Tarun Shipping and Industries Limited ("TSIL") and Varun Maritime Private Limited ("VML") and Varun Gas Infrastructure Limited ("VGIL") and Varun Resources Private Limited ("VRL" or "Amalgamated Company") and their respective Shareholders and Creditors (hereafter VGIL, VSCL and TSIL are collectively referred as "the Amalgamating Companies" and VGL and VML are collectively referred as "Resultant Companies"). The other definitions contained in the Scheme will apply to this statement under Section 393 of the Companies Act, 1956 ('the Act').
2. A copy of the Composite Scheme of Arrangement and Amalgamation setting out the terms and conditions is attached to this Explanatory Statement.
3. Pursuant to an Order dated November 30, 2012, passed by the Hon'ble High Court of Judicature at Bombay in respect of the aforesaid Company Summons for Direction, a meeting of the Secured Creditors of Varun Shipping Company Limited, the Applicant Company, for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme, has been dispensed with.
4. Pursuant to an Order dated November 30, 2012, passed by the Hon'ble High Court of Judicature at Bombay in respect of the aforesaid Company Summons for Direction, a meeting of the Unsecured Creditors of Varun Shipping Company Limited, the Applicant Company, for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme, has been dispensed with.

BACKGROUND OF THE COMPANIES

VSCL

5. VSCL was incorporated on 29th day of January 1971 under the provisions of the Act, in the name and style of Varun Shipping Company Private Limited and in consequence thereof, certificate of incorporation was issued by the Registrar of Companies. The name of the Applicant Company was changed to its present name, consequent to change of name, a certificate of change of name was issued by the Asst. Registrar of Companies on 18th day of February 1972.
6. VSCL is primarily engaged in the transportation of goods through its vessels from countries outside India and bringing goods into India under the time charter or voyage charter arrangement entered with various public sector companies and private companies. It is also engaged in the business of providing services in the nature of technical and commercial management of the ships to the vessel owners and charterers operating across the world and also holds investments in group entities engaged in shipping business.
7. The last financial year of the Applicant Company was for a period of 18 months from 1st April 2011 to 30th September 2012.
8. The Equity Shares of VSCL are listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited

("NSE"). The authorized, issued, subscribed and paid up share capital of VSCL as on 31st day of October, 2012 is as under:

Particulars	Amount (Rs)
Authorized capital	
30,00,00,000 Equity shares of Rs. 10 each	3,00,00,00,000
20,00,00,000 Preference shares of Rs. 100 each	20,00,00,000
Total	3,20,00,00,000
Issued, subscribed and paid up capital	
15,00,07,773 (Previous year 15,00,07,773) Equity Shares of Rs.10 each	1,50,00,77,730
Total	1,50,00,77,730

Subsequent to aforesaid date, there is no change in the authorized, issued, subscribed and paid up share capital of VSCL.

Upon the Scheme coming into effect, shareholders of VSCL shall be issued equity shares in VGL upon demerger and in VRL upon amalgamation, as on the relevant record date, in accordance with Clause 10 and 51 of the Scheme.

9. The main objects of the Applicant Company as set out in Clause IIII (A) of its Memorandum of Association are as follows:

1. *To purchase, charter, hire or otherwise acquire, sell, exchange let or charter or otherwise deal with steam and other ships or vessels, build steam and other ships and vessels, and to employ the same in the conveyance of passengers, mails, crude oils, petroils, live stock, meat, corn and other produce and of treasure and merchandise and food articles, and things of all kinds, between such ports and places in any part of the world as the Company may from time to time decide and to establish and maintain lines of steam and other ships between any ports, countries or places which may seem to the Company expedient and to acquire any postal subsidies.*
- 1.1 *To acquire, purchase, sell, dispose off, own, lease, transfer, charter, let, hire, employ, rent, administer, manage, control, operate, construct, repair, alter, equip, furnish, fit out, decorate, improve and/or otherwise deal in and/or acquire rights in offshore and onshore rigs, platforms, dredgers and all types of ships and/or carrier and/or vessels of every description, works, conveniences and equipments of all kind, including, jack-up rigs, drill ships, semi submersibles, floating process storage, offshore floaters, floating supply offshore and/or any other offshore installations or structures, sub-sea structures and installations, survey vessels, supply vessels, towing vessels, anchor handling vessels, tugs, barges including pipe lay barges, accommodation barges, pontoons, launches, drifters, multi support vessels, dive support vessels, port related support services rendering vessels, acidisation vessels, coring vessels, well intervention vessels, stand-by/emergency rescue vessels, remote operated vehicles, single point mooring buoy, dry tow vessels, seismic survey vessels, lighterage, salvage, and/or maintenance support vessels, non-destructive testing vessels, oil and gas production vessels, cargo vessels, storage vessels, crew vessels, aircrafts, helicopters, commercial submarines, catamarans, equipments for seismic, electrologging, mudlogging, perforation, cementing, production, maintenance, diving, construction, irrigation, reclamations, sewage, drainage and sanitary works, water, gas, oil, motor, electrical, telephone, telegraphic and power supply works connected or associated with the oil, gas and minerals industry; to carry out cable laying, sea-bed mining operations, under water inspection, sub-sea constructions, non destructive testing inspection, repairs of sub-sea structures and installations, diving and all other related activities; in India and in any part of the world.*
- 1.2 *To assist, manage, promote, own, render services to and to invest in projects/businesses relating to offshore and onshore oil, gas and minerals exploration, drilling, prospecting, developing, production, processing, refining, distributing including but not limited to, tap oil and gas reserves and other similar or allied substances, wherever found, carry out geological, geophysical or any other kind of surveys for exploration of petroleum resources, carry out other drillings and prospecting operations; probe and estimate the reserves of petroleum resources, undertake contract for seismic activities or surveys, data collection and interpretation in petroleum, oil, gas and other mining industries and all other technical, non technical or specialized services, in India and in any part of the world;*
- 1.3 *To undertake and carry on in India and in any part of the world, the business of:-*
 - (a) *developing, owning, acquiring (whether on ownership basis or otherwise) giving or taking on hire, leasing, renting, transferring, chartering, letting, purchasing and/or otherwise acquiring, assisting, managing, controlling, operating, constructing, repairing, altering, equipping, furnishing, fitting out and/or disposing off and/or otherwise deal in any rights in any oil wells, gas and oil, and/or hydrocarbon fields and/or mines and rendering related services;*
 - (b) *mining, exploring, drilling, prospecting, developing, manufacturing, producing, processing, refining, distributing, trading, importing, exporting, storing, warehousing and transporting of all kinds and types of oil, gas, minerals and other hydrocarbon products or substances;*
 - (c) *acquiring or disposing off, owning, giving or taking on hire, leasing, renting or otherwise acquiring or disposing off any rights in equipments, machineries, ancillaries, spares, stores or any other item essential to undertake the aforesaid activities and services;*
 - (d) *services, operations, activities or otherwise relating to shipping, oil, gas and minerals exploration and production including those of providing all kinds of underwater services of both onshore and offshore jobs, activities, things and logistic support.*
- 1.4 *To purchase, subscribe, take in, exchange or otherwise acquire or sell, dispose off, transfer or otherwise deal in any share or interest in ships, vessels, offshore or other assets, equipments, works, conveniences of all kinds and description and also shares, stocks and securities of any companies possessed or interested in any ships or vessels, offshore or other assets, equipments, works, conveniences of all kinds and description;*

VGL

10. VGL was incorporated on 19th day of October 2010, under the provisions of the Act in the name and style of Liza Real Estates Private Limited and in consequence thereof, certificate of incorporation was issued by the Registrar of Companies. The said name was then changed to Varun Global Private Limited on May 29, 2012. and the Registrar of Companies has issued a Certificate of Change of Name in relation thereto. The registered office of VGL is at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001, Maharashtra, India. VGL is presently a wholly owned subsidiary of VSCL.
11. VGL currently has no operations. Upon the effectiveness of the Scheme, Ship Management & Shipping Investment Business of VSCL shall be demerged into VGL.
12. The financial year of VGL ends on the 31st March of every year.

13. The authorized, issued, subscribed and paid up share capital of VGL as on 31st day of October, 2012 is as under:

Particulars	Amount (Rs.)
Authorised Capital	
5,10,000 Equity Shares of Re.1 each	5,10,000
Total	5,10,000
Issued, subscribed and paid up capital	
1,00,000 equity shares of Re 1 each	1,00,000
Total	1,00,000

Subsequent to aforesaid date, there is no change in the authorized, issued, subscribed and paid up share capital of VGL.

Upon effectiveness of the Scheme, shareholders of VSCL shall be issued shares of VGL, as on the relevant record date, in accordance with Clause 10 of the scheme. VGL would cease to be the subsidiary of VSCL and shall have mirror shareholding of VSCL on allotment date and shares of VGL will be listed on BSE and NSE.

14. The main objects of VGL as set out in Clause III A of its Memorandum of Association include the following:

- 1.a. *To purchase, charter, hire or otherwise acquire, sell, exchange, let or charter or otherwise deal with steam and other ships or vessels, other vehicles, to build steam and other ships and vessels, and to employ the same in the conveyance of passengers, mails, crude oils, petrol, live stock, meat, corn and other produce and of treasure and merchandise and food articles, and things of all kinds, between such ports and places in any part of the world as the Company may from time to time decide and to establish and maintain lines of steam and other ships between any ports, countries or places which may seem to the Company expedient and to acquire any postal subsidies.*
- b. *To acquire, purchase, sell, dispose off, own, lease, transfer, charter, let, hire, employ, rent, administer, manage, control, operate, construct, repair, alter, equip, furnish, fit out, decorate, improve and/or otherwise deal in and/or acquire rights in offshore and onshore rigs, platforms, dredgers and all types of ships and/or carriers and/or vessels of every description, works, conveniences and equipments of all kind, including, jack-up rigs, drill ships, semi submersibles, floating process storage, offshore floaters, floating supply offshore and/or any other offshore installations or structures, sub-sea structures and installations, survey vessels, supply vessels, towing vessels, anchor handling vessels, tugs, barges including pipe lay barges, accommodation barges, pontoons, launches, drifters, multi support vessels, dive support vessels, port related support services rendering vessels, acidisation vessels, coreing vessels, well intervention vessels, stand-by/emergency rescue vessels, remote operated vehicles, single point mooring buoy, dry tow vessels, seismic survey vessels, lighterage, salvage, and/or maintenance support vessels, non-destructive testing vessels, oil and gas production vessels, cargo vessels, storage vessels, crew vessels, aircrafts, helicopters, commercial submarines, catamarans, equipments for seismic, electrologging, mudlogging, perforation, cementing, production, maintenance, diving, construction, irrigation, reclamations, sewage, drainage and sanitary works, water, gas, oil, motor, electrical, telephone, telegraphic and power supply works connected or associated with the oil, gas and minerals industry; to carry out cable laying, sea-bed mining operations, under water inspection, sub-sea constructions, non destructive testing inspection, repairs of sub-sea structures and installations, diving and all other related activities; in India and in any part of the world.*
- c. *To assist in, manage, promote, own, render services to and to invest in projects/businesses relating to offshore and onshore oil, gas and minerals exploration, drilling, prospecting, developing, production, processing, refining, distributing including but not limited to, tap oil and gas reserves and other similar or allied substances, wherever found, carry out geological, geophysical or any other kind of surveys for exploration of petroleum resources, carry out other drillings and prospecting operations; probe and estimate the reserves of petroleum resources, undertake contract for seismic activities or surveys, data collection and interpretation in petroleum, oil, gas and other mining industries and all other technical, non technical or specialized services, in India and in any part of the world;*
- d. *To undertake and carry on in India and in any part of the world, the business of:-*
 - i. *developing, owning, acquiring (whether on ownership basis or otherwise) giving or taking on hire, leasing, renting, transferring, chartering, letting, purchasing and/or otherwise acquiring, assisting, managing, controlling, operating, constructing, repairing, altering, equipping, furnishing, fitting out and/or disposing off and/or otherwise deal in any rights in any oil wells, gas and oil, and/or hydrocarbon fields and/or mines and rendering related services;*
 - ii. *mining, exploring, drilling, prospecting, developing, manufacturing, producing, processing, refining, distributing, trading, importing, exporting, storing, warehousing and transporting of all kinds and types of oil, gas, minerals and other hydrocarbon products or substances;*
 - iii. *acquiring or disposing off, owning, giving or taking on hire, leasing, renting or otherwise acquiring or disposing off any rights in equipments, machineries, ancillaries, spares, stores or any other item essential to undertake the aforesaid activities and services;*
 - iv. *services, operations, activities or otherwise relating to shipping, oil, gas and minerals exploration and production including those of providing all kinds of underwater services of both onshore and offshore jobs, activities, things and logistic support.*
- e. *To purchase, subscribe, take in, exchange or otherwise acquire or sell, dispose off, transfer or otherwise deal in any share or interest in ships, vessels, offshore or other assets, equipments, works, conveniences of all kinds and description and also shares, stocks and securities of any companies possessed or interested in any ships or vessels, offshore or other assets, equipments, works, conveniences of all kinds and description and providing technical and management services;*

TSIL

15. TSIL was incorporated on 6th day of October 1994, under the provisions of the Act, in the name and style of Tarun Shipping and Industries Limited and in consequence thereof, certificate of incorporation was issued by the Addl. registrar of Companies. The registered office of TSIL is at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001, Maharashtra, India. TSIL is held by VSCL to the extent of 49.91%, promoters of VSCL hold 49.97% and balance stake is held by others.
16. TSIL is primarily engaged in the transportation of goods through its vessels from countries outside India and bringing the goods into India under time charter or voyage charter arrangement entered with various public sector companies and private companies. It is also engaged in the offshore shipping business for providing anchor handling and supply services to rigs operated across the world in shallow water off shore oil drilling and also holds investments in group companies.

17. The financial year of TSIL ends on the 31st March of every year.
18. The authorized, issued, subscribed and paid up share capital of TSIL as on 31st day of October, 2012 is as under:

Particulars	Amount (Rs.)
Authorised Capital	
3,20,00,000 Equity Shares of Rs.10 each	32,00,00,000
Total	32,00,00,000
Issued, subscribed and paid up capital	
1,68,30,000 Equity Shares of Rs.10 each	16,83,00,000
Total	16,83,00,000

Subsequent to aforesaid date, there is no change in the authorized, issued, subscribed and paid up share capital of TSIL.

Upon effectiveness of the Scheme, shareholders of TSIL, shall be issued shares of VML on demerger and VRL on merger, as on the relevant record date, in accordance with Clause 31 and 51 of the Scheme.

19. The main objects of TSIL as set out in Clause III(A) of its Memorandum of Association are as follows:

- To purchase, charter, hire, build or otherwise acquire, steam, diesel and other ships or vessels or aircrafts or other vehicles and to employ the same in conveyance of passengers, mails and merchandise of all kinds, and to carry on the business of ship-owners, barge-owners, and lightermen in all its branches and to establish, maintain and operate shipping, air and road transport services and all ancillary services and, for these purposes, to purchase, take in exchange, charter, hire, build, construct or otherwise acquire and to own, work, manage and trade with steam, sailing, motor and other ships, trawlers, drifters, tugs and vessels, and other Vehicles with all necessary and convenient equipment, engines, tackle, gear, furniture, and stores, or any shares or interests in ships, vessels and other vehicles in any ships, aircraft or vehicles and to maintain, repair, fit out, refit, improve, insure, alter, sell, exchange, or let out on hire purchase, or charter or otherwise deal with the disposal of any ships, vessels aircrafts and vehicles shares, stock, and securities, or any of the engines, tackle, gear, furniture, equipment, and stores of the Company.*
- To carry on business as civil, mechanical, electrical, air-conditioning, chemical and agricultural engineers, as manufacturers and as importers and exporters, commission agents (and merchants and as agents for ships and shipowners, as ship repairers and as agents) for foreign manufacturers and merchants.*
- To promote, manage, assist, render services to and to invest in projects relating to offshore and onshore gas and oil exploration, prospecting, development and production, including but without being limited to brokering of work contracts, construction contracts, exploration licences and financing agreements and arrangements in India and in any part of the world.*
- To buy, sell, build, construct, alter, take on lease or otherwise acquire and maintain passenger accommodation, waiting halls and aerodromes, landing stages, houses and building, hotels, resthouses and dak-bungalows, for the convenience of the passengers in different parts of India and abroad and to organize religious, educational sightseeing and business tours and for the purpose to charter ships, trains, aeroplanes, omnibuses, motorbuses, motor lorries, motor cars, wagons, carts and carriages of every description, to book and reserve accommodation and rooms in hotels, restaurants and boarding and or lodging houses and to take on hire houses furnished or unfurnished.*

VML

20. VML was incorporated on 4th day of October 2010 under the provisions of the Act, in the name and style of Golden Turtle Real Estates Private Limited and in consequence thereof, certificate of incorporation was issued by the Registrar of Companies. The said name was changed to Varun Maritime Private Limited and fresh Certificate of Change of Name was issued by the registrar of Companies on 24th day of May 2012. The registered office of VML is at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001, Maharashtra, India. It is presently a wholly owned subsidiary of TSIL.
21. VML currently has no operations. Upon the effectiveness of the Scheme, Offshore Shipping and Shipping Investment Business of TSIL shall be demerged into VML.
22. The financial year of VML ends on the 31st March of every year
23. The authorized, issued, subscribed and paid up share capital of VML as on 31st day of October, 2012 is as under:

Particulars	Amount (Rs)
Authorised Capital	
5,10,000 Equity Shares of Re.1 each	5,10,000
Total	5,10,000
Issued, subscribed and paid up capital	
1,00,000 equity shares of Re 1 each	1,00,000
Total	1,00,000

Subsequent to aforesaid date, there is no change in the authorized, issued, subscribed and paid up share capital of VML.

Upon effectiveness of the Scheme, shareholders of TSIL shall be issued shares of VML, as on the relevant record date, in accordance with Clause 31 of the Scheme. VML would cease to be the subsidiary of TSIL and shall have mirror shareholding of TSIL after the allotment of shares.

24. The main objects of VML as set out in Clause III A of its Memorandum of Association include the following:

- To purchase, charter, hire or otherwise acquire, sell, exchange, let or charter or otherwise deal with steam and other ships or vessels, other vehicles, to build steam and other ships and vessels, and to employ the same in the conveyance of passengers, mails, crude oils, petrol, live stock, meat, corn and other produce and of treasure and merchandise and food articles, and things of all kinds, between such ports and places in any part of the world as the Company may from time to time decide and to establish and maintain lines of steam and other ships between any ports, countries or places which may seem to the Company expedient and to acquire any postal subsidies.*
- To acquire, purchase, sell, dispose off, own, lease, transfer, charter, let, hire, employ, rent, administer, manage, control, operate, construct, repair, alter, equip, furnish, fit out, decorate, improve and/or otherwise deal in and/or acquire rights in offshore and onshore rigs, platforms, dredgers and all types of ships and/or carriers and/or vessels of every description, works, conveniences and equipments of all kind, including, jack-up rigs, drill ships, semi submersibles, floating process storage, offshore floaters, floating supply offshore and/or any other offshore installations or structures, sub-sea structures and installations, survey vessels, supply vessels, towing vessels, anchor handling vessels, tugs, barges including pipe lay barges, accommodation barges, pontoons, launches, drifters, multi support vessels, dive support vessels, port related support services rendering vessels, acidisation vessels, coreing vessels, well intervention vessels, stand-by/emergency*

rescue vessels, remote operated vehicles, single point mooring buoy, dry tow vessels, seismic survey vessels, lighterage, salvage, and/or maintenance support vessels, non- destructive testing vessels, oil and gas production vessels, cargo vessels, storage vessels, crew vessels, aircrafts, helicopters, commercial submarines, catamarans, equipments for seismic, electrologging, mudlogging, perforation, cementing, production, maintenance, diving, construction, irrigation, reclamations, sewage, drainage and sanitary works, water, gas, oil, motor, electrical, telephone, telegraphic and power supply works connected or associated with the oil, gas and minerals industry; to carry out cable laying, sea-bed mining operations, under water inspection, sub-sea constructions, non destructive testing inspection, repairs of sub-sea structures and installations, diving and all other related activities; in India and in any part of the world.

- c. To assist, manage, promote, own, render services to and to invest in projects/businesses relating to offshore and onshore oil, gas and minerals exploration, drilling, prospecting, developing, production, processing, refining, distributing including but not limited to, tap oil and gas reserves and other similar or allied substances, wherever found, carry out geological, geophysical or any other kind of surveys for exploration of petroleum resources, carry out other drillings and prospecting operations; probe and estimate the reserves of petroleum resources, undertake contract for seismic activities or surveys, data collection and interpretation in petroleum, oil, gas and other mining industries and all other technical, non technical or specialized services, in India and in any part of the world;
- d. To undertake and carry on in India and in any part of the world, the business of:-
 - i. developing, owning, acquiring (whether on ownership basis or otherwise) giving or taking on hire, leasing, renting, transferring, chartering, letting, purchasing and/or otherwise acquiring, assisting, managing, controlling, operating, constructing, repairing, altering, equipping, furnishing, fitting out and/or disposing off and/or otherwise deal in any rights in any oil wells, gas and oil, and/or hydrocarbon fields and/or mines and rendering related services;
 - ii. mining, exploring, drilling, prospecting, developing, manufacturing, producing, processing, refining, distributing, trading, importing, exporting, storing, warehousing and transporting of all kinds and types of oil, gas, minerals and other hydrocarbon products or substances;
 - iii. acquiring or disposing off, owning, giving or taking on hire, leasing, renting or otherwise acquiring or disposing off any rights in equipments, machineries, ancillaries, spares, stores or any other item essential to undertake the aforesaid activities and services;
 - iv. services, operations, activities or otherwise relating to shipping, oil, gas and minerals exploration and production including those of providing all kinds of underwater services of both onshore and offshore jobs, activities, things and logistic support;
- e. To purchase, subscribe, take in, exchange or otherwise acquire or sell, dispose off, transfer or otherwise deal in any share or interest in ships, vessels, offshore or other assets, equipments, works, conveniences of all kinds and description and also shares, stocks and securities of any companies possessed or interested in any ships or vessels, offshore or other assets, equipments, works, conveniences of all kinds and description and providing technical and management services.

VGIL

25. VGIL was incorporated on the 8th day of April 2011 under the provisions of the Act in the name and style of Varun Gas Infrastructure Limited and in consequence thereof certificate of incorporation was issued by the registrar of Companies. The registered office of VGIL is at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001, Maharashtra, India. It is presently a wholly owned subsidiary of VSCL.
26. VGIL is engaged in the Shipping Business i.e. transportation of goods through its vessels from countries outside India and bringing the goods into India under time charter or voyage charter arrangement entered with public sector companies and private companies.
27. The authorized, issued, subscribed and paid up share capital of VGIL as on 31st day of October, 2012 is as under:

Particulars	Amount (Rs)
Authorised Capital	
10,00,000 Equity Shares of Rs.10 each	1,00,00,000
Total	1,00,00,000
Issued, subscribed and paid up capital	
10,00,000 Equity Shares of Rs.10 each	1,00,00,000
Total	1,00,00,000

Subsequent to aforesaid date, there is no change in the authorized, issued, subscribed and paid up share capital of VGIL. Upon effectiveness of the Scheme, no shares to be issued to VSCL, as VSCL which holds 100% stake in VGIL would cease to exist.

28. The main objects of VGIL as set out in Clause III A of its Memorandum of Association are as follows:
 1. To purchase, charter, hire or otherwise acquire, sell, exchange, let or charter or otherwise deal with ships or vessels, build ships and vessels, and to employ the same in the conveyance of passengers, mails, crude oils, gas, petrol, live stock, meat, corn and other produce and of treasure and merchandise and food articles, and things of all kinds, between such ports and places in any part of the world as the Company may from time to time decide and to establish and maintain lines of ships between any ports, countries or places which may seem to the Company expedient and to acquire any postal subsidies.
 2. To acquire, purchase, sell, dispose off, own, lease, transfer, charter, let, hire, employ, rent, administer, manage, control, operate, construct, repair, alter, equip, furnish, fit out, decorate, improve and/or otherwise deal in and/or acquire rights in offshore and onshore rigs, platforms, dredgers and all types of ships and/or carriers and/or vessels of every description, works, conveniences and equipments of all kind, including, jack-up rigs, drill ships, semi submersibles, floating process storage, offshore floaters, floating supply offshore and/or any other offshore installations or structures, sub-sea structures and installations, survey vessels, supply vessels, towing vessels, anchor handling vessels, tugs, barges including pipe lay barges, accommodation barges, pontoons, launches, drifters, multi support vessels, dive support vessels, port related support services rendering vessels, acidisation vessels, coreing vessels, well intervention vessels, stand-by/emergency rescue vessels, remote operated vehicles, single point mooring buoy, dry tow vessels, seismic survey vessels, lighterage, salvage, and/or maintenance support vessels, non- destructive testing vessels, oil and gas production vessels, cargo vessels, storage vessels, crew vessels, aircrafts, helicopters, commercial submarines, catamarans, equipments for seismic, electrologging, mudlogging, perforation, cementing, production, maintenance, diving, construction, irrigation, reclamation, sewage, drainage and sanitary works, water, gas, oil, motor, electrical, telephone, telegraphic and power

supply works connected or associated with the oil, gas and minerals industry; to carry out cable laying, sea-bed mining operations, under water inspection, sub-sea constructions, non destructive testing inspection, repairs of sub-sea structures and installations, diving and all other related activities; in India and in any part of the world.

- 3 To assist, manage, promote, own, render services to and to invest in projects/businesses relating to offshore and onshore oil, gas and minerals exploration, drilling, prospecting, developing, production, processing, refining, distributing including but not limited to, tap oil and gas reserves and other similar or allied substances, wherever found, carry out geological, geophysical or any other kind of surveys for exploration of petroleum resources, carry out other drillings and prospecting operations; probe and estimate the reserves of petroleum resources, undertake contract for seismic activities or surveys, data collection and interpretation in petroleum, oil, gas and other mining industries and all other technical, non technical or specialized services, in India and in any part of the world;
- 4 To undertake and carry on in India and in any part of the world, the business of:-
 - developing, owning, acquiring (whether on ownership basis or otherwise) giving or taking on hire, leasing, renting, transferring, chartering, letting, purchasing and/or otherwise acquiring, assisting, managing, controlling, operating, constructing, repairing, altering, equipping, furnishing, fitting out and/or disposing off and/or otherwise deal in any rights in any oil wells, gas and oil, and/or hydrocarbon fields and/or mines and rendering related services;
 - mining, exploring, drilling, prospecting, developing, manufacturing, producing, processing, refining, distributing, trading, importing, exporting, storing, warehousing and transporting of all kinds and types of oil, gas, minerals and other hydrocarbon products or substances;
 - acquiring or disposing off, owning, giving or taking on hire, leasing, renting or otherwise acquiring or disposing off any rights in equipments, machineries, ancillaries, spares, stores or any other item essential to undertake the aforesaid activities and services;
 - services, operations, activities or otherwise relating to shipping, oil, gas and minerals exploration and production including those of providing all kinds of underwater services of both onshore and offshore jobs, activities, things and logistic support.
5. To purchase, subscribe, take in, exchange or otherwise acquire or sell, dispose off, transfer or otherwise deal in any share or interest in ships, vessels, offshore or other assets, equipments, works, conveniences of all kinds and description and also shares, stocks and securities of any companies possessed or interested in any ships or vessels, offshore or other assets, equipments, works, conveniences of all kinds and description

VRL

29. VRL was incorporated on 6th day of October 2010 under the provisions of the Act in the name and style of Royal Orchid Conreal Private Limited and in consequence thereof certificate of incorporation was issued by the registrar of Companies. The said name was then changed to Varun Resources Private Limited on May 29, 2012. registrar of Companies has issued a Certificate of Change of Name to that effect. The registered office of VRL is at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001, Maharashtra, India. It is presently a wholly owned subsidiary of VSCL.
30. VRL currently has no operations. Upon the effectiveness of the Scheme, VGIL, VSCL and TSIL comprising Shipping Business shall be merged into VRL.
31. The financial year of VRL ends on the 31st March of every year.
32. The authorized, issued, subscribed and paid up share capital of VRL as on 31st day of October, 2012 is as under:

Particulars	Amount (Rs)
Authorised Capital	
15,10,00,000 Equity Shares of Re.1 each	15,10,00,000
Total	15,10,00,000
Issued, subscribed and paid up capital	
15,00,07,773 Equity Shares of Re.1 each	15,00,07,773
Total	15,00,07,773

Subsequent to aforesaid date, there is no change in the authorized, issued, subscribed and paid up share capital of VRL. Upon effectiveness of the Scheme, shareholders of VSCL and TSIL shall be issued shares of VRL, as on the relevant record date, in accordance with terms of Clause 51 of the Scheme. VRL would cease to be the subsidiary of VSCL and shares of VRL will be listed on BSE and NSE.

33. The main objects of VRL as set out in Clause III A of its Memorandum of Association include the following:
 - 1.a. To purchase, charter, hire or otherwise acquire, sell, exchange, let or charter or otherwise deal with steam and other ships or vessels, other vehicles, to build steam and other ships and vessels, and to employ the same in the conveyance of passengers, mails, crude oils, petrol, live stock, meat, corn and other produce and of treasure and merchandise and food articles, and things of all kinds, between such ports and places in any part of the world as the Company may from time to time decide and to establish and maintain lines of steam and other ships between any ports, countries or places which may seem to the Company expedient and to acquire any postal subsidies.
 - b. To acquire, purchase, sell, dispose off, own, lease, transfer, charter, let, hire, employ, rent, administer, manage, control, operate, construct, repair, alter, equip, furnish, fit out, decorate, improve and/or otherwise deal in and/or acquire rights in offshore and onshore rigs, platforms, dredgers and all types of ships and/or carriers and/or vessels of every description, works, conveniences and equipments of all kind, including, jack-up rigs, drill ships, semi submersibles, floating process storage, offshore floaters, floating supply offshore and/or any other offshore installations or structures, sub-sea structures and installations, survey vessels, supply vessels, towing vessels, anchor handling vessels, tugs, barges including pipe lay barges, accommodation barges, pontoons, launches, drifters, multi support vessels, dive support vessels, port related support services rendering vessels, acidisation vessels, coring vessels, well intervention vessels, stand-by/emergency rescue vessels, remote operated vehicles, single point mooring buoy, dry tow vessels, seismic survey vessels, lighterage, salvage, and/or maintenance support vessels, non- destructive testing vessels, oil and gas production vessels, cargo vessels, storage vessels, crew vessels, aircrafts, helicopters, commercial submarines, catamarans, equipments for seismic, electrologging, mudlogging, perforation, cementing, production, maintenance, diving, construction, irrigation, reclamations, sewage, drainage and sanitary works, water, gas, oil, motor, electrical, telephone, telegraphic and power supply works connected or associated with the oil, gas and minerals industry; to carry out cable laying, sea-bed mining operations, under water inspection, sub-sea constructions, non destructive testing inspection, repairs of sub-sea structures and installations, diving and all other related activities; in India and in any part of the world.

- c. *To assist, manage, promote, own, render services to and to invest in projects/businesses relating to offshore and onshore oil, gas and minerals exploration, drilling, prospecting, developing, production, processing, refining, distributing including but not limited to, tap oil and gas reserves and other similar or allied substances, wherever found, carry out geological, geophysical or any other kind of surveys for exploration of petroleum resources, carry out other drillings and prospecting operations; probe and estimate the reserves of petroleum resources, undertake contract for seismic activities or surveys, data collection and interpretation in petroleum, oil, gas and other mining industries and all other technical, non technical or specialized services, in India and in any part of the world;*
- d. *To undertake and carry on in India and in any part of the world, the business of:-*
 - i. *developing, owning, acquiring (whether on ownership basis or otherwise) giving or taking on hire, leasing, renting, transferring, chartering, letting, purchasing and/or otherwise acquiring, assisting, managing, controlling, operating, constructing, repairing, altering, equipping, furnishing, fitting out and/or disposing off and/or otherwise deal in any rights in any oil wells, gas and oil, and/or hydrocarbon fields and/or mines and rendering related services;*
 - ii. *mining, exploring, drilling, prospecting, developing, manufacturing, producing, processing, refining, distributing, trading, importing, exporting, storing, warehousing and transporting of all kinds and types of oil, gas, minerals and other hydrocarbon products or substances;*
 - iii. *acquiring or disposing off, owning, giving or taking on hire, leasing, renting or otherwise acquiring or disposing off any rights in equipments, machineries, ancillaries, spares, stores or any other item essential to undertake the aforesaid activities and services;*
 - iv. *services, operations, activities or otherwise relating to shipping, oil, gas and minerals exploration and production including those of providing all kinds of underwater services of both onshore and offshore jobs, activities, things and logistic support.*
- e. *To purchase, subscribe, take in, exchange or otherwise acquire or sell, dispose off, transfer or otherwise deal in any share or interest in ships, vessels, offshore or other assets, equipments, works, conveniences of all kinds and description and also shares, stocks and securities of any companies possessed or interested in any ships or vessels, offshore or other assets, equipments, works, conveniences of all kinds and description and providing technical and management services;*

RATIONALE AND BENEFITS

34. The main benefits of the Scheme will be as follows:

- (i) The Scheme, upon implementation, will result in segregation of Shipping Business, Ship Management & Shipping Investment Business and Offshore Shipping & Shipping Investment Business into three separate entities, which would assist to pursue their individual growth strategies, thereby resulting in enhancement of business prospects and shareholder's value.
- (ii) Upon rearrangement, VRL, VGL and VML shall have the flexibility in their business operations, with respect to the following:
 - Formulation of growth strategies and implementation of growth plans.
 - Result in a higher growth potential in the respective businesses.
- (iii) The future business directions of Shipping Business, Ship Management & Shipping Investment Business and Offshore Shipping & Shipping Investment Business indicate areas of divergence in growth profiles. Segregation of these businesses, therefore, in different companies would create focused entities and would enable better and focussed approach to needs of growth and consolidation.
- (iv) Upon implementation of the Scheme,
 - Shareholder's of VSCL shall be issued equity shares in VGL upon demerger and in VRL upon amalgamation based on their share holdings as on the Demerger Record Date and Amalgamation Record Date(s) respectively; and
 - Shareholder's of TSIL shall be issued equity shares in VML upon demerger and in VRL upon amalgamation based on their share holdings as on the Demerger Record Date and Amalgamation Record Date(s) respectively.
 - Further, issuance of shares to shareholders of TSIL, in accordance with Clause 51 of the Scheme, shall be before the Amalgamation Record Date to be fixed for the purposes of determining the shareholders of VSCL, to whom the equity shares of VRL will be allotted pursuant to amalgamation, in accordance with Clause 51 of the Scheme

This will allow greater flexibility to shareholders in their investment decisions in future.

BOARD APPROVAL, VALUATION AND FAIRNESS OPINION FOR THE SCHEME

35. The share exchange and entitlement ratio was computed by Haribhakti & Co, Chartered Accountants (the "Valuers"), who have submitted the report containing their recommendations (the "Valuation Report").
36. In terms of the listing agreement, Ernst & Young Merchant Banking Services Private Limited, a Category - I merchant banker have given a fairness opinion certifying that the valuation done by the Valuers for determining the share exchange and entitlement ratio is fair and reasonable.
37. The Board of Directors of the Applicant Company and Board of Directors of VGL, TSIL, VML, VGIL and VRL based on independent evaluation and judgment and on aforementioned expert advice have approved the proposed rearrangement and the share exchange and entitlement ratio at their separate meetings held on 31st March 2012. The Committee of Directors of VSCL and VGIL have approved the Scheme at their separate meetings held on 29th May 2012 and have also approved the amendments to the aforementioned Scheme at their separate meetings held on 1st August, 2012. The share exchange and entitlement ratio is stated below:
 - Pursuant to demerger of Ship Management & Shipping Investment Business of VSCL to VGL, VGL shall issue One [1] equity share of the face value of Re.1/- each credited as fully paid-up for every One [1] equity share of Rs.10/- each fully paid-up held by such shareholder in VSCL, in accordance with Clause 10 of the Scheme
 - Pursuant to demerger of Offshore Shipping & Shipping Investment Business of TSIL to VML, VML shall issue One [1] equity share in VML of the face value of Re.1/- each credited as fully paid-up for every Thirty Three [33] equity shares of Rs.10/- each fully paid-up held by such shareholder in TSIL, in accordance with Clause 31 of the Scheme.
 - Pursuant to amalgamation of VGIL, VSCL and TSIL comprising Shipping Business, VRL shall issue shares in following manner, as stated in Clause 51 of the Scheme:
On amalgamation of TSIL - "One [1] equity share of Re 1 each of VRL will be issued and allotted to each share holder holding Eleven [11] equity shares of Rs10 each in TSIL"

and

On amalgamation of VSCL - "Four [4] equity shares of Re.1 each of VRL will be issued and allotted to each shareholder holding One [1] equity share of Rs. 10 each in VSCL"

and

On amalgamation of VGIL - "No shares to be issued on amalgamation of VGIL into VRL, as VSCL holds 100 percent stake in VGIL and upon scheme becoming effective VSCL would cease to exist"

SALIENT FEATURES OF THE SCHEME

38. The salient features of the Scheme are, inter alia, as under:

1. For the sake of convenience, the Scheme has been divided into the following parts:
Part I dealing with introduction and definitions; Part II dealing with demerger of Ship Management & Shipping Investment Business of VSCL into VGL; Part III dealing with demerger of Offshore Shipping & Shipping Investment Business from TSIL into VML; Part IV dealing with amalgamation of VSCL, TSIL and VGIL with VRL; and Part V dealing with general terms and conditions.
2. The Scheme envisages the following:
 - a. Demerger of the Ship Management & Shipping Investment Business of VSCL into VGL, and consequent issue of equity shares by VGL to the shareholders of VSCL;
 - b. Demerger of the Offshore Shipping & Shipping Investment Business of TSIL into VML, and consequent issue of equity shares by VML to the shareholders of TSIL; and
 - c. Consolidation of Shipping Business through amalgamation of VGIL, VSCL and TSIL with VRL, and consequent issue of equity shares by VRL to the shareholders of VSCL and TSIL and various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme, pursuant to Sections 391 to 394 read together with Sections 100 to 103 and other relevant provisions of the Act and applicable law.
3. "Amalgamation Appointed Date 1" means opening business hours of May 01, 2011 or such other date as may be directed by the High Court for the purpose of amalgamation of VGIL with VRL;
4. "Amalgamation Appointed Date 2" means May 01, 2011 or such other date as may be directed by the High Court for the purpose of amalgamation of Remaining VSCL and Remaining TSIL with VRL;
5. "Amalgamation Appointed Dates" means, collectively, the "Amalgamation Appointed Date 1" and "Amalgamation Appointed Date 2";
6. The "Demerger Appointed Date" means the opening business hours of April 1, 2011, or such other date as may be directed by the High Court for the purpose of demerger of Ship Management & Shipping Investment Business from VSCL into VGL and demerger of Offshore Shipping & Shipping Investment Business from TSIL into VML
7. The "Ship Management & Shipping Investment Business" means and includes Applicant Company's undertakings, business, activities and operations pertaining to the Ship Management & Shipping Investment Business of the Applicant Company, on a going concern basis, as more elaborately defined in the Scheme in Part I (Clause 1.1).
8. The "Offshore Shipping & Shipping Investment Business" means and includes TSIL's undertakings, business, activities and operations pertaining to the Offshore Shipping & Shipping Investment Business of TSIL, on a going concern basis, as more elaborately defined in the Scheme in Part I (Clause 1.1).
9. The "Amalgamation Record Date(s)" means the date(s) to be fixed jointly by the Board of Directors or a committee/ authorised person thereof of VRL and each of the Amalgamating Companies respectively for the purposes of determining the shareholders of the Amalgamating Companies, to whom the equity shares of VRL will be allotted pursuant to amalgamation, in accordance with Clause 51 of the Scheme.
10. "Demerger Record Date" means the date to be fixed jointly by the Board of Directors or a committee/ authorized person thereof of each of the Resulting Companies and VSCL and TSIL, before the Amalgamation Record Date(s), for the purposes of determining the shareholders of Demerged Companies, to whom the equity shares will be allotted pursuant to demerger in accordance with Clause 10 and 31 of the Scheme.
11. The "Effective Date" means the last of the dates on which all the conditions and matters referred to in Clause 79 of the Scheme occur or have been fulfilled or waived in accordance with the Scheme. References in the Scheme to date of 'coming into effect of the Scheme' or 'effectiveness of the Scheme' shall mean the Effective Date.
12. Salient features of Part II of the Scheme dealing with demerger of Ship Management & Shipping Investment Business of Applicant Company into VGL are, inter alia, as under:
 - a. Upon the coming into effect of the Scheme and with effect from the Demerger Appointed Date, the entire Ship Management & Shipping Investment Business (including all the assets, investments, rights, claims, title, interest and authorities, including accretions and appurtenances of the Ship Management & Shipping Investment Business) shall, subject to the provisions of Clause 3 of the Scheme in relation to the mode of transfer and vesting and pursuant to the provisions of Sections 391 to 394 of the Act and Section 2(19AA) of the Income-tax Act, 1961, without any act, deed, conveyance and / or transfer deed, be demerged from VSCL and be transferred to and vested in and shall be deemed to be demerged from VSCL and transferred to and vested in VGL as a going concern so as to become as and from the Demerger Appointed Date, the, assets, rights, claims, title, interest and authorities of VGL, subject to the provisions of the Scheme in relation to encumbrances in favour of banks and/or financial institutions.
 - b. Upon the coming into effect of the Scheme, all loans raised and used, debts, liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of VSCL shall also, as on the Demerger Appointed Date and relatable to the Ship Management & Shipping Investment Business in accordance with Section 2(19AA) of the Income-tax Act, 1961, shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to VGL to the extent that they are outstanding as on the Effective Date and shall become the loans, debts, liabilities, duties and obligations of VGL.
 - c. Upon the coming into effect of the Scheme, and subject to the provisions of the Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Ship Management & Shipping Investment Business, to which VSCL is a party or to the benefit of which VSCL is eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of VGL and may be enforced as fully and effectually as if, instead of VSCL, VGL had been a party or beneficiary or obligee thereto or thereunder.
 - d. All staff, workmen and employees of Ship Management & Shipping Investment Business in VSCL, in service on the Effective Date shall be deemed to have become staff, workmen and employees of VGL, with effect from the Demerger

Appointed Date without any interruption of or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with VGL shall not be less favorable than those applicable to them with reference to VSCL, on the Effective Date.

- e. All legal, taxation and other proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature by or against VSCL pending and/or arising at the Demerger Appointed Date and relating to Ship Management & Shipping Investment Business, shall be continued and enforced by or against VGL only, to the exclusion of VSCL in the manner and to the same extent as would have been continued and enforced by or against VSCL. On and from the Effective Date, VGL shall and may, if required, initiate any legal proceedings in relation to Ship Management & Shipping Investment Business.
 - f. Subject to the terms of the Scheme, the transfer and vesting of the Ship Management & Shipping Investment Business of VSCL under Section 1 of Part II of the Scheme shall not affect any transactions or proceedings already concluded by VSCL on or before the Demerger Appointed Date or concluded after the Demerger Appointed Date till the Effective Date, to the end and intent that VGL accepts and adopts all acts, deeds and things made, done and executed by VSCL as acts, deeds and things made, done and executed by or on behalf of VGL.
 - g. VSCL shall be carrying on and be deemed to have been carrying on all business and activities relating to Ship Management & Shipping Investment Business and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of Ship Management & Shipping Investment Business for and on account of, and in trust for, VGL.
 - h. Upon the effectiveness of the Scheme, in consideration of the Demerger, including the transfer and vesting of Ship Management & Shipping Investment Business in VGL pursuant to the Scheme, VGL shall, without any further act or deed, issue and allot to each shareholder of VSCL whose name is recorded in the register of members and / or records of the depository as shareholder of VSCL on the Demerger Record Date equity share in VGL in the ratio of One [1] equity shares in VGL of the face value of Re.1/- each credited as fully paid-up for every One [1] equity share of Rs.10/- each fully paid-up held by such shareholder in VSCL.
 - i. Upon the Scheme becoming effective and upon the issue of shares in accordance with Clause 10 of the Scheme, the existing equity share of VGL held by the existing shareholders of VGL, namely, VSCL, as specified in Clause 2.2 of the Scheme, as on the Demerger Record Date shall, without any application or deed, stand cancelled without any payment in accordance with the provisions of Sections 100 to 103 of the Act.
 - j. All equity shares of VGL shall be listed and/or admitted to trading on the Stock Exchanges, in accordance with applicable law. The equity shares of VGL allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the Stock Exchange(s). There shall be no change in the shareholding pattern or control in VGL between the Demerger Record Date and the listing. On the Scheme becoming effective, VSCL and VGL shall respectively account for demerger in their books as set out in clause 20 and 21 of the Scheme.
 - k. Upon the coming into effect of the Scheme, the name of VGL shall stand changed to "Varun Maritime Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed and the name "VGL" wherever it appears in the Memorandum and Articles of Association of VGL shall stand substituted by the new name "Varun Maritime Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed.
13. Salient features of Part III of the Scheme dealing with demerger of the Offshore Shipping & Shipping Investment Business of TSIL into VML are, inter alia, as under:
- a. Upon the coming into effect of the Scheme and with effect from the Demerger Appointed Date, the entire Offshore Shipping & Shipping Investment Business (including all the assets, investments, rights, claims, title, interest and authorities, including accretions and appurtenances of the Offshore Shipping & Shipping Investment Business) shall, subject to the provisions of clause 24 of the Scheme in relation to the mode of transfer and vesting and pursuant to the provisions of Sections 391 to 394 of the Act and Section 2(19AA) of the Income-tax Act, 1961, without any act, deed, conveyance and / or transfer deed, be demerged from TSIL and be transferred to and vested in and shall be deemed to be demerged from TSIL and transferred to and vested in VML as a going concern so as to become as and from the Demerger Appointed Date, the, assets, rights, claims, title, interest and authorities of VML, subject to the provisions of the Scheme in relation to encumbrances in favour of banks and/or financial institutions.
 - b. Upon the coming into effect of the Scheme, all loans raised and used, debts, liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of TSIL shall also, as on the Demerger Appointed Date and relatable to the Offshore Shipping & Shipping Investment Business in accordance with Section 2(19AA) of the Income-tax Act, 1961, shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to VML to the extent that they are outstanding as on the Effective Date and shall become the loans, debts, liabilities, duties and obligations of VML.
 - c. Upon the coming into effect of the Scheme, and subject to the provisions of the Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Offshore Shipping & Shipping Investment Business, to which TSIL is a party or to the benefit of which TSIL is eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of VML and may be enforced as fully and effectually as if, instead of TSIL, VML had been a party or beneficiary or obligee thereto or thereunder.
 - d. All staff, workmen and employees of Offshore Shipping & Shipping Investment Business in TSIL, in service on the Effective Date shall be deemed to have become staff, workmen and employees of VML, with effect from the Demerger Appointed Date without any interruption of or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with VML shall not be less favorable than those applicable to them with reference to TSIL, on the Effective Date.
 - e. All legal, taxation and other proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature by or against TSIL pending and/or arising at the Demerger Appointed Date and relating to Offshore Shipping & Shipping Investment Business, shall be continued and enforced by or against VML only, to the exclusion of TSIL in the manner and to the same extent as would have been continued and enforced by or against TSIL. On and from the Effective Date, VML shall and may, if required, initiate any legal proceedings in relation to Offshore Shipping & Shipping Investment Business.
 - f. Subject to the terms of the Scheme, the transfer and vesting of the Offshore Shipping & Shipping Investment Business

- of TSIL under Section 1 of Part III of the Scheme shall not affect any transactions or proceedings already concluded by TSIL on or before the Demerger Appointed Date or concluded after the Demerger Appointed Date till the Effective Date, to the end and intent that VML accepts and adopts all acts, deeds and things made, done and executed by TSIL as acts, deeds and things made, done and executed by or on behalf of VML.
- g. TSIL shall be carrying on and be deemed to have been carrying on all business and activities relating to Offshore Shipping & Shipping Investment Business and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of Offshore Shipping & Shipping Investment Business for and on account of, and in trust for VML.
 - h. Upon the effectiveness of the Scheme, in consideration of the Demerger, including the transfer and vesting of Offshore Shipping & Shipping Investment Business in VML pursuant to the Scheme, VML shall, without any further act or deed, issue and allot to each shareholder of TSIL whose name is recorded in the register of members and/or records of the depository as shareholder of TSIL on the Demerger Record Date, equity shares in VML in the ratio of One [1] equity share in VML of the face value of Re.1/- each credited as fully paid-up for every Thirty Three [33] equity shares of Rs.10/- each fully paid-up held by such shareholder in TSIL.
 - i. Upon the Scheme becoming effective and upon the issue of shares in accordance with Clause 31 of the Scheme, the existing equity shares of VML held by the existing shareholders of VML, namely, TSIL, as specified in Clause 2.4 of the Scheme, as on the Demerger Record Date shall, without any application or deed, stand cancelled without any payment in accordance with the provisions of Sections 100 to 103 of the Act.
 - j. On the Scheme becoming effective, TSIL and VML shall respectively account for demerger in their books as set out in clause 40 and 41 of the Scheme.
 - k. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the name of VML shall stand changed to "Varun Global Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed and the name "VML" wherever it appears in the Memorandum and Articles of Association of VML shall stand substituted by the new name "Varun Global Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed.
14. Part IV of the Scheme envisages the amalgamation of the Amalgamating Companies into VRL. It provides for inter alia:
- a. Upon the coming into effect of the Scheme and with effect from the Amalgamation Appointed Dates and subject to the provisions of Part II and Part III of the Scheme, the Amalgamating Companies shall, pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act, without any further act, deed or conveyance and/or transfer deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in VRL as a going concern so as to become as and from the Amalgamation Appointed Dates, the estate, assets, rights, claims title, interests and authorities of VRL, subject to the provisions of the Scheme in relation to encumbrances in favour of banks and / or financial institutions. The transfer and vesting of all assets of Amalgamating Companies as aforesaid shall be subject to the existing securities, liens, charges and mortgages, if any, subsisting, over or in respect of the property and assets or any part thereof.
 - b. Upon the coming into effect of the Scheme, all secured and unsecured debts, all loans raised and used, debts, all liabilities, duties and obligations and undertakings of every kind, nature, description whether or not provided for in the books and whether disclosed or undisclosed in the Balance sheets of the Amalgamating Companies or any debt, liability, duty, obligation or undertaking of any nature whatsoever along with any charge, encumbrance, lien or security thereon shall, pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act, without any further act, deed, conveyance, instrument or transfer deed, shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in, VRL, so as to become the liabilities of VRL and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of Clause 45 of the Scheme.
 - c. Upon the coming into effect of the Scheme, and subject to the provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Amalgamating Companies is a party or to the benefit of which the Amalgamating Companies may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue to be in full force and effect on or against or in favour, as the case may be, of VRL and may be enforced as fully and effectually as if, instead of the Amalgamating Companies, VRL had been a party or beneficiary or obligee thereto or thereunder.
 - d. All staff, workmen and employees of Amalgamating Companies, in service on the Effective Date shall be deemed to have become staff, workmen and employees of VRL, with effect from the Amalgamation Appointed Dates without any interruption of or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with VRL shall not be less favorable than those applicable to them with reference to VRL, on the Effective Date.
 - e. All legal, taxation and other proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature by or against Amalgamating Companies pending and/or arising at the Amalgamation Appointed Dates shall be continued and/or enforced until the Effective Date as desired by VRL. As and from the Effective Date, the legal proceedings shall be continued and enforced by or against VRL in the same manner and to the same extent as would or might have been continued and enforced by or against the Amalgamating Companies.
 - f. The transfer and vesting of the Amalgamating Companies under Section 1 of Part IV of the Scheme shall not affect any transactions or proceedings already concluded by the Amalgamating Companies on or before the Amalgamation Appointed Dates or concluded after the Amalgamation Appointed Dates till the Effective Date, to the end and intent that, VRL accepts all acts, deeds and things, made done and executed by the Amalgamating Companies as acts, deeds and things made, done and executed by or on behalf of VRL.
 - g. Each of the Amalgamating Companies shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the respective entire businesses and all the respective assets and liabilities of the Amalgamating Companies on account of, and in trust for, VRL.
 - h. Upon the effectiveness of the Scheme, in consideration of amalgamation of Amalgamating Companies into VRL in

terms of the Scheme, VRL shall, without any further application, act or deed, issue and allot shares, credited as fully paid up, to the extent indicated below, to the shareholders of the Amalgamating Companies holding fully paid up equity shares in Amalgamating Companies and whose names appear in the register of member and/or records of the depository as shareholder of the Amalgamating Companies on the Amalgamation Record Date(s), or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title, as the case may be, in the following proportion viz

"One [1] equity share of Re 1 each of VRL will be issued and allotted to each share holder holding Eleven [11] equity shares of Rs10 each in TSIL"

and

"Four [4] equity shares of Re.1 each of VRL will be issued and allotted to each shareholder holding One [1] equity share of Rs.10 each in VSCL"

and

"No shares to be issued on amalgamation of VGIL into VRL, as VSCL holds 100 percent stake in VGIL and upon scheme becoming effective VSCL would cease to exist"

- i. The Equity Shares of VRL issued in terms of Clause 51 of the Scheme, subject to applicable regulations, be listed and/or admitted to trading on the BSE and NSE where the existing equity shares of VSCL are listed and/or admitted to trading.
 - j. Upon the Scheme becoming effective, the Board of Directors of VRL shall issue and allot its fully paid-up equity shares to the equity shareholders of Amalgamating Companies on Amalgamation Record Date(s) as per Clause 51 of the Scheme. Further, issuance of shares to shareholders of TSIL, in accordance with Clause 51 of the Scheme, shall be before the Amalgamation Record Date to be fixed for the purposes of determining the shareholders of VSCL, to whom the equity shares of VRL will be allotted pursuant to amalgamation, in accordance with Clause 51 of the Scheme.
 - i. The Accounting Standard 14 (AS 14) referred to in Section 211(3C) of the Act provides for accounting of amalgamation either by way of purchase method or pooling of interest method:
 - **Under the purchase method,**
 - o The transferee company accounts for the amalgamation either by incorporating the assets and liabilities at their existing carrying amounts or their fair values at the date of amalgamation.
 - o The identity of the reserves, other than the statutory reserves is not preserved.
 - o Difference between amount of the consideration and the value of the net assets of the transferor company acquired by the transferee company if negative then the difference is debited to goodwill arising on amalgamation or if the same is positive, the difference is credited to Capital Reserve.
 - **Under the Pooling of Interests Method**
 - o The assets, liabilities and reserves of the transferor company are recorded by the transferee company at their existing carrying amounts.
 - o Difference between the amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the transferor company is adjusted in reserves in the financial statements of the transferee company.

The accounting treatment for merger of VSCL, TSIL and VGIL into VRL as envisaged in Part IV of the Scheme is set out in clauses 60 to 64 of the Scheme.
 - k. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the name of VRL shall stand changed to "Varun Gas Infrastructure Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed and the name "VRL" wherever it appears in the Memorandum and Articles of Association of VRL shall stand substituted by the new name "Varun Gas Infrastructure Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed.
 - l. Upon the Scheme becoming effective, the authorised share capital of VRL shall automatically stand increased without any further act, instrument or deed on the part of VRL or any payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of the Amalgamating Companies amounting to Rs. 3,53,00,00,000 comprising of 33,30,00,000 equity shares of Rs. 10 each and 20,00,000 preference shares of Rs. 100 each, such authorised share capital of Amalgamating Companies shall stand sub divided from face value of Rs. 10 each to equity shares of face value of Re 1 each to represent Rs 3,53,00,00,000 comprising of 3,33,00,00,000 equity shares of Re 1 each and 20,00,00,000 preference shares of Re 1 each and the Memorandum of Association and Articles of Association of VRL (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 16, 31, 94, 95 and 394 and applicable provisions of the Act would be required to be separately passed or filings be required to be made with any Authority, as the case may be and for this purpose the stamp duties and fees paid on the authorised share capital of the Amalgamating Companies shall be utilized and applied to the increased authorised share capital of VRL and there would be no requirement for any further payment of stamp duty and/or fee by VRL for increase in the authorised share capital to that extent.
 - m. On the Scheme coming into effect, the Amalgamating Companies shall, without any further act or deed, stand dissolved without winding up.
15. The Scheme is conditional upon and subject to:
- a. the Scheme being agreed to by the requisite majorities of the various classes of shareholders and creditors of VSCL, TSIL, VGL, VML, VGIL and VRL (as required) under applicable law and the requisite order of the High Court being obtained;
 - b. receipt of order from the Competition Commission of India; and
 - c. the certified copies of the court orders referred to in the Scheme being filed with the Registrar of Companies, Maharashtra;

Note – The shareholders are requested to read the entire text of the Scheme attached herewith to get fully acquainted with the provisions thereof. What is stated hereinabove are just the brief salient features.

General

39. Upon effectiveness of the Scheme, VGL and VRL will make an application for listing its shares on BSE and NSE in which VSCL had its shares listed, in pursuance to the relevant regulations including, the circular SEBI/CFD/SCRR/01/2009/03/09 dated 3rd September 2009 issued by Securities Exchange Board of India in relation to applications under sub-rule (7) of rule 19 of the Securities Contracts Regulation Rules, 1957 for relaxing strict enforcement of clause (b) to sub-rule (2) of Rule 19 thereof.
40. The Scheme would not be prejudicial to the interests of the creditors (secured and unsecured) of the Applicant Company, other Amalgamating Companies, Resultant Companies and Amalgamated Company. The latest accounts of all the companies indicate that they are in a solvent position and would be able to meet all liabilities as they arise in the course of the business. The aggregate assets of the Applicant Company along with other Amalgamating Companies and Amalgamated Company and the Resultant Companies respectively are in excess of, and are more than sufficient to meet all their respective external liabilities and the Scheme will not adversely affect the rights and interest of any of the creditors of any company in any manner whatsoever. It is further submitted that pursuant to the effectiveness of the Scheme, the debt repayment capacity of the companies will not be adversely affected. There is no likelihood that any secured or unsecured creditor of either of the companies would lose or be prejudiced as a result of the Scheme being passed, since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Hence, the Scheme will not cast any additional burden on the shareholders or creditors of either of the companies, nor will it adversely affect the interest of any of the shareholders or creditors thereof.
41. Similar Application has been filed by other Amalgamating Companies, Amalgamated Company and the Resultant Companies vide Company Summons for Direction No. 810 to 814 of 2012 in the matter of Composite Scheme of Arrangement and Amalgamation. In case of other Amalgamating Companies, Amalgamated Company and the Resultant Companies the requirement of holding meeting of the Equity Shareholders and Creditors was dispensed with in the Order dated November 30, 2012 passed by the Hon'ble High Court.
42. The BSE and NSE vide their letters dated 7th August, 2012 and 9th August, 2012 have granted their no-objection under Clause 24(f) of the Listing Agreement to the said Scheme.
43. The Competition Commission of India has vide its order dated 20th June 2012 approved the proposed rearrangement between VSCL, VGL, TSIL, VML, VGIL and VRL and their respective Shareholders and Creditors, under section 31(1) of the Competition Act 2002.
44. No investigation proceedings have been instituted and/or are pending in relation to the Applicant Company, other Amalgamating Companies, Resulting Companies and Amalgamated Company under Sections 235 and 251 of the Act, or under the provisions of the Monopolies and Restrictive Trade Practices Act, 1969.
45. No winding up proceedings have been filed or are pending against the Applicant Company, other Amalgamating Companies, Resulting Companies and Amalgamated Company under the Act except one petition which is pending for admission against Applicant Company.
46. The pre and post Scheme, share capital structure of the Applicant Company, other Amalgamating Companies, Resulting Companies and Amalgamated Company are as follows:

A. APPLICANT COMPANY

Particulars	Pre Scheme (in Rs.)	Post Scheme (in Rs.)
Authorised Share Capital		N/A
- Equity Share Capital	3,00,00,00,000	
- Preference Share Capital	20,00,00,00,000	
Total	3,20,00,00,000	N/A
Issued, Subscribed and Paid up equity share capital	1,50,00,77,730	N/A
Total	1,50,00,77,730	N/A

B. VGL

Particulars	Pre Scheme (in Rs.)	Post Scheme (in Rs.)
Authorised Share Capital		
- Equity Share Capital	5,10,000	150,007,773
Total	5,10,000	150,007,773
Issued, Subscribed and Paid up share capital	1,00,000	150,007,773
Total	1,00,000	150,007,773

Aforementioned equity shares are equity shares of face value of Re 1 each

C. TSIL

Particulars	Pre Scheme (in Rs.)	Post Scheme (in Rs.)
Authorised Share Capital	32,00,00,000	N/A
Total	32,00,00,000	N/A
Issued, Subscribed and Paid up share capital	16,83,00,000	N/A
Total	16,83,00,000	N/A

D. VML

Particulars	Pre Scheme (in Rs.)	Post Scheme (in Rs.)
Authorised Share Capital	5,10,000	5,10,000
Total	5,10,000	5,10,000
Issued, Subscribed and Paid up share capital	1,00,000	5,10,000
Total	1,00,000	510,000

Aforementioned equity shares are equity shares of face value of Re 1 each.

E. VGIL

Particulars	Pre Scheme (in Rs.)	Post Scheme (in Rs.)
Authorised Share Capital	1,00,00,000	N/A
Total	1,00,00,000	N/A
Issued, Subscribed and Paid up share capital	1,00,00,000	N/A
Total	1,00,00,000	N/A

F. VRL

Particulars	Pre Scheme (in Rs.)	Post Scheme (in Rs.)
Authorised Share Capital		
Equity Share Capital	15,10,00,000	3,330,000,000
Preference Share Capital	-	200,000,000
Total	15,10,00,000	3,530,000,000
Issued, Subscribed and Equity share capital	15,00,07,773	751,568,865
Total	15,00,07,773	751,568,865

Aforementioned equity shares are equity shares of face value of Re 1 each.

47. The Directors of the Applicant Company, other Amalgamating Companies, Resulting Companies and Amalgamated Company may be deemed to be concerned and/ or interested in the Scheme to the extent of the shares that may be held by them or their relatives or by the companies, firms, institutions, trusts of which they are Directors, Partners, Members or Trustees in the Applicant Company, other Amalgamating Companies, Resulting Companies and Amalgamated Company. None of the Directors of the Applicant Company and/or the other Amalgamating Companies, Resulting Companies and Amalgamated Company has any material interest in the Scheme except as shareholders to the extent of Shares held by them or their relatives, which will appear from the Register of Director's Shareholding maintained by the Applicant Company and the other Amalgamating Companies, Resulting Companies and Amalgamated Company. The shareholding of the present directors of the Applicant Companies, other Amalgamating Companies, Resulting Companies and Amalgamated Company as on October 31, 2012, is as under:

SHAREHOLDING OF DIRECTORS AND THEIR RELATIVES OF APPLICANT COMPANY

Sr. No.	Name of Director and their relatives	VSCL	VGL	TSIL	VML	VGIL	VRL
1.	Chaitan M. Maniar	2,850	-	-	-	-	-
2.	Kamlini C. Maniar	150	-	-	-	-	-
3	Amal Kumar Bhattacharya	5,000	-	-	-	-	-
4	Khurshed M. Thanawalla	34,230	-	-	-	-	-
5.	Yudhishthir D Khatau	-	-	10,050	-	-	-
	Total	42,230	-	10,050	-	-	-

Pursuant to Listing Agreement with the stock exchanges, the detailed pre arrangement and post arrangement (expected) shareholding pattern of the VSCL, VGL, TSIL and VRL are given herein below:

A) Applicant Company - VSCL

Category of Shareholder	Pre-Arrangement as on 31st October, 2012		Post-Arrangement	
	Number of Equity Shares	%	Number of Equity Shares	%
A) Promoter and Promoter Group	-	-	-	-
Indian	-	-	-	-
Individuals / Hindu Undivided Family	-	-	-	-
Central Government / State Government(s)	-	-	-	-
Bodies Corporate	23,341,562	15.56	N/A	N/A
VCL	8,308,401	5.54		
TSIL	15,033,161	10.02		
Financial Institutions / Banks	-	-	-	-
Any Other (specify)	-	-	-	-
Sub-Total (A)(1)	23,341,562	15.56	N/A	N/A
Foreign	-	-	-	-
Individuals (NRIs / Foreign Individuals)	-	-	-	-
Bodies Corporate	33,350,000	22.23	N/A	N/A
Institutions	-	-	-	-
Any Other	-	-	-	-
Sub-Total (A)(2)	33,350,000	22.23	N/A	N/A
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	56,691,562	37.79	N/A	N/A

B) Public Shareholding				
Institutional Holdings	21,873,930	14.58	N/A	N/A
Non- Institutional Holdings	8,558,374	5.71	N/A	N/A
Indian Public	56,579,446	37.72	N/A	N/A
Others (Non-Residents)	6,304,461	4.20	N/A	N/A
Total Public Shareholding (B)	93,316,211	62.21	N/A	N/A
TOTAL (A)+(B)	150,007,773	100.00	N/A	N/A
C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	N/A	N/A
GRAND TOTAL (A)+(B)+(C)	150,007,773	100.00	N/A	N/A

Statement showing shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the shareholder	Pre-Arrangement as on 31st October, 2012		Post-Arrangement	
1	Varun Corporation Limited	8,308,401	5.54	N/A	N/A
2	Tarun Shipping and Industries Limited	15,033,161	10.02	N/A	N/A
3	Realpoint (Mauritius) Limited	33,350,000	22.23	N/A	N/A
	Total	56,691,562	37.79	N/A	N/A

B) VGL – Upon effectiveness of the Scheme, VGL shall have mirror shareholding as VSCL

Category of Shareholder	Pre-Arrangement as on 31st October, 2012		Post-Arrangement	
	Number of Equity Shares	%	Number of Equity Shares	%
A)Promoter and Promoter Group				
Indian				
Individuals / Hindu Undivided Family	-	-	-	-
Central Government / State Government(s)	-	-	-	-
Bodies Corporate	1,00,000	100	23,341,562	15.56
VCL	-	-	8,308,401	5.54
TSIL	-	-	15,033,161	10.02
Financial Institutions / Banks	-	-	-	-
Any Other	-	-	-	-
Sub-Total (A)(1)	1,00,000	100	23,341,562	15.56
Foreign				
Individuals (NRIs / Foreign Individuals)	-	-	-	-
Bodies Corporate	-	-	33,350,000	22.23
Institutions	-	-	-	-
Any Other	-	-	-	-
Sub-Total (A)(2)	-	-	33,350,000	22.23
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	1,00,000	100	56,691,562	37.79
B)Public Shareholding				
Institutional Holdings	-	-	21,873,930	14.58
Non- Institutional Holdings	-	-	8,558,374	5.71
Indian Public	-	-	56,579,446	37.72
Others (Non Residents)	-	-	6,304,461	4.20
Total Public Shareholding (B)	-	-	93,316,211	62.21
TOTAL (A)+(B)	1,00,000	100	150,007,773	100.00
C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	1,00,000	100	150,007,773	100.00

Statement showing shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the shareholder	Pre-Arrangement as on 31st October, 2012		Post-Arrangement	
1	Varun Shipping Company Limited	99,990	99.99	N/A	N/A
2	Varun Shipping Company Limited – jointly with Mr. Yudhishtir Khatau	8	0.01	N/A	N/A
3	Varun Shipping Company Limited – jointly with Mr. Sanjay Asher	1	0.00	N/A	N/A
4	Varun Shipping Company Limited – jointly with Mr. Prafull Modi	1	0.00	N/A	N/A

5	Varun Corporation Limited	N/A	N/A	8,308,401	5.54
6	Tarun Shipping and Industries Limited	N/A	N/A	15,033,161	10.02
7	Realpoint (Mauritius) Limited	N/A	N/A	33,350,000	22.23
	Total	1,00,000	100	56,691,562	37.79

C) TSIL -

Category of Shareholder	Pre-Arrangement as on 31st October, 2012		Post-Arrangement	
	Number of Equity Shares	%	Number of Equity Shares	%
A)Promoter and Promoter Group				
Indian				
Individuals / Hindu Undivided Family	10,050	0.06	N/A	N/A
Central Government / State Government(s)	-	-	N/A	N/A
Bodies Corporate	16,809,880	99.88	N/A	N/A
Financial Institutions / Banks	-	-	N/A	N/A
Any Other	-	-	N/A	N/A
Sub-Total (A)(1)	16,819,930	99.94	N/A	N/A
Foreign				
Individuals (NRIs / Foreign Individuals)	-	-	N/A	N/A
Bodies Corporate	-	-	N/A	N/A
Institution	-	-	N/A	N/A
Any Other	-	-	N/A	N/A
Sub-Total (A)(2)			-	-
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	16,819,930	99.94	N/A	N/A
B)Public Shareholding	-	-	N/A	N/A
Institutional Holdings	-	-	N/A	N/A
Non- Institutional Holdings	-	-	N/A	N/A
Indian Public	10,070	0.06	N/A	N/A
Others	-	-	N/A	N/A
Total Public Shareholding (B)	10,070	0.06	N/A	N/A
TOTAL (A)+(B)	16,830,000	100	N/A	N/A
C)Shares held by Custodians and against which Depository Receipts have been issued	-	-	N/A	N/A
GRAND TOTAL (A)+(B)+(C)	16,830,000	100	N/A	N/A

Statement showing shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the shareholder	Pre-Arrangement as on 31st October, 2012		Post-Arrangement	
1	Varun Shipping Company Limited	8,400,000	49.91	N/A	N/A
2	Varun Corporation Limited	8,409,870	49.97	N/A	N/A
3	Yuka Plantations Private Limited	10	0.00	N/A	N/A
4.	Yudhishtir D. Khatau	10,050	0.06	N/A	N/A
	Total	16,819,930	99.94	N/A	N/A

D) VRL -

Category of Shareholder	Pre-Arrangement as on 31st October, 2012		Post-Arrangement	
	Number of Equity Shares	%	Number of Equity Shares	%
A)Promoter and Promoter Group				
Indian				
Individuals / Hindu Undivided Family	-	-	914	0.00
Central Government / State Government(s)	-	-	-	-
Bodies Corporate*	150,007,773	100	244,902,192	32.58
VCL	-	-	33,998,138	4.52
VML	-	-	60,132,644	8.00
VGL	-	-	150,771,409	20.06
Yuka Plantations Private Limited	-	-	1	0.00

Financial Institutions / Banks	-	-	-	-
Any Other	-	-	-	-
Sub-Total (A)(1)	150,007,773	100	244,903,106	32.58
Foreign				
Individuals (NRIs / Foreign Individuals)	-	-	-	-
Bodies Corporate	-	-	133,400,000	17.75
Institutions	-	-	-	-
Any Other	-	-	-	-
Sub-Total (A)(2)	0	0	133,400,000	17.75
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	150,007,773	100	378,303,106	50.33
Public Shareholding				
Institutional Holdings	-	-	87,495,720	11.64
Non- Institutional Holdings	-	-	34,233,496	4.56
Indian Public	-	-	226,318,699	30.11
Others (Non-Residents)	-	-	25,217,844	3.36
Total Public Shareholding (B)	-	-	373,265,759	49.67
TOTAL (A)+(B)	150,007,773	100	751,568,865	100
C)Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	150,007,773	100	751,568,865	100

* VGL to have mirror shareholding of VSCL (Refer Table B of Para 47 for post arrangement shareholding of VGL)

Statement showing shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the shareholder	Pre-Arrangement as on 31st October, 2012		Post-Arrangement	
1	Varun Shipping Company Limited	150,007,763	99.99	N/A	N/A
2	Varun Shipping Company Limited – jointly with Mr. Yudhishthir Khatau	8	0.01	N/A	N/A
3	Varun Shipping Company Limited – jointly with Mr. Sanjay Asher	1	0.00	N/A	N/A
4	Varun Shipping Company Limited – jointly with Mr. Prafull Modi	1	0.00	N/A	N/A
5	Varun Corporation Limited	-	-	33,998,138	4.52
6	Yuka Plantations Private Limited	-	-	1	0.00
7	Varun Maritime Limited	-	-	60,132,644	8.00
8	Realpoint (Mauritius) Limited	-	-	133,400,000	17.75
9	Mr. Yudhishthir D Khatau	-	-	914	0.00
10	VGL – Existing capital in VRL as stated in pre arrangement column (VGL has mirror shareholding of VSCL and listed on stock exchanges)	-	-	150,771,409	20.06
	Total	150,007,773	100.00	378,303,106	50.33

Note: As this Explanatory Statement only sets out material information and facts and does not replicate the entire Scheme, Equity Shareholders are requested to read entire text of the Scheme carefully to get better acquainted with the provisions of the Scheme.

Annexure : Composite Scheme of Arrangement and Amalgamation

The following documents will be open for inspection at the Registered Office of the Applicant Company between 11.00 a.m. and 1.00 p.m. on any working day of VSCL prior to the date of equity shareholders meeting:

- Memorandum and Articles of Association of Applicant Company, other Amalgamating Companies, Resultant Companies and Amalgamated Company;
- Annual Reports of Applicant Company for the financial years ended on 31st March 2009, 31st March 2010, 31st March 2011, wherever applicable;
- Annual Reports of other Amalgamating Companies, Resultant Companies and Amalgamated Company for the financial years ended on 31st March 2009, 31st March 2010, 31st March 2011 and 31st March, 2012, wherever applicable;
- Audited financial statements of Applicant Company for the financial year ended 30th September 2012
- Unaudited financial statements of other Amalgamating Companies, Resulting Companies and Amalgamated Company for the financial year ended 30th September 2012
- Copy of Order dated 30th day of November 2012 of the Hon'ble High Court of Judicature at Bombay passed in Company Summons of Direction No. 809 of 2012 directing the convening of the meeting of the Equity Shareholders of VSCL;
- Composite Scheme of Arrangement and Amalgamation;
- Copy of the Valuation Report dated March 31, 2012 of Haribhakti & Co, Chartered Accountants;
- Copy of the Fairness Report dated March 31, 2012 of Ernst & Young Private Limited, Mumbai;

- x. Copy of approval dated 20th June, 2012 received from Competition Commission of India.
- xi. Copy of the no objection letter dated 7th August, 2012 received from the Bombay Stock Exchange Limited; and
- xii. Copy of the no objection letter dated 9th August, 2012 received from the National Stock Exchange of India Limited;

A copy of the Scheme, Explanatory Statement, Form of Proxy and Attendance Slip may be obtained from the Registered Office of VSCL at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001 and/or at the office of the Advocate Mr. Hemant Sethi, of M/s Hemant Sethi & Co, 1602, Nav Parmanu, Behind Amar Cinema, Chembur, Mumbai 400071

Dated this 7th December, 2012

Sd/-
Yudhishtir D. Khatau
Chairman appointed for the meeting

Registered Office:

Laxmi Building,
6, Shoorji Vallabhdas Marg,
Ballard Estate,
Mumbai – 400001,
Maharashtra, India.

COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION
UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 100 TO 103 OF THE COMPANIES ACT, 1956
BETWEEN
VARUN SHIPPING COMPANY LIMITED
AND
VARUN GLOBAL PRIVATE LIMITED
AND
TARUN SHIPPING AND INDUSTRIES LIMITED
AND
VARUN MARITIME PRIVATE LIMITED
AND
VARUN GAS INFRASTRUCTURE LIMITED
AND
VARUN RESOURCES PRIVATE LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PART I - GENERAL

- A. Varun Shipping Company Limited, is a public limited company incorporated under the Act (as hereinafter defined), having its registered office at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001 ("**VSCL**"). VSCL is primarily engaged in following businesses as set out below:
- (i) Shipping Business – Primarily engaged in transportation of goods through its vessels from countries outside India and bringing goods into India under the time charter or voyage charter arrangement entered with various public sector companies and private companies. ("**Shipping Business of VSCL**");
 - (ii) Ship Management & Shipping Investment Business – Includes providing services in the nature of technical and commercial management of the ships to the vessel owners and charterers operating across the world and also holds investments in group entities engaged in shipping business. ("**Ship Management & Shipping Investment Business of VSCL**").

The equity shares of VSCL are listed on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

- B. Tarun Shipping and Industries Limited, is a company incorporated under the Act, having its registered office at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001 ("**TSIL**"). TSIL is primarily engaged in following businesses:
- (i) Shipping Business – Primarily engaged in transportation of goods through its vessels from countries outside India and bringing the goods into India under time charter or voyage charter arrangement entered with various public sector companies and private companies. ("**Shipping Business of TSIL**");
 - (ii) Offshore Shipping and Shipping Investment Business – Engaged in offshore shipping business for providing anchor handling and supply services to rigs operated across the world in shallow water off shore oil drilling and also holds investments in group companies (the "**Offshore Shipping & Shipping Investment Business of TSIL**").
- C. Varun Gas Infrastructure Limited is a company incorporated under the Act, having its registered office at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001 ("**VGIL**"). VGIL is a wholly owned subsidiary of VSCL and engaged in the Shipping Business i.e. transportation of goods through its vessels from countries outside India and bringing the goods into India under time charter or voyage charter arrangement entered with public sector companies and private companies.
- D. Varun Global Private Limited is a company incorporated under the Act, having its registered office at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001 ("**VGL**"). VGL is currently a wholly owned subsidiary of VSCL.
- E. Varun Maritime Private Limited is a company incorporated under the Act, having its registered office at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001 ("**VML**"). VML is currently a wholly owned subsidiary of TSIL.
- F. Varun Resources Private Limited is a company incorporated under the Act, having its registered office at Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001 ("**VRL**"). VRL is currently a wholly owned subsidiary of VSCL.
- G. With a view to realign businesses and increase focus on individual growth strategies of each business, it is proposed to rearrange the businesses by segregating the traditional Shipping Business, Ship Management (technical and commercial management) & Shipping Investment Business (presently confined to holding investment in group companies) and Offshore Shipping & Shipping Investment Business into separate entities through a Composite Scheme of Arrangement and Amalgamation ("the Scheme" or "this Scheme") under the provisions of Sections 391 to 394 read together with Sections 100 to 103 and other relevant provisions of the Act. The Scheme envisages the following:
- (i) Demerger of the Ship Management & Shipping Investment Business of VSCL into VGL, and consequent issue of equity shares by VGL to the shareholders of VSCL;
 - (ii) Demerger of the Offshore Shipping & Shipping Investment Business of TSIL into VML, and consequent issue of equity shares by VML to the shareholders of TSIL; and
 - (iii) Consolidation of Shipping Business through amalgamation of VGIL, Remaining VSCL and Remaining TSIL with VRL, and consequent issue of equity shares by VRL to the shareholders of VSCL and TSIL.

and various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme, pursuant to Sections 391 to 394 read together with Sections 100 to 103 and other relevant provisions of the Act and

applicable law.

H. Key benefits envisaged on implementation of the Scheme are listed below:

- (i) The Scheme, upon implementation, will result in segregation of Shipping Business, Ship Management & Shipping Investment Business and Offshore Shipping & Shipping Investment Business into separate entities, which would assist to pursue their individual growth strategies, thereby resulting in enhancement of business prospects and shareholder's value.
- (ii) Upon rearrangement, VRL, VGL and VML shall have the flexibility in their business operations, with respect to the following:
 - Formulation of growth strategies and implementation of growth plans.
 - Result in a higher growth potential in the respective businesses.
- (iii) The future business directions of Shipping Business, Ship Management & Shipping Investment Business and Offshore Shipping & Shipping Investment Business indicate areas of divergence in growth profiles. Segregation of these businesses, therefore, in different companies would create focused entities and would enable better and focussed approach to needs of growth and consolidation.
- (iv) Upon implementation of the scheme,
 - Shareholder's of VSCL shall be issued equity shares in VGL upon demerger and in VRL upon amalgamation based on their share holdings as on the Demerger Record Date and Amalgamation Record Date(s) respectively; and
 - Shareholder's of TSIL shall be issued equity shares in VML upon demerger and in VRL upon amalgamation based on their share holdings as on the Demerger Record Date and Amalgamation Record Date(s) respectively
 - Further, issuance of shares to shareholders of TSIL, in accordance with Clause 51 of the Scheme, shall be before the Amalgamation Record Date to be fixed for the purposes of determining the shareholders of VSCL, to whom the equity shares of VRL will be allotted pursuant to amalgamation, in accordance with Clause 51 of the Scheme.

This will allow greater flexibility to shareholders in their investment decisions in future.

I. The Scheme is divided into the following parts:

- (i) **Part I**, which deals with the introduction and definitions;
- (ii) **Part II**, which deals with the demerger of the Ship Management & Shipping Investment Business into VGL;
- (iii) **Part III**, which deals with the demerger of the Offshore Shipping & Shipping Investment Business into VML;
- (iv) **Part IV**, which deals with the amalgamation of VGIL, Remaining VSCL and Remaining TSIL constituting the Shipping Businesses with VRL; and
- (v) **Part V**, which deals with the general terms and conditions that would be applicable to Part II, Part III and Part IV of the Scheme.

1. DEFINITIONS AND INTERPRETATION

1.1 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

"Act" or "The Act" means the Companies Act, 1956 and rules made there under and shall include any statutory modification or re-enactment or amendment thereof for the time being in force;

"Amalgamating Companies" shall mean collectively VGIL, Remaining VSCL and Remaining TSIL;

"Amalgamation Appointed Date 1" means opening business hours of May 01, 2011 or such other date as may be directed by the High Court for the purpose of amalgamation of VGIL with VRL;

"Amalgamation Appointed Date 2" means May 01, 2011 or such other date as may be directed by the High Court for the purpose of amalgamation of Remaining VSCL and Remaining TSIL with VRL;

"Amalgamation Appointed Dates" means, collectively, the "Amalgamation Appointed Date 1" and "Amalgamation Appointed Date 2";

"Amalgamation Record Date(s)" means the date(s) to be fixed jointly by the Board of Directors or a committee/ authorised person thereof of VRL and each of the Amalgamating Companies respectively for the purposes of determining the shareholders of the Amalgamating Companies, to whom the equity shares of VRL will be allotted pursuant to amalgamation, in accordance with Clause 51 of the Scheme.

"Board of Directors" or "Board" in relation to VSCL, TSIL, VGIL, VGL, VML and VRL, as the case may be, shall, unless it be repugnant to the context or otherwise, includes a committee of directors or any person duly constituted and authorised by the Board of Directors;

'BSE' means Bombay Stock Exchange Limited.

"Demerger Appointed Date" means the opening business hours of April 1, 2011, or such other date as may be directed by the High Court for the purpose of demerger of Ship Management & Shipping Investment Business from VSCL into VGL and demerger of Offshore Shipping & Shipping Investment Business from TSIL into VML.

"Demerged Companies" means collectively VSCL and TSIL;

"Demerger Record Date" means the date to be fixed jointly by the Board of Directors or a committee/ authorized person thereof of each of the Resulting Companies and VSCL and TSIL, before the Amalgamation Record Date(s), for the purposes of determining the shareholders of Demerged Companies, to whom the equity shares will be allotted pursuant to demerger in accordance with Clause 10 and 31 of the Scheme.

"Effective Date" means the last of the dates on which all the conditions and matters referred to in Clause 79 of this Scheme occur or have been fulfilled or waived in accordance with this Scheme. References in this Scheme to date of 'coming into effect of the Scheme' or 'effectiveness of the Scheme' shall mean the Effective Date;

"High Court" means the Hon'ble High Court of Bombay, Maharashtra having jurisdiction in relation to the Amalgamating Companies, VRL, Demerged Companies and the Resulting Companies and shall include the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with any of the powers of a High Court under the Act;

"NSE" means The National Stock Exchange of India Limited.

"Offshore Shipping & Shipping Investment Business" means and includes TSIL's undertakings, business, activities and operations (including entire assets and liabilities) pertaining to the offshore shipping & shipping investment business of TSIL, on a going concern basis, and include, without limitation the following:

- (i) the entire business, all the properties and assets (whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal or tangible or intangible or present or contingent) wherever situated, including the right to use such assets and property, land, buildings and structures, movable plant and machinery, offices, marketing offices, residential and other premises;
- (ii) current assets (including inventories, sundry debtors, bills of exchange, loans and advances etc.), vehicles, furniture, fixtures, office equipment, appliances, accessories and other facilities and premises, deposits, all stocks and assets;
- (iii) all offshore vessels (along with all fixtures in its present form) along with their respective shipping license, registrations, approvals, permits, sanctions etc issued by regulators / authorities to enable vessels to operate uninterruptedly
- (iv) investments including but not limited to investments in VSCL and Varun Corporation Limited and also includes other identified investments of all kinds (including stocks, bonds, debenture stock, units or pass through certificates);
- (v) cash and bank balances;
- (vi) charter hire agreements for charter of Offshore Vessels, leases, hire purchase contracts, credit advances, provisions, other commitments appertaining or relatable;
- (vii) lending contracts, benefit of any security arrangements, including obligations thereunder and other Memorandum of Understandings ('MOUs') and licenses;
- (viii) fixed and other assets, benefits of assets or properties or other interest held in trust;
- (ix) privileges and all other rights including title, interests, income tax benefits, recognitions, certifications, eligibilities, and exemptions and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed;
- (x) contingent rights or benefits, receivables, benefit of any deposits and financial assets, reserves, provisions, funds, registrations, contracts, engagements, arrangements of all kind, all authorisations, licenses, certificates, permissions, consents, permits, approvals, authorisations, concessions (including but not limited to service tax, central sales tax, applicable state value added tax and other incentives of any nature whatsoever), remissions, remedies, subsidies, guarantees, bonds;
- (xi) intellectual property including copyrights, patents, brands, domain names, rights, trade names, trademarks and other rights and licenses in respect thereof, applications pending with authorities for such copyrights, patents, trade names, trademarks and including all software applications and licences in relation to the operations of the vessels;
- (xii) conducting agreements, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, leases, leave and license agreements, lending arrangements, benefits of security arrangements, computers, insurance policies, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, contracts and arrangements, powers, authorities, permits, allotments, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefits and advantages, deposits, preliminary expenses, benefit of deferred revenue expenditure, provisions, advances, receivables, deposits, funds;
- (xiii) benefits of all agreements, contracts and arrangements, including direct and indirect taxes including advance tax paid or any tax deducted in respect of income received or other income tax benefits and exemptions, all taxes including but not limited to brought forward losses and unabsorbed depreciation, exemptions and other claims and powers;
- (xiv) all necessary records, books, files, papers, computer programmes, websites, domain names, engineering and process information, (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, customer credit information, customer pricing information, and other records whether in physical or electronic form;
- (xv) all obligations and liabilities, both present and future, (including direct tax liabilities, indirect tax liabilities, deferred tax liabilities, contingent liabilities and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet, appertaining or relating to the Offshore Shipping & Shipping Investment Business of TSIL.

For the purposes of this Scheme, it is clarified that liabilities pertaining or relating to the Offshore Shipping & Shipping Investment Business shall mean:

- (a) The liabilities and debt due on the Offshore vessels and which arise out of the activities or operations of the Offshore Shipping & Shipping Investment Business;
- (b) The specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Offshore Shipping & Shipping Investment Business; and
- (c) In cases, other than those referred to in sub-clauses (a) and (b) above, so much of the amounts of general or multipurpose borrowings of TSIL, allocable to the Offshore Shipping & Shipping Investment Business as stand in the same proportion with which the value of the assets transferred to VML under this Scheme bears to the total value of the assets of TSIL immediately before the Demerger, as prescribed under the Income- tax Act, 1961;

Any question that may arise as to whether a specific asset (tangible or intangible) or any liability, pertains or does not pertain to Offshore Shipping & Shipping Investment Business or whether it arises out of the activities or operations of the Offshore Shipping & Shipping Investment Business or not, shall be decided by the Board of Directors of TSIL or committee of TSIL.

"Registrar of Companies" means the Registrar of Companies, Maharashtra, Mumbai;

"Resulting Companies" means VGL and VML collectively

"Remaining VSCL" means and includes all assets and liabilities (other than those pertaining to Ship Management & Shipping Investment Business); and, includes all assets and property of Shipping Business and all secured & unsecured debts, liabilities, duties and obligations of Shipping Business, whether reflected in the books of accounts or not, including (without limitation):

- (i) the entire business, all the properties and assets (whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal or tangible or intangible or present or contingent) wherever situated, including the right to use such assets and property, land, buildings and structures, movable plant and machinery, offices, marketing offices, residential and other premises;
- (ii) all vessels (along with all fixtures in its present form) along with their respective shipping license, registrations, approvals, permits, sanctions etc issued by regulators / authorities to enable vessels to operate uninterruptedly;
- (iii) current assets (including inventories, sundry debtors, bills of exchange, loans and advances etc.), vehicles, furniture, fixtures, office equipment, appliances, accessories, and other facilities and premises, deposits, all stocks and assets;
- (iv) investments in VSC International Pte Ltd, Sea Fidelity Shipping Company Ltd and Ocean Race Shipping Company Ltd and other identified investments of all kinds (including stocks, bonds, debenture stock, units or pass through certificates);
- (v) cash and bank balances;
- (vi) leases, hire purchase contracts, credit advances, provisions, other commitments appertaining or relating to the assets classified under the finance lease receivable, bareboat charter cum demise rent receivable and any related assets thereto;
- (vii) charter hire agreements for all Vessels, lending contracts, benefit of any security arrangements, including obligations thereunder and other MOUs and licenses;
- (viii) fixed and other assets (including capital work in progress), benefits of assets or properties or other interest held in trust;
- (ix) privileges and all other rights including title, interests, income tax recognitions, certifications, eligibilities, benefits and exemptions and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed;
- (x) contingent rights or benefits, receivables, benefit of any deposits and financial assets, reserves (including all statutory reserves such as tonnage tax reserve) provisions, funds, registrations, contracts, engagements, arrangements of all kind, all authorisations, licenses, certificates, permissions, consents, permits, approvals, authorisations, concessions (including but not limited to service tax, central sales tax, applicable state value added tax and other incentives of any nature whatsoever), remissions, remedies, subsidies, guarantees, bonds;
- (xi) intellectual property including copyrights, patents, brands, domain names, rights, trade names, trademarks and other rights and licenses in respect thereof, applications pending with authorities for such copyrights, patents, trade names, and trademarks and including all software applications and licences in relation to the operations other than technical and commercial management of vessels;
- (xii) conducting agreements, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, leases, leave and license agreements, lending arrangements, benefits of security arrangements, computers, insurance policies, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, contracts and arrangements, powers, authorities, permits, allotments, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefits and advantages, deposits, preliminary expenses, benefit of deferred revenue expenditure, provisions, advances, receivables, deposits, funds;
- (xiii) benefits of all agreements, contracts and arrangements, including direct and indirect taxes including advance tax paid or any tax deducted in respect of income received or other income tax benefits and exemptions, all taxes including but not limited to MAT paid under Section 115JA/115JB of the Income-tax Act, 1961 and the right to claim credit therefore in accordance with the provisions of Section 115JAA of the Income-tax Act, 1961, brought forward losses and unabsorbed depreciation, exemptions and other claims and powers;
- (xiv) all necessary records, books, files, papers, computer programmes, websites, domain names, engineering and process information, (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, customer credit information, customer pricing information, and other records whether in physical or electronic form;
- (xv) all obligations and liabilities, both present and future, (including direct tax liabilities, indirect tax liabilities, deferred tax liabilities, contingent liabilities and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet.

“Remaining TSIL” means and includes all assets and liabilities (other than pertaining to Offshore Shipping & Shipping Investment Business); and, includes all assets and property of Shipping Business and all the secured and unsecured debts, liabilities, duties and obligations of Shipping Business, whether reflected in the books of accounts or not, including (without limitation):

- (i) the entire business, all the properties and assets (whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal or tangible or intangible or present or contingent) wherever situated, including the right to use such assets and property, land, buildings and structures, movable plant and machinery offices, marketing offices, residential and other premises;
- (ii) all vessels other than relating to offshore shipping (along with all fixtures in its present form) along with their respective shipping license, registrations, approvals, permits, sanctions etc issued by regulators / authorities to enable vessels to operate uninterruptedly ;
- (iii) current assets (including inventories, sundry debtors, bills of exchange, loans and advances etc.), vehicles, furniture, fixtures, office equipment, appliances, accessories, and other facilities and premises, deposits, all stocks and assets;
- (iv) cash and bank balances;
- (v) charter agreements for charter of vessels (other than that of Off shore vessels leases, hire purchase contracts, credit advances, provisions, other commitments appertaining or relating to);
- (vi) lending contracts, benefit of any security arrangements, including obligations thereunder and other MOUs and licenses;
- (vii) fixed and other assets, benefits of assets or properties or other interest held in trust;

- (viii) privileges and all other rights including title, interests, income tax benefits such as the option / eligibility for the tonnage tax scheme tonnage tax registrations, recognitions, certifications, eligibilities, and exemptions and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed;
- (ix) contingent rights or benefits, receivables, benefit of any deposits and financial assets, reserves (including statutory reserve such as tonnage tax reserve), provisions, funds, registrations, contracts, engagements, arrangements of all kind, all authorisations, licenses, certificates, permissions, consents, permits, approvals, authorisations, concessions (including but not limited to service tax, central sales tax, applicable state value added tax and other incentives of any nature whatsoever), remissions, remedies, subsidies, guarantees, bonds;
- (x) intellectual Property including copyrights, patents, brands, domain names, rights, trade names, trademarks and other rights and licenses in respect thereof, applications pending with authorities for such copyrights, patents, trade names and trademarks and including all software applications and licences in relation to the operations other than that of technical and commercial management of Vessels;
- (xi) conducting agreements, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, leases, leave and license agreements, lending arrangements, benefits of security arrangements, computers, insurance policies, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, contracts and arrangements, powers, authorities, permits, allotments, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefits and advantages, deposits, preliminary expenses, benefit of deferred revenue expenditure, provisions, advances, receivables, deposits, funds;
- (xii) benefits of all agreements, contracts and arrangements, including direct and indirect taxes including advance tax paid or any tax deducted in respect of income received or other income tax benefits and exemptions, all taxes including but not limited to MAT paid under Section 115JA/115JB of the Income-tax Act, 1961 and the right to claim credit therefore in accordance with the provisions of Section 115JAA of the Income-tax Act, 1961, brought forward losses and unabsorbed depreciation, exemptions and other claims and powers;
- (xiii) all necessary records, books, files, papers, computer programmes, websites, domain names, engineering and process information, (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, customer credit information, customer pricing information, and other records whether in physical or electronic form;
- (xiv) all obligations and liabilities, both present and future, (including direct tax liabilities, indirect tax liabilities, deferred tax liabilities, contingent liabilities and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet.

"Scheme" means this composite scheme of arrangement and amalgamation, including the schedules, or as amended or modified in accordance with the provisions of the Scheme or as per the directions of the High Court or any authority;

"Ship Management & Shipping Investment Business" means and includes VSCL's undertakings, business, activities and operations (including entire assets and liabilities) pertaining to the ship management & shipping investment business of VSCL, on a going concern basis, and include, without limitation the following:

- (i) the entire business, all the properties and assets (whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal or tangible or intangible (including trade marks applied in respect of the Varun's logo and all designs etc) or present or contingent) wherever situated, including the right to use such assets and property, land, buildings and structures, movable plant and machinery, offices, marketing offices, residential and other premises;
- (ii) current assets (including inventories, sundry debtors, bills of exchange, loans and advances etc.), vehicles, furniture, fixtures, office equipment, appliances, accessories, and other facilities and premises, deposits, all stocks and assets;
- (iii) investments including but not limited to investments in TSIL, Varun Asia Pte Ltd, Varun Cyprus Ltd, VRL and other identified investments of all kinds (including stocks, bonds, debenture stock, units or pass through certificates);
- (iv) cash and bank balances;
- (v) leases, hire purchase contracts, credit advances, provisions, other commitments appertaining or relatable;
- (vi) all technical and commercial management contracts relating to vessels, lending contracts, benefit of any security arrangements, including obligations thereunder and other MOUs and licenses;
- (vii) fixed and other assets (including capital work in progress), benefits of assets or properties or other interest held in trust; including ownership of Shares and other title deeds representing right of ownership and use of property at Laxmi Building including all rights, benefits and other incidental rights;
- (viii) privileges and all other rights including title, interests, income tax benefits, recognitions, certifications, eligibilities, and exemptions and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed;
- (ix) contingent rights or benefits, receivables, benefit of any deposits and financial assets, reserves, provisions, funds, registrations, contracts, engagements, arrangements of all kind, all authorisations, licenses, certificates, permissions, consents, permits, approvals, authorisations, concessions (including but not limited to service tax, central sales tax, applicable state value added tax and other incentives of any nature whatsoever), remissions, remedies, subsidies, guarantees, bonds,
- (x) Intellectual Property including copyrights, patents, brands, domain names, intellectual property rights, trade names, trademarks and other rights and licenses in respect thereof, applications pending with authorities for such copyrights, patents, trade names and trademarks and including all software applications and licences in relation to the technical and commercial management of Vessels;
- (xi) conducting agreements, tenancy rights premises, ownership flats, hire purchase and lease arrangements, leases, leave and license agreements, lending arrangements, benefits of security arrangements, computers, insurance policies, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, contracts and arrangements, powers, authorities, permits,

- allotments, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefits, deposits, preliminary expenses, benefit of deferred revenue expenditure, provisions, advances, receivables, funds;
- (xii) benefits of all agreements, contracts and arrangements, including direct and indirect taxes including advance tax paid or any tax deducted in respect of income received or other income tax benefits and exemptions, all taxes including but not limited to brought forward Losses and unabsorbed Depreciation, exemptions and other claims and powers;
 - (xiii) all necessary records, books, files, papers, computer programmes, websites, domain names, engineering and process information, (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, customer credit information, customer pricing information, and other records whether in physical or electronic form;
 - (xiv) all obligations and liabilities, both present and future, (including direct tax liabilities, indirect tax liabilities, deferred tax liabilities, contingent liabilities and the Transferred Liabilities (as hereinafter defined) and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet, appertaining or relating to the Ship Management & Shipping Investment Business of VSCL.
- For the purposes of this Scheme, it is clarified that liabilities pertaining or relating to Ship Management & Shipping Investment Business shall mean:
- (a) The liabilities which arise out of the activities or operations of the Ship Management & Shipping Investment Business;
 - (b) The specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Ship Management & Shipping Investment Business; including that from Life Insurance Corporation of India; and
 - (c) In cases, other than those referred to in sub-clauses (a) and (b) above, so much of the amounts of general or multipurpose borrowings of VSCL, allocable to the Ship Management & Shipping Investment Business as stand in the same proportion with which the value of the assets transferred to VGL under this Scheme bears to the total value of the assets of VSCL immediately before the Demerger, as prescribed under the Income-tax Act, 1961;

Any question that may arise as to whether a specific asset (tangible or intangible) or any liability, pertains or does not pertain to the Ship Management & Shipping Investment Business or whether it arises out of the activities or operations of the Ship Management & Shipping Investment Business or not, shall be decided by the Board of Directors of VSCL or committee of VSCL.

"Stock Exchanges" means BSE and NSE;

"TSIL" shall mean and include the meaning ascribed to it in paragraph B of Part I of this Scheme;

"VGL" means and include the meaning ascribed to it in paragraph D of Part I of this Scheme;

"VGIL" shall mean and include the meaning ascribed to it in paragraph C of Part I and includes all assets and property and secured and unsecured debts, liabilities, duties and obligations whether reflected in the books of accounts of VGIL or not, including (without limitation):

- (i) the entire business, all the properties and assets (whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal or tangible or intangible or present or contingent) wherever situated, including the right to use such assets and property, land, buildings and structures, movable plant and machinery offices, marketing offices, residential and other premises;
- (ii) all vessels (along with all fixtures in its present form) along with their respective shipping license, registrations, approvals, permits, sanctions etc issued by regulators / authorities to enable vessels to operate uninterruptedly;
- (iii) current assets (including inventories, sundry debtors, bills of exchange, loans and advances etc.), vehicles, furniture, fixtures, office equipment, appliances, accessories, and other facilities and premises, deposits, all stocks and assets;
- (iv) cash and bank balances;
- (v) leases, hire purchase contracts, credit advances, provisions, other commitments appertaining or relatable;
- (vi) lending contracts, benefit of any security arrangements, including obligations thereunder and other MOUs and licenses;
- (vii) fixed and other assets (including capital work in progress), benefits of assets or properties or other interest held in trust;
- (viii) privileges and all other rights including title, interests, income tax benefits such as the option / eligibility for tonnage tax scheme, Tonnage tax registrations, recognitions, certifications, eligibilities and exemptions and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed;
- (ix) contingent rights or benefits, receivables, benefit of any deposits and financial assets, reserves (including statutory reserve such as tonnage tax reserve) , provisions, funds, registrations, contracts, engagements, arrangements of all kind, all authorisations, licenses, certificates, permissions, consents, permits, approvals, authorisations, concessions (including but not limited to service tax, central sales tax, applicable state value added tax and other incentives of any nature whatsoever), remissions, remedies, subsidies, guarantees, bonds,
- (x) intellectual property including copyrights, patents, brands, domain names, rights, trade names, trademarks and other rights and licenses in respect thereof, applications pending with authorities for such copyrights, patents, trade names and trademarks and including all software applications and licences in relation to the operations other than that of technical and commercial management of Vessels;
- (xi) charter hire agreements of the vessels, conducting agreements, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, leases, leave and license agreements, lending arrangements, benefits of security arrangements, computers, insurance policies, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, contracts and arrangements, powers, authorities, permits, allotments, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefits and advantages, deposits, preliminary expenses, benefit of deferred revenue expenditure, provisions, advances, receivables, deposits, funds;
- (xii) benefits of all agreements, contracts and arrangements, including direct and indirect taxes including advance tax paid

or any tax deducted in respect of income received or other income tax benefits and exemptions, all taxes including but not limited to MAT paid under Section 115JA/115JB of the Income-tax Act, 1961 and the right to claim credit therefore in accordance with the provisions of Section 115JAA of the Income-tax Act, 1961, exemptions and other claims and powers;

- (xiii) all necessary records, books, files, papers, computer programmes, websites, domain names, engineering and process information, (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, customer credit information, customer pricing information, and other records whether in physical or electronic form;
- (xiv) all obligations and liabilities, both present and future, (including direct tax liabilities, indirect tax liabilities, deferred tax liabilities, contingent liabilities and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet.

"VML" shall mean and include the meaning ascribed to it in paragraph E of Part I of this Scheme;

"VRL" shall have the meaning ascribed to it in paragraph F of Part I;

"VSCL" shall mean and include the meaning ascribed to it in paragraph A of Part I of this Scheme;

- 1.2 All terms and words used but 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 for the time being in force.
- 1.3 References to Clauses, Recitals and Schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme.
- 1.4 The headings herein shall not affect the construction of this Scheme.
- 1.5 The singular shall include the plural and vice versa; and references to one gender include all genders.
- 1.6 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 References to person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).
- 1.8 The Schedules form an integral and inseparable part of this Scheme.

2. SHARE CAPITAL

2.1 VSCL:

The share capital structure as on May 23, 2012 is as under:

Authorized Share Capital	Amount in Rs.
30,00,00,000 Equity Shares of Rs.10 each	3,00,00,00,000
20,00,000 Preference Shares of Rs.100 each	20,00,00,000
Total	3,20,00,00,000
Issued, Subscribed and Paid-up Share Capital	
15,00,07,773 (Previous year 15,00,07,773) Equity Shares of Rs.10 each	1,50,00,77,730
Total	1,50,00,77,730

The equity shares of VSCL are listed on BSE and NSE.

2.2 VGL:

The share capital structure as on May 23, 2012 is as under:

Authorized Share Capital	Amount in Rs.
5,10,000 Equity Shares of Re.1 each	5,10,000
Issued, Subscribed and Paid-up Share Capital	
1,00,000 equity shares of Re 1 each	1,00,000

Entire share capital of VGL is presently held by VSCL and its nominees. Upon effectiveness of the scheme on issue of Shares by VGL in terms of Clause 10 of this scheme, VGL would cease to be the subsidiary of VSCL and shares of VGL will be listed on BSE and NSE.

2.3 TSIL:

The share capital structure as on May 23, 2012 is as under:

Authorized Share Capital	Amount in Rs.
3,20,00,000 Equity Shares of Rs.10 each	32,00,00,000
Total	32,00,00,000
Issued, Subscribed and Paid-up Share Capital	
1,68,30,000 Equity Shares of Rs.10 each	16,83,00,000
Total	16,83,00,000

The equity shares of TSIL are not listed on any stock exchange.

2.4 VML:

The share capital structure as on May 23, 2012 is as under:

Authorized Share Capital	Amount in Rs.
5,10,000 Equity Shares of Re.1 each	5,10,000
Issued, Subscribed and Paid-up Share Capital	
1,00,000 equity shares of Re 1 each	1,00,000

Entire share capital of VML is presently held by TSIL and its nominees.

After issue of shares by VML in terms of Clause 31 of this scheme, VML would cease to be a subsidiary of TSIL.

2.5 VGIL:

The share capital structure as on May 23, 2012 is as under:

Authorized Share Capital	Amount in Rs.
10,00,000 Equity Shares of Rs 10 each	1,00,00,000
Issued, Subscribed and Paid-up Share Capital	
10,00,000 Equity Shares of Rs 10 each	1,00,00,000

Entire share capital of VGIL is presently held by VSCL and its nominees.

2.6 VRL:

The share capital structure as on May 23, 2012 is as under:

Authorized Share Capital	Amount in Rs.
15,10,00,000 Equity Shares of Re.1 each	15,10,00,000
Total	15,10,00,000
Issued, Subscribed and Paid-up Share Capital	
15,00,07,773 Equity Shares of Re.1 each	15,00,07,773
Total	15,00,07,773

The entire share capital of VRL is presently held by VSCL and its nominees. Upon effectiveness of the Scheme, VRL shall list its shares on the BSE and NSE.

PART II – DEMERGER OF SHIP MANAGEMENT & SHIPPING INVESTMENT BUSINESS OF VSCL INTO VGL

Section 1- Transfer and Vesting of the Ship Management & Shipping Investment Business

This part of the Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961. If any term or provision of this part of the Scheme is found or interpreted to be inconsistent with the said provisions at a later date, including resulting from an amendment of law or for any other reason whatsoever then this part of the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme.

3. Transfer of Assets

- (i) Upon the coming into effect of the Scheme and with effect from the Demerger Appointed Date, the entire Ship Management & Shipping Investment Business (including all the assets, investments, rights, claims, title, interest and authorities, including accretions and appurtenances of the Ship Management & Shipping Investment Business) shall, subject to the provisions of this Clause in relation to the mode of transfer and vesting and pursuant to the provisions of Sections 391 to 394 of the Act and Section 2(19AA) of the Income-tax Act, 1961, without any act, deed, conveyance and / or transfer deed, be demerged from VSCL and be transferred to and vested in and shall be deemed to be demerged from VSCL and transferred to and vested in VGL as a going concern so as to become as and from the Demerger Appointed Date, the assets, rights, claims, title, interest and authorities of VGL, subject to the provisions of this Scheme in relation to encumbrances in favour of banks and/or financial institutions.
- (ii) The transfer and vesting of the Ship Management & Shipping Investment Business of VSCL as aforesaid shall be subject to the existing securities, liens, charges and mortgages, if any, subsisting, over or in respect of the property and assets or any part thereof of the Ship Management & Shipping Investment Business.
- (iii) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including tax on book profits, sales tax, custom duty, service tax, value added tax and other incentives), granted by any Government body, local authority or by any other person and availed of by VSCL relating to Ship Management & Shipping Investment Business of VSCL are concerned, the same shall vest with and be available to VGL on the same terms and conditions.
- (iv) From the Effective Date and till such time that the names of the bank accounts of VSCL pertaining to Ship Management & Shipping Investment Business are replaced with that of VGL, VGL shall be entitled to operate such bank accounts of VSCL pertaining to Ship Management & Shipping Investment Business, in the name of VSCL, in so far as may be necessary.

4. Transfer of Liabilities.

- (i) Upon the coming into effect of the Scheme, all loans raised and used, debts, liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of VSCL shall also, as on the Demerger Appointed Date and relating to the Ship Management & Shipping Investment Business in accordance with Section 2(19AA) of the Income-tax Act, 1961, shall, without any

further act or deed, be and stand transferred to and be deemed to be transferred to VGL to the extent that they are outstanding as on the Effective Date and shall become the loans, debts, liabilities, duties and obligations of VGL.

- (ii) Where any of the liabilities raised and used, debts, liabilities, duties and obligations of VSCL as on the Demerger Appointed Date, deemed to be transferred to VGL, have been discharged by VSCL on or after the Demerger Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of VGL.

5. Contracts, Deeds etc.

- (i) Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Ship Management & Shipping Investment Business, to which VSCL is a party or to the benefit of which VSCL is eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of VGL and may be enforced as fully and effectually as if, instead of VSCL, VGL had been a party or beneficiary or obligee thereto or thereunder.
- (ii) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Ship Management & Shipping Investment Business occurs by virtue of this Scheme itself, VGL may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or agreement or arrangements with any party to any contract or arrangement to which VSCL is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. VSCL will, if necessary, also be a party to the above VGL shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of VSCL and to carry out or perform all such formalities or compliances to be carried out or performed on the part of VSCL.
- (iii) Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of the Scheme, all consents, permissions, licences, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of VSCL in relation to Ship Management & Shipping Investment Business shall stand transferred to VGL as if the same were originally given by, issued to or executed in favour of VGL, and VGL shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to VGL.

6. Employees

- (i) All staff, workmen and employees of Ship Management & Shipping Investment Business in VSCL, in service on the Effective Date shall be deemed to have become staff, workmen and employees of VGL, with effect from the Demerger Appointed Date without any interruption of or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with VGL shall not be less favorable than those applicable to them with reference to VSCL, on the Effective Date.
- (ii) It is expressly provided that, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts including any employment benefits, terminal benefits etc created or existing for the benefit of the staff, workmen and employees of VSCL, in relation to Ship Management & Shipping Investment Business, shall become the trusts/funds of VGL for 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 VSCL, in connection with Ship Management & Shipping Investment Business, relating to such fund or funds shall become those of VGL. It is clarified that the services of the staff, workmen and employees of VSCL, in relation to Ship Management & Shipping Investment Business, will be treated as having been continuous for the purpose of the said fund or funds
- (iii) In so far as the fund or funds created or existing for the benefit of the employees of VSCL, in relation to the Ship Management & Shipping Investment Business, upon the coming into effect of this Scheme, balances lying in the accounts of the employees of VSCL in relation to Ship Management & Shipping Investment Business in the said fund or funds as on the Effective Date shall stand transferred from the respective fund or funds of VSCL, in relation to Ship Management & Shipping Investment Business to the corresponding fund or funds set up by VGL.

7. Legal Proceedings

- (i) All legal, taxation and other proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature by or against VSCL pending and/or arising at the Demerger Appointed Date and relating to Ship Management & Shipping Investment Business, shall be continued and enforced by or against VGL only, to the exclusion of VSCL in the manner and to the same extent as would have been continued and enforced by or against VSCL. On and from the Effective Date, VGL shall and may, if required, initiate any legal proceedings in relation to Ship Management & Shipping Investment Business.
- (ii) In the event that the legal proceedings referred to above, require VSCL and VGL to be jointly treated as parties thereto, VGL shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with VSCL. In the event of any difference or difficulty in determining whether any specific legal or other proceeding relates to the Ship Management & Shipping Investment Business or not, the decision of the Board of Directors of VSCL and / or of VGL as to whether such proceeding relates to the Ship Management & Shipping Investment Business or not, shall be conclusive evidence of the relationship with Ship Management & Shipping Investment Business
- (iii) It is clarified that after the Demerger Appointed Date, in case the proceedings referred above, cannot be transferred for

any reason, VSCL shall prosecute or defend the same at the cost of VGL, VGL shall reimburse, indemnify and hold harmless VSCL against all liabilities and obligations incurred by VSCL in respect thereof.

- (iv) Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the demerger of VSCL into VGL or anything contained in the Scheme

8. Savings of Concluded Transactions

Subject to the terms of this Scheme, the transfer and vesting of the Ship Management & Shipping Investment Business of VSCL under this Section 1 of Part II of this Scheme shall not affect any transactions or proceedings already concluded by VSCL on or before the Demerger Appointed Date or concluded after the Demerger Appointed Date till the Effective Date, to the end and intent that VGL accepts and adopts all acts, deeds and things made, done and executed by VSCL as acts, deeds and things made, done and executed by or on behalf of VGL.

Section 2 - Conduct of Business

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

- (i) VSCL shall be carrying on and be deemed to have been carrying on all business and activities relating to Ship Management & Shipping Investment Business and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of Ship Management & Shipping Investment Business for and on account of, and in trust for, VGL;
- (ii) All profits and income accruing or arising to VSCL from Ship Management & Shipping Investment Business, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Ship Management & Shipping Investment Business for the period commencing from the Demerger Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of VGL;
- (iii) Any of the rights, powers, authorities, privileges, attached, related or pertaining to Ship Management & Shipping Investment Business exercised by VSCL shall be deemed to have been exercised by VSCL for and on behalf of, and in trust for and as an agent of VGL. Similarly, any of the obligations, duties and commitments attached, related or pertaining to Ship Management & Shipping Investment Business that have been undertaken or discharged by VSCL shall be deemed to have been undertaken for and on behalf of and as an agent for VGL; and
- (iv) VSCL shall carry on Ship Management & Shipping Investment Business with reasonable diligence and prudence, in the ordinary course of business, and VSCL shall not, in any material respect, alter or expand Ship Management & Shipping Investment Business, other than such alterations or expansions as have already been commenced, except with the prior written consent of VGL and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with Ship Management & Shipping Investment Business, save and except, in each case, in the following circumstances:
 - (i) if the same is in the ordinary course of business; or
 - (ii) if the same is expressly permitted by this Scheme; or
 - (iii) if the written consent or concurrence of VGL, has been obtained.

Section 3 – Consideration

Issuance of Shares by VGL

10. Upon the effectiveness of the Scheme, in consideration of the Demerger, including the transfer and vesting of Ship Management & Shipping Investment Business in VGL pursuant to this Scheme, VGL shall, without any further act or deed, issue and allot to each shareholder of VSCL whose name is recorded in the register of members and / or records of the depository as shareholder of VSCL on the Demerger Record Date, equity shares in VGL in the ratio of One [1] equity share in VGL of the face value of Re.1/- each credited as fully paid-up for every One [1] equity shares of Rs.10/- each fully paid-up held by such shareholder in VSCL.
11. The shares issued to the shareholders of VSCL by VGL pursuant to sub-Clause 10 above shall be issued in dematerialized form by VGL, unless otherwise notified in writing by the shareholders of VSCL to VGL and provided depository details are provided to VSCL on or before such date as may be determined by the Board of Directors of VSCL and VGL. In the event that such notice has not been received by VGL in respect of any of the shareholder of VSCL, the shares shall be issued to such shareholders in dematerialised form provided that the shareholder of VSCL shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. It is only thereupon that VGL shall issue and directly credit the dematerialised securities to the account of such shareholder. In the event that VGL has received notice from any shareholder that shares are to be issued in physical form or if any shareholders has not provided the requisite details relating to his/her /its account with a depository participant or other confirmations as may be required, then VGL shall issue shares in physical form to such shareholder.
12. Equity Shares to be issued by VGL above shall be subject to the Memorandum and Articles of Association of VGL and shall rank pari passu in all respects, including dividend, with the existing equity shares of VGL.
13. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of VSCL, the Board of Directors of VSCL shall be empowered in appropriate cases, prior to or even subsequent to the Demerger Record Date, to effectuate such a transfer in VSCL as if such changes in registered holder were operative as on the Demerger Record Date, in order to remove any difficulties arising to the transferor of the share in VGL and in relation to the shares issued by VGL after the effectiveness of the Scheme. The Board of Directors of VSCL shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in VGL on account of difficulties faced in the transaction period.
14. The issue and allotment of new equity shares in VGL to the shareholders of VSCL as provided in the Scheme as an integral part

thereof, shall be deemed to have been carried out as if the procedure laid down under Section 81(1A) and any other applicable provisions of the Act were duly complied with.

15. Upon this Scheme becoming effective, the Board of Directors of VGL shall issue and allot its fully paid-up equity shares to the equity shareholders of VSCL on Demerger Record Date as per Clause 10.
16. All equity shares of VGL shall be listed and/or admitted to trading on the Stock Exchanges, in accordance with applicable law. The equity shares of VGL allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the Stock Exchange(s). There shall be no change in the shareholding pattern or control in VGL between the Demerger Record Date and the listing.
17. Subject to any dispensations that may be granted by the Securities and Exchange Board of India and / or the Stock Exchanges, the shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the Stock Exchanges.

Reduction in Share Capital of VGL

18. Upon the Scheme becoming effective and upon the issue of shares in accordance with Clause 10 above, the existing equity share of VGL held by the existing shareholders of VGL, namely, VSCL, as specified in Clause 2.2 above, as on the Demerger Record Date shall, without any application or deed, stand cancelled without any payment in accordance with the provisions of Sections 100 to 103 of the Act.
19. The cancellation of the existing 1,00,000 equity shares of Re. 1 each amounting to Rs 1,00,000 of VGL as mentioned in Clause 18 above 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 or payment of paid up share capital and the provisions of Section 101 of the Act will not be applicable. VGL shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

Section 4 – General terms and conditions

20. Accounting treatment in the books of VSCL

- (i) The assets and the liabilities of VSCL relating to Ship Management & Shipping Investment Business being transferred to VGL shall be at values appearing in the books of account of VSCL on the close of business hours on the day immediately preceding the Demerger Appointed Date.
- (ii) The difference between the value of assets and value of liabilities transferred pursuant to the Scheme and the amount of investment held by VSCL in VGL shall be credited or debited to Reserves as the case may be, in the books of VSCL..

21. Accounting Treatment in the books of VGL

- (i) Upon the Scheme becoming effective and with effect from the Demerger Appointed Date, VGL shall record the assets and liabilities of Ship Management & Shipping Investment Business vested in it pursuant to this Scheme at their respective book values as appearing in the books of VSCL.
- (ii) VGL shall credit its share capital account with the aggregate face value of the equity shares issued to the shareholders of VSCL pursuant to Clause 10 of the Scheme.
- (iii) The excess or deficit, if any, remaining after recording the aforesaid entries in sub clause (i) and (ii) and after giving effect to Clause 18 and 19 with respect to cancellation of existing share capital of VGL, the costs in relation to transfer of assets pertaining to Ship Management & Shipping Investment Business to VGL such as stamp duty, registration charges, etc. and other entries in accordance with the Scheme, shall be credited by VGL to its Securities Premium account (which is like Capital Reserve) or debited as Goodwill, as the case may be.

22. Change of Name of VGL

- (i) As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the name of VGL shall stand changed to "Varun Maritime Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed and the name "VGL" wherever it appears in the Memorandum and Articles of Association of VGL shall stand substituted by the new name "Varun Maritime Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed.
- (ii) Pursuant to this Scheme, VGL shall file the requisite forms with the Registrar of Companies and shall obtain a fresh certificate upon the change of its name to "Varun Maritime Limited" or such other name as may be approved by the shareholders of the Company.
- (iii) It is hereby clarified that for the purposes of above Clauses, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or changing the name of VGL, and no further resolution under the Act would be required to be separately passed.

23. Taxes

- (i) All taxes and duties (including income tax, sales tax, custom duty, service tax, VAT, etc.) paid or payable by VSCL in respect of the operations and/or the profits of Ship Management & Shipping Investment Business before the Demerger Appointed Date, including any refund and claims shall be on account of VSCL and, insofar as payments of taxes and duties (including, without limitation, income tax, sales tax, custom duty, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by VSCL in respect of the profits or activities or operation of Ship Management & Shipping Investment Business after the Demerger Appointed Date, including any refund and claims the same shall be deemed to be the corresponding item paid/ receivable by VGL and shall, in all proceedings, be dealt with accordingly. Accordingly, upon the Scheme becoming effective, VSCL is expressly permitted to revise and VGL is expressly permitted to file their respective income tax returns, sales tax / value added tax returns, service tax returns and other tax returns, and to claim refunds / credits, pursuant to the provisions of this Scheme.

PART III – DEMERGER OF OFFSHORE SHIPPING & SHIPPING INVESTMENT BUSINESS OF TSIL INTO VML

Section 1- Transfer and Vesting of the Offshore Shipping & Shipping Investment Business

This part of the Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961. If any term or provision of this part of the Scheme is found or interpreted to be inconsistent with the said provisions at a later date, including resulting from an amendment of law or for any other reason whatsoever then this part of the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme.

24. Transfer of Assets

- (i) Upon the coming into effect of the Scheme and with effect from the Demerger Appointed Date, the entire Offshore Shipping & Shipping Investment Business (including all the assets, investments, rights, claims, title, interest and authorities, including accretions and appurtenances of the Offshore Shipping & Shipping Investment Business) shall, subject to the provisions of this Clause in relation to the mode of transfer and vesting and pursuant to the provisions of Sections 391 to 394 of the Act and Section 2(19AA) of the Income-tax Act, 1961, without any act, deed, conveyance and / or transfer deed, be demerged from TSIL and be transferred to and vested in and shall be deemed to be demerged from TSIL and transferred to and vested in VML as a going concern so as to become as and from the Demerger Appointed Date, the, assets, rights, claims, title, interest and authorities of VML, subject to the provisions of this Scheme in relation to encumbrances in favour of banks and/or financial institutions.
- (ii) The transfer and vesting of the Offshore Shipping & Shipping Investment Business of TSIL as aforesaid shall be subject to the existing securities, liens, charges and mortgages, if any, subsisting, over or in respect of the property and assets or any part thereof of the Offshore Shipping & Shipping Investment Business.
- (iii) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including tax on book profits, sales tax, custom duty, service tax, value added tax and other incentives), granted by any Government body, local authority or by any other person and availed of by TSIL relating to Offshore Shipping & Shipping Investment Business of TSIL are concerned, the same shall vest with and be available to VML on the same terms and conditions.
- (iv) From the Effective Date and till such time that the names of the bank accounts of TSIL pertaining to Offshore Shipping & Shipping Investment Business are replaced with that of VML, VML shall be entitled to operate such bank accounts of TSIL pertaining to Offshore Shipping & Shipping Investment Business, in the name of TSIL, in so far as may be necessary.

25. Transfer of Liabilities.

- (i) Upon the coming into effect of the Scheme, all loans raised and used, debts, liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of TSIL shall also, as on the Demerger Appointed Date and relating to the Offshore Shipping & Shipping Investment Business in accordance with Section 2(19AA) of the Income-tax Act, 1961, shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to VML to the extent that they are outstanding as on the Effective Date and shall become the loans, debts, liabilities, duties and obligations of VML.
- (ii) Where any of the liabilities raised and used, debts, liabilities, duties and obligations of TSIL as on the Demerger Appointed Date deemed to be transferred to VML have been discharged by TSIL on or after the Demerger Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of VML.

26. Contracts, Deeds etc.

- (i) Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Offshore Shipping & Shipping Investment Business, to which TSIL is a party or to the benefit of which TSIL is eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of VML and may be enforced as fully and effectually as if, instead of TSIL, VML had been a party or beneficiary or obligee thereto or thereunder.
- (ii) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Offshore Shipping & Shipping Investment Business occurs by virtue of this Scheme itself, VML may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or agreement or arrangements with any party to any contract or arrangement to which TSIL is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. TSIL will, if necessary, also be a party to the above. VML shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of TSIL and to carry out or perform all such formalities or compliances to be carried out or performed on the part of TSIL.
- (iii) Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of the Scheme, all consents, permissions, licences, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of TSIL in relation to Offshore Shipping & Shipping Investment Business shall stand transferred to VML as if the same were originally given by, issued to or executed in favour of VML, and VML shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to VML.

27. Employees

- (i) All staff, workmen and employees of Offshore Shipping & Shipping Investment Business in TSIL, in service on the Effective Date shall be deemed to have become staff, workmen and employees of VML, with effect from the Demerger Appointed Date without any interruption of or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with VML shall not be less favorable than those applicable to them with

reference to TSIL, on the Effective Date.

- (ii) It is expressly provided that, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts including any employment benefits, terminal benefits etc created or existing for the benefit of the staff, workmen and employees of TSIL, in relation to Offshore Shipping & Shipping Investment Business, shall become the trusts/funds of VML for 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 TSIL, in connection with Offshore Shipping & Shipping Investment Business, relating to such fund or funds shall become those of VML. It is clarified that the services of the staff, workmen and employees of TSIL, in relation to Offshore Shipping & Shipping Investment Business, will be treated as having been continuous for the purpose of the said fund or funds
- (iii) In so far as the fund or funds created or existing for the benefit of the employees of TSIL, in relation to the Offshore Shipping & Shipping Investment Business, upon the coming into effect of this Scheme, balances lying in the accounts of the employees of TSIL in relation to Offshore Shipping & Shipping Investment Business in the said fund or funds as on the Effective Date shall stand transferred from the respective fund or funds of TSIL, in relation to Offshore Shipping & Shipping Investment Business to the corresponding fund or funds set up by VML.

28. Legal Proceedings

- (i) All legal, taxation and other proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature by or against TSIL pending and/or arising at the Demerger Appointed Date and relating to Offshore Shipping & Shipping Investment Business, shall be continued and enforced by or against VML only, to the exclusion of TSIL in the manner and to the same extent as would have been continued and enforced by or against TSIL. On and from the Effective Date, VML shall and may, if required, initiate any legal proceedings in relation to Offshore Shipping & Shipping Investment Business.
- (ii) In the event that the legal proceedings referred to above, require TSIL and VML to be jointly treated as parties thereto, VML shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with TSIL. In the event of any difference or difficulty in determining whether any specific legal or other proceeding relates to the Offshore Shipping & Shipping Investment Business or not, the decision of the Board of Directors of TSIL and / or of VML as to whether such proceeding relates to the Offshore Shipping & Shipping Investment Business or not, shall be conclusive evidence of the relationship with Offshore Shipping & Shipping Investment Business.
- (iii) It is clarified that after the Demerger Appointed Date, in case the proceedings referred above, cannot be transferred for any reason, TSIL shall prosecute or defend the same at the cost of VML, VML shall reimburse, indemnify and hold harmless TSIL against all liabilities and obligations incurred by TSIL in respect thereof.
- (iv) Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the demerger of TSIL into VML or anything contained in the Scheme

29. Savings of Concluded Transactions

Subject to the terms of this Scheme, the transfer and vesting of the Offshore Shipping & Shipping Investment Business of TSIL under this Section 1 of Part III of this Scheme shall not affect any transactions or proceedings already concluded by TSIL on or before the Demerger Appointed Date or concluded after the Demerger Appointed Date till the Effective Date, to the end and intent that VML accepts and adopts all acts, deeds and things made, done and executed by TSIL as acts, deeds and things made, done and executed by or on behalf of VML.

Section 2 - Conduct of Business

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

- (i) TSIL shall be carrying on and be deemed to have been carrying on all business and activities relating to Offshore Shipping & Shipping Investment Business and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of Offshore Shipping & Shipping Investment Business for and on account of, and in trust for VML;
- (ii) All profits and income accruing or arising to TSIL from Offshore Shipping & Shipping Investment Business, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Offshore Shipping & Shipping Investment Business for the period commencing from the Demerger Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of VML;
- (iii) Any of the rights, powers, authorities, privileges, attached, related or pertaining to Offshore Shipping & Shipping Investment Business exercised by TSIL shall be deemed to have been exercised by TSIL for and on behalf of, and in trust for and as an agent of VML. Similarly, any of the obligations, duties and commitments attached, related or pertaining to Offshore Shipping & Shipping Investment Business that have been undertaken or discharged by TSIL shall be deemed to have been undertaken for and on behalf of and as an agent for VML; and
- (iv) TSIL shall carry on Offshore Shipping & Shipping Investment Business with reasonable diligence and prudence, in the ordinary course of business, and TSIL shall not, in any material respect, alter or expand Offshore Shipping & Shipping Investment Business, other than such alterations or expansions as have already been commenced, except with the prior written consent of VML and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with Offshore Shipping & Shipping Investment Business, save and except, in each case, in the following circumstances:
 - (i) if the same is in the ordinary course of business; or
 - (ii) if the same is expressly permitted by this Scheme; or

(iii) if the written consent or concurrence of VML, has been obtained.

Section 3 – Consideration

Issuance of Shares by VML

31. Upon the effectiveness of the Scheme, in consideration of the Demerger, including the transfer and vesting of Offshore Shipping & Shipping Investment Business in VML pursuant to this Scheme, VML shall, without any further act or deed, issue and allot to each shareholder of TSIL whose name is recorded in the register of members and / or records of the depository as shareholder of TSIL on the Demerger Record Date, equity shares in VML in the ratio of One [1] equity share in VML of the face value of Re.1/- each credited as fully paid-up for every Thirty Three [33] equity shares of Rs.10/- each fully paid-up held by such shareholder in TSIL.
32. In case the holding of any shareholders in TSIL is such that the shareholder becomes entitled to a fraction of an equity share of VML, then VML shall send a letter to the respective shareholder indicating the fractional entitlements. Such shareholder would be entitled to aggregate such number of fractional entitlements as would convert into full equity share(s) of VML. Such shareholder shall apply to VML within 10 days of receiving such letter with all fractional entitlements seeking issue of equity share(s). In the event that a shareholder fails to apply to VML of the same within the prescribed time period, the fractional entitlements shall lapse at the end of 15 days from the date of their issue.
33. The shares issued to the shareholders of TSIL by VML pursuant to sub-Clause 31 above shall be issued in physical or dematerialized form by VML as may be notified by shareholders in writing to VML on or before such date as may be determined by the Board of Directors of TSIL and VML.
34. Equity Shares to be issued by VML above shall be subject to the Memorandum and Articles of Association of VML and shall rank pari passu in all respects, including dividend, with the existing equity shares of VML.
35. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the TSIL, the Board of Directors of the TSIL shall be empowered in appropriate cases, prior to or even subsequent to the Demerger Record Date, to effectuate such a transfer in TSIL as if such changes in registered holder were operative as on the Demerger Record Date, in order to remove any difficulties arising to the transferor of the share in VML and in relation to the shares issued by VML after the effectiveness of the Scheme. The Board of Directors of TSIL shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in VML on account of difficulties faced in the transaction period
36. The issue and allotment of new equity shares in VML to the shareholders of TSIL as provided in the Scheme as an integral part thereof, shall be deemed to have been carried out as if the procedure laid down under Section 81(1A) and any other applicable provisions of the Act were duly complied with.
37. Upon this Scheme becoming effective, the Board of Directors of VML shall issue and allot its fully paid-up equity shares to the equity shareholders of TSIL on Demerger Record Date as per Clause 31.

Reduction in Share Capital of VML

38. Upon the Scheme becoming effective and upon the issue of shares in accordance with Clause 31 above, the existing equity share of VML held by the existing shareholders of VML, namely, TSIL, as specified in Clause 2.4 above, as on the Demerger Record Date shall, without any application or deed, stand cancelled without any payment in accordance with the provisions of Sections 100 to 103 of the Act.
39. The cancellation of the existing 1,00,000 equity shares of Re.1 each amounting to Rs 1,00,000 of VML as mentioned in Clause 38 above 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 or payment of paid up share capital and the provisions of Section 101 of the Act will not be applicable. VML shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.

Section 4 – General terms and conditions

40. Accounting treatment in the books of TSIL
 - (i) The assets and the liabilities of TSIL relating to Offshore Shipping & Shipping Investment Business being transferred to VML shall be at values appearing in the books of account of TSIL on the close of business hours on the day immediately preceding the Demerger Appointed Date.
 - (ii) The difference between the value of assets and value of liabilities transferred pursuant to the Scheme and the amount of investment held by TSIL in VML shall be credited or debited to Reserves as the case may be, in the books of TSIL.
41. Accounting Treatment in the books of VML
 - (i) Upon the Scheme becoming effective and with effect from the Demerger Appointed Date, VML shall record the assets and liabilities of Offshore Shipping & Shipping Investment Business vested in it pursuant to this Scheme at their respective book values as appearing in the books of TSIL.
 - (ii) VML shall credit its share capital account with the aggregate face value of the equity shares issued to the shareholders of TSIL pursuant to Clause 31 of the Scheme.
 - (iii) The excess or deficit, if any, remaining after recording the aforesaid entries in sub clause (i) and (ii) and after giving effect to Clause 38 and 39 with respect to cancellation of existing share capital of VML, the costs in relation to transfer of assets pertaining to Offshore Shipping & Shipping Investment Business to VML such as stamp duty, registration charges, etc. and other entries in accordance with the Scheme, shall be credited by VML to its Securities Premium account (which is like a Capital Reserve) or debited as Goodwill, as the case may be.

42. **Change of Name of VML**

- (i) As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the name of VML shall stand changed to "Varun Global Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed and the name "VML" wherever it appears in the Memorandum and Articles of Association of VML shall stand substituted by the new name "Varun Global Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed.
- (ii) Pursuant to this Scheme, VML shall file the requisite forms with the Registrar of Companies and shall obtain a fresh certificate upon the change of its name to "Varun Global Limited" or such other name as may be approved by the shareholders of the Company.
- (iii) It is hereby clarified that for the purposes of above Clauses, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or changing the name of VML, and no further resolution under the Act would be required to be separately passed.

43. **Taxes**

- (i) All taxes and duties (including income tax, sales tax, custom duty, service tax, VAT, etc.) paid or payable by TSIL in respect of the operations and/or the profits of Offshore Shipping & Shipping Investment Business before the Demerger Appointed Date, including any refund and claims shall be on account of TSIL and, insofar as payments of taxes and duties (including, without limitation, income tax, sales tax, custom duty, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by TSIL in respect of the profits or activities or operation of Offshore Shipping & Shipping Investment Business after the Demerger Appointed Date, including any refund and claims the same shall be deemed to be the corresponding item paid/ receivable by VML and shall, in all proceedings, be dealt with accordingly. Accordingly, upon the Scheme becoming effective, TSIL is expressly permitted to revise and VML is expressly permitted to file their respective income tax returns, sales tax / value added tax returns, service tax returns and other tax returns, and to claim refunds / credits, pursuant to the provisions of this Scheme.

PART IV – AMALGAMATION OF AMALGAMATING COMPANIES WITH VRL

Section 1 – Transfer and Vesting

44. **Transfer of Assets:**

- (i) Upon the coming into effect of this Scheme and with effect from the Amalgamation Appointed Dates and subject to the provisions of Part II and Part III of this Scheme, the Amalgamating Companies shall, pursuant to the provisions of Section 391 to 394 and other applicable provisions of the Act, without any further act, deed or conveyance and / or transfer deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in VRL as a going concern so as to become as and from the Amalgamation Appointed Dates, the estate, assets, rights, claims title, interests and authorities of VRL, subject to the provisions of this Scheme in relation to encumbrances in favour of banks and / or financial institutions. The transfer and vesting of all assets of Amalgamating Companies as aforesaid shall be subject to the existing securities, liens, charges and mortgages, if any, subsisting, over or in respect of the property and assets or any part thereof
- (ii) All assets, rights, title, interest and investments of the Amalgamating Companies shall also, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in VRL upon the coming into effect of the Scheme and with effect from the Amalgamation Appointed Dates pursuant to the provisions of Sections 391 to 394 of the Act.
- (iii) The immovable properties, if any, relating to Amalgamating Companies, and any documents of title/rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been vested in and stand transferred to and shall belong to VRL. The mutation of the title to the said immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act or deed whatsoever, in favour of VRL.
- (iv) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including tax on book profits, sales tax, custom duty, service tax, value added tax and other incentives), granted by any Government body, local authority or by any other person and availed of by Amalgamating Companies are concerned, the same shall vest with and be available to VRL on the same terms and conditions.
- (v) From the Effective Date and till such time that the names of the bank accounts of the Amalgamating Companies are replaced with that of VRL, VRL shall be entitled to operate such bank accounts of the Amalgamating Companies, in the name of Amalgamating Companies, in so far as may be necessary.

45. **Transfer of Liabilities:**

- (i) Upon the coming into effect of the Scheme, all secured and unsecured debts, all loans raised and used, debts, all liabilities, duties and obligations and undertakings of every kind, nature, description whether or not provided for in the books and whether disclosed or undisclosed in the Balance sheets of the Amalgamating Companies or any debt, liability, duty, obligation or undertaking of any nature whatsoever along with any charge, encumbrance, lien or security thereon shall, pursuant to the provisions of Section 391 to 394 and other applicable provisions of the Act, without any further act, deed, conveyance, instrument or transfer deed, shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in, VRL, so as to become the liabilities of VRL and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause.
- (ii) Where any of the liabilities of the Amalgamating Companies as on the Amalgamation Appointed Dates have been discharged by the Amalgamating Companies on or after the Amalgamation Appointed Dates and prior to the Effective Date, such discharge shall be deemed to have been for and on account of VRL.
- (iii) All loans raised and used and all debts, liabilities, duties and obligations incurred or undertaken by the Amalgamating

Companies on or after the Amalgamation Appointed Dates and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used, undertaken or incurred for and on behalf of VRL and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, without any further act or deed, be and stand transferred to and vested in or be deemed to have been transferred to and vested in VRL and shall become the loans, debts, liabilities, duties and obligations of VRL.

46. Contracts, Deeds etc.

- (i) Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Amalgamating Companies is a party or to the benefit of which the Amalgamating Companies may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue to be in full force and effect on or against or in favour, as the case may be, of VRL and may be enforced as fully and effectually as if, instead of the Amalgamating Companies, VRL had been a party or beneficiary or obligee thereto or thereunder.
- (ii) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Amalgamating Companies occurs by virtue of this Scheme itself, VRL may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or agreements or arrangements with any party to any contract or arrangement to which the Amalgamating Companies is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. VRL shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Amalgamating Companies and to carry out or perform all such formalities or compliances referred to above on the part of the Amalgamating Companies.
- (iii) Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of the Scheme, all consents, permissions, licences, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of Amalgamating Companies shall stand transferred to VRL as if the same were originally given by, issued to or executed in favour of VRL, and VRL shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to VRL.

47. Employees

- (i) All staff, workmen and employees of Amalgamating Companies, in service on the Effective Date shall be deemed to have become staff, workmen and employees of VRL, with effect from the Amalgamation Appointed Dates without any interruption of or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with VRL shall not be less favorable than those applicable to them with reference to VRL, on the Effective Date.
- (ii) It is expressly provided that, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts including any employment benefits, terminal benefits etc created or existing for the benefit of the staff, workmen and employees of the Amalgamating Companies, shall become the trusts/funds of VRL for 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 the Amalgamating Companies, relating to such fund or funds shall become those of VRL. It is clarified that the services of the staff, workmen and employees of the Amalgamating Companies, will be treated as having been continuous for the purpose of the said fund or funds.
- (iii) In so far as the fund or funds created or existing for the benefit of the employees of the Amalgamating Companies are concerned upon the coming into effect of this Scheme, balances lying in the accounts of the employees of the Amalgamating Companies in the said fund or funds as on the Effective Date shall stand transferred from the respective fund or funds of the Amalgamating Companies to the corresponding fund or funds set up by VRL.

48. Legal Proceedings

- (i) All legal, taxation and other proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature by or against Amalgamating Companies pending and/or arising at the Amalgamation Appointed Dates shall be continued and/or enforced until the Effective Date as desired by VRL. As and from the Effective Date, the legal proceedings shall be continued and enforced by or against VRL in the same manner and to the same extent as would or might have been continued and enforced by or against the Amalgamating Companies.

Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Amalgamating Companies with VRL or anything contained in the Scheme.
- (ii) On and from the Effective Date, VRL shall and may, if required, initiate any legal proceedings in its name in relation to the Amalgamating Companies in the same manner and to the same extent as would, or might, have been initiated by the Amalgamating Companies.

49. Savings of Concluded Transactions

The transfer and vesting of the Amalgamating Companies under this Section 1 of Part IV hereof shall not affect any transactions or proceedings already concluded by the Amalgamating Companies on or before the Amalgamation Appointed Dates or concluded after the Amalgamation Appointed Dates till the Effective Date, to the end and intent that, VRL accepts all acts, deeds and things, made done and executed by the Amalgamating Companies as acts, deeds and things made, done and executed by or on behalf of VRL.

Section 2 – Conduct of Business

50. With effect from the Amalgamation Appointed Dates up to and including the Effective Date:

- (i) Each of the Amalgamating Companies shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the respective entire businesses and all the respective assets and liabilities of the Amalgamating Companies on account of

and in trust for VRL;

- (ii) All profits and income accruing or arising to each of the Amalgamating Companies, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of VRL;
- (iii) Any of the rights, powers, authorities, privileges exercised by each of the Amalgamating Companies shall be deemed to have been exercised by such Amalgamating Companies for and on behalf of, and in trust for and as an agent of VRL. Similarly, any obligations, duties and commitments that have been undertaken or discharged by the Amalgamating Companies shall be deemed to have been undertaken for and on behalf of and as an agent for VRL; and
- (iv) The Amalgamating Companies shall carry on its respective business with reasonable diligence and prudence, in the ordinary course of business, and shall not, in any material respect, alter or expand, other than such alterations or expansions as have already been commenced, except with the prior written consent of VRL and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber, save and except, in each case, in the following circumstances:
 - (i) if the same is in the ordinary course of business; or
 - (ii) if the same is expressly permitted by this Scheme; or
 - (iii) if the written consent or concurrence of VRL, has been obtained.

Section 3 – Consideration

Issuance of Shares by VRL

51. Upon the effectiveness of the Scheme, in consideration of amalgamation of Amalgamating Companies into VRL in terms of this Scheme, VRL shall, without any further application, act or deed, issue and allot shares, credited as fully paid up, to the extent indicated below, to the shareholders of the Amalgamating Companies holding fully paid up equity shares in Amalgamating Companies and whose names appear in the register of member and / or records of the depository as shareholder of the Amalgamating Companies on the Amalgamation Record Date(s), or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title, as the case may be, in the following proportion viz -

"One [1] equity share of Re 1 each of VRL will be issued and allotted to each share holder holding Eleven [11] equity shares of Rs10 each in TSIL"

and

"Four [4] equity shares of Re.1 each of VRL will be issued and allotted to each shareholder holding One [1] equity share of Rs.10 each in VSCL"

and

"No shares to be issued on amalgamation of VGIL into VRL, as VSCL holds 100 percent stake in VGIL and upon scheme becoming effective VSCL would cease to exist"

52. The shares issued to the shareholders of the Amalgamating Companies by VRL pursuant to Clause 51 above shall be issued in dematerialized form by VRL, unless otherwise notified in writing by the shareholders of the Amalgamating Companies to VRL on or before such date as may be determined by the Board of Directors of VRL and Amalgamating Companies. In the event that such notice has not been received by VRL in respect of any of the shareholders of the Amalgamating Companies, the shares shall be issued to such shareholders in dematerialised form provided that the shareholders of the Amalgamating Companies shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. It is only thereupon that VRL shall issue and directly credit the dematerialised securities to the account of such shareholder. In the event that VRL has received notice from any shareholder that shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her /its account with a depository participant or other confirmations as may be required, then VRL shall issue shares in physical form to such shareholder.
53. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Amalgamating Companies, the Board of Directors of the Amalgamating Companies shall be empowered in appropriate cases, prior to or even subsequent to the Amalgamation Record Date(s), to effectuate such a transfer in the Amalgamating Companies as if such changes in registered holder were operative as on the Amalgamation Record Date(s), in order to remove any difficulties arising to the transferor of the share in VRL and in relation to the shares issued by VRL after the effectiveness of the Scheme. The Board of Directors of the Amalgamating Companies shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in VRL on account of difficulties faced in the transaction period.
54. The new equity shares in VRL to be issued to shareholders of Amalgamating Companies pursuant to Clause 51 above shall rank pari passu in all respects, including dividend with the existing equity shares of VRL.
55. The issue and allotment of equity shares in VRL to the shareholders of the Amalgamating Companies as provided in the Scheme as an integral part thereof, shall be deemed to have been carried out as if the procedure laid down under Section 81(1A) and any other applicable provisions of the Act were duly complied with.
56. The Equity Shares to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of VRL.
57. The Equity Shares of VRL issued in terms of Clause 51 above shall, subject to applicable regulations, be listed and/or admitted to trading on the BSE and NSE where the existing equity shares of VSCL are listed and/or admitted to trading.
58. Upon this Scheme becoming effective, the Board of Directors of VRL shall issue and allot its fully paid-up equity shares to the equity shareholders of Amalgamating Companies on Amalgamation Record Date(s) as per Clause 51. Further, issuance of shares to shareholders of TSIL, in accordance with Clause 51 of the Scheme, shall be before the Amalgamation Record Date to be fixed

for the purposes of determining the shareholders of VSCL, to whom the equity shares of VRL will be allotted pursuant to amalgamation, in accordance with Clause 51 of the Scheme.

59. The equity shares of VRL allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the Stock Exchange(s). There shall be no change in the shareholding pattern or control in VRL between the last of the Amalgamation Record Date(s) and the listing.

Section 4 – Accounting treatment

60. VRL shall account the amalgamation of the Amalgamating Companies as per the Purchase method as set out in Accounting Standard 14 (AS 14) referred to in Section 211(3C) of the Act.
61. VRL shall, upon the Scheme coming into effect, record all the assets and liabilities of the Amalgamating Companies vested in it pursuant to this Scheme, at fair values as may be determined by the Board of Directors with effect from the Amalgamation Appointed Dates.
62. As on the Amalgamation Appointed Dates, pursuant to the amalgamation of the Amalgamating Companies with VRL, the inter company balances or investments appearing in the books of the Amalgamating Companies shall stand cancelled.
63. Balance in the books of Amalgamating Companies w.r.t Statutory Reserves to be transferred to VRL.
64. The excess or deficit, if any, of the value of the assets over the value of the liabilities of the Amalgamating Companies, as recorded above under Clause 61, Clause 62 and Clause 63 pursuant to this Scheme and the costs in relation to transfer of assets pertaining to the Amalgamation such as stamp duty, registration charges, etc after taking into consideration the shares to be issued by VRL as per Clause 51 shall be recorded as and credited to the Securities Premium (which is like a Capital Reserve) or debited as Goodwill as the case may be, in the books of VRL.

Section 5 – Combination of Authorised Share Capital

65. Upon this Scheme becoming effective, the authorised share capital of VRL shall automatically stand increased without any further act, instrument or deed on the part of VRL or any payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of the Amalgamating Companies amounting to Rs 3,53,00,00,000 comprising of 33,30,00,000 equity shares of Rs.10 each and 20,00,000 preference shares of Rs.100 each, such authorised share capital of Amalgamating Companies shall stand sub divided from face value of Rs. 100 each to equity shares of face value of Re 1 each to represent Rs 3,53,00,00,000 comprising of 3,33,00,00,000 equity shares of Re 1 each and 20,00,00,000 preference shares of Re. 1 each and the Memorandum of Association and Articles of Association of VRL (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 16, 31, 94, 95 and 394 and applicable provisions of the Act would be required to be separately passed or filings be required to be made with any Authority, as the case may be and for this purpose the stamp duties and fees paid on the authorised share capital of the Amalgamating Companies shall be utilized and applied to the increased authorised share capital of VRL and there would be no requirement for any further payment of stamp duty and/or fee by VRL for increase in the authorised share capital to that extent.
66. It is clarified that the approval of the shareholders of VRL to the Scheme shall be deemed to be their consent / approval to alteration of the Memorandum of Association and Articles of Association of VRL as may be required under the Act, and Clause Va of the Memorandum of Association and Article 3 of the Articles of Association of VRL shall stand altered accordingly.

67. Change of Name of VRL

- (i) As an integral part of the Scheme and upon the coming into effect of the Scheme, the name of VRL shall stand changed to "Varun Gas Infrastructure Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed and the name "VRL" wherever it appears in the Memorandum and Articles of Association of VRL shall stand substituted by the new name "Varun Gas Infrastructure Limited" or such other name as may be approved by the shareholders of the Company without any further act or deed.
- (ii) Pursuant to this Scheme, VRL shall file the requisite forms with the Registrar of Companies and shall obtain a fresh certificate upon the change of its name to "Varun Gas Infrastructure Limited" or such other name as may be approved by the shareholders of the Company.
- (iii) It is hereby clarified that for the purposes of above Clauses, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or changing the name of VRL, and no further resolution under the Act would be required to be separately passed.

Section 6 –Dissolution of the Amalgamating Companies

68. On the Scheme coming into effect, the Amalgamating Companies shall, without any further act or deed, stand dissolved without winding up.

Section 7 – General terms and conditions

69. All taxes and duties (including income tax, MAT credit entitlement under the Income-tax Act 1961, sales tax, customs duty, service tax, VAT, etc.) paid or payable by Amalgamating Companies in respect of the operations and/or the profits of Amalgamating Companies before the Amalgamation Appointed Dates, including any refund and claims shall be on account of Amalgamating Companies; and, insofar as payments of taxes and duties (including, without limitation, income tax, sales tax, custom duty, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Amalgamating Companies in respect of the profits or activities or operation of the Amalgamating Companies after the Amalgamation Appointed Dates, including any refund and claims, including claims of brought forward business loss, unabsorbed depreciation are concerned, the same shall be deemed to be the corresponding item paid/receivable by VRL and shall, in all proceedings, be dealt with accordingly.
70. All tax assessment proceedings/ appeals of whatsoever nature by or against the Amalgamating Companies pending and/or arising at the Amalgamation Appointed Dates and relating to the Amalgamating Companies shall be continued and/or enforced until the Effective Date by the Amalgamating Companies. As and from the Effective Date, the tax proceedings shall be continued

and enforced by or against VRL in the same manner and to the same extent as would or might have been continued and enforced by or against the Amalgamating Companies.

Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Amalgamating Companies with VRL or anything contained in the Scheme.

71. Any tax liabilities under the Income-tax Act, 1961, service tax laws, central sales tax, applicable state value added tax laws or other applicable laws/ regulations dealing with taxes/ duties/ levies of the Amalgamating Companies to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Amalgamation Appointed Dates shall be transferred to VRL.
72. Any refund, under the Income-tax Act, 1961, service tax laws, laws, central sales tax, applicable state value added tax laws or other applicable laws/ regulations dealing with taxes/ duties/ levies due to Amalgamating Companies consequent to the assessment made on Amalgamating Companies and for which no credit is taken in the accounts as on the date immediately preceding the Amalgamation Appointed Dates shall also belong to and be received by VRL upon this Scheme becoming effective.
73. The tax payments (including, without limitation income tax, service tax, central sales tax, applicable state value added tax, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Amalgamating Companies after the Amalgamation Appointed Dates, shall be deemed to be paid by VRL and shall, in all proceedings, be dealt with accordingly.
74. Obligation for deduction of tax at source on any payment made by or to be made by the Amalgamating Companies shall be made or deemed to have been made and duly complied with by VRL.
75. Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation income tax, service tax, central sales tax, applicable state value added tax etc.) to which the Amalgamating Companies is entitled to in terms of applicable laws, shall be available to and vest in VRL, upon this Scheme coming into effect.
76. In accordance with applicable provisions of the Income-tax Act, 1961, VRL shall make an application to tax authorities to exercise Tonnage Tax Scheme within 3 months of the Effective Date.

Upon the Scheme becoming effective, Resulting Companies and VRL are expressly permitted to revise its financial statements to give effect to the provisions of the Scheme.

PART V – OTHER TERMS AND CONDITIONS

The provisions of this Part shall be applicable to the Demerger pursuant to Part II and Part III and the Amalgamation pursuant to Part IV.

77. Applications

VSCL, VGIL, VRL, VGL, TSIL and VML shall make necessary applications before the High Court for the sanction of this Scheme under Sections 391 to 394 read together with Sections 100 to 103 and other applicable provisions of the Act.

78. Modifications of Scheme

- (i) VSCL (by its Board of Directors), TSIL (by its Board of Directors), VGIL (by its Board of Directors), VGL (by its Board of Directors), VML (by its Board of Directors) and VRL (by its Board of Directors), may, in their full and absolute discretion, assent to any alteration or modification to this Scheme which either the Boards of Directors deem fit, or which the Court and/or any other Authority may deem fit to approve or impose.
- (ii) VSCL (by its Board of Directors), TSIL (by its Board of Directors), VGIL (by its Board of Directors), VGL (by its Board of Directors), VML (by its Board of Directors) and VRL (by its Board of Directors), may give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation hereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture-holders of the respective companies), or to review the position relating to the satisfaction of various conditions to the Scheme and if necessary, to waive any of those (to the extent permissible under law).

79. Scheme Conditional on

This Scheme is conditional upon and subject to:

- (i) the Scheme being agreed to by the requisite majorities of the various classes of shareholders and creditors of VSCL, TSIL, VGL, VML, VGIL and VRL (as required) under applicable law and the requisite order of the High Court being obtained;
- (ii) receipt of order from the Competition Commission of India; and
- (iii) the certified copies of the court orders referred to in this Scheme being filed with the Registrar of Companies, Maharashtra;

80. Dividends

- (i) Until the coming into effect of this Scheme VSCL, VGL, TSIL, VML, VGIL and VRL 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 Effective Date as applicable.
- (ii) Until the coming into effect of this Scheme, the holders of the shares of VSCL, VGL, TSIL, VML, VGIL and VRL shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights and privileges under their respective Articles of Association including the right to receive dividends.
- (iii) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of VSCL, VGL, TSIL, VML, VGIL and VRL to demand or claim any dividends which, subject to the provisions of applicable law, shall be entirely at the discretion of the Boards of Directors of VSCL, VGL, TSIL, VML, VGIL and VRL respectively, and subject to the approval, if required, of the shareholders of VSCL, VGL, TSIL, VML, VGIL and VRL respectively.

81. In the event of this Scheme failing to take effect by March 31st, 2013 or such later date as may be agreed by the Boards of Directors, this Scheme shall stand automatically revoked, cancelled and be of no effect and become null and void, and in that event, no rights and liabilities shall accrue to or be incurred inter se between the parties or their shareholders or creditors or employees or any other person. In such case, VSCL, TSIL, VGL, VML, VGIL and VRL shall bear their own costs and expenses or as may be otherwise mutually agreed.
82. Severability
- 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 subject to the decision of VSCL, TSIL, VGL, VML, VGIL and VRL, 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.
83. Costs
- All other costs, charges, taxes, duties, including any and all stamp duty payable in respect of the Scheme, levies and all other expenses, if any arising out of, or incurred in carrying out and implementing the Scheme, including the Demerger and matters incidental thereto, shall be borne by the respective Resulting Companies in case of Demerger and by VRL in case of the Amalgamation.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 809 OF 2012**

IN THE MATTER of Sections 391 to 394 read with Sections 100 to 103 of the
Companies Act, 1956;

AND

IN THE MATTER of Varun Shipping Company Limited, a company incorporated
under the provisions of the Companies Act, 1956 and having its registered office at
Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai 400 001.

AND

IN THE MATTER of Composite Scheme of Arrangement and Amalgamation
between Varun Shipping Company Limited and Varun Global Private Limited and
Tarun Shipping and Industries Limited and Varun Maritime Private Limited and
Varun Gas Infrastructure Limited and Varun Resources Private Limited and their
respective Shareholders and Creditors.

Varun Shipping Company Limited, a Company)
incorporated under the Companies Act, 1956)
having its Registered Office at Laxmi Building,)
6, Shoorji Vallabhdas Marg, Ballard Estate,)
Mumbai 400 001, Maharashtra, India.) .. Applicant Company

FORM OF PROXY

I/We, the undersigned, being the equity shareholder/s of Varun Shipping Company Limited hereby appoint
.....of.....and failing him/her
.....of.....as my/ our proxy, to act for me/us at Court convened
meeting of the equity shareholders of the Applicant Company to be held at, Y.B.Chavan Centre, General Jagannath Bhonsle Marg,
Sachivalaya, Mumbai - 400021 Maharashtra, India, at 10.30 a.m on Tuesday, 8th January, 2013 for the purpose of considering and if
thought fit, approving with or without modification(s), the proposed Composite Scheme of Arrangement and Amalgamation between
Varun Shipping Company Limited, Varun Global Private Limited, Tarun Shipping and Industries Limited, Varun Maritime Private Limited,
Varun Gas Infrastructure Limited and Varun Resources Private Limited and their respective Shareholders and Creditors at such meeting
and at any adjournment(s) thereof, to vote, for me/us and in my/our name(s) (here, if 'for', insert 'for', if
'against', insert 'against', and in the latter case, strike out the words "either with or without modifications" after the word "Scheme"
below) the said arrangement embodied in the Scheme either with or without modifications as my/our proxy may approve.

(Strike out what is not necessary)

Dated this day of

Name :

Address :

Folio No. / DPID : Client ID No. : No. of Shares held :

Signature of Sole Holder / First Holder:

Affix
Re.1/-
Revenue
Stamp

Signature
across the
stamp

Shareholder(s): Second Holder: Third Holder:

Notes :

1. The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. Equity Shareholder / Proxy holder desiring to attend the meeting is requested to bring with him/her a copy of the Composite Scheme of Arrangement and Amalgamation.
3. Please carry with you the Attendance Slip and hand over the same duly signed at the space provided, at the entrance of the Meeting Hall.



VARUN SHIPPING COMPANY LIMITED

Regd. Office : Laxmi Building, 6, Shoorji Vallabhadas Marg, Ballard Estate, Mumbai - 400001

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

ATTENDANCE SLIP

DP ID No* : _____

Folio No : _____

Client ID No* : _____

No of Share(s) held _____

Name and Address of the equity shareholder / Proxy Holder [in block letters]

I hereby record my presence at the meeting of the Equity Shareholders of the Company convened pursuant to an Order dated 30th November, 2012 of the Hon'ble High Court of Judicature at Bombay at 10.30 a.m. on Tuesday 8th January, 2013 at Y.B.Chavan Centre, General Jagannath Bhonsle Marg, Sachivalaya, Mumbai - 400021 Maharashtra, India, for the purpose of approving the Composite Scheme of Arrangement and Amalgamation between Varun Shipping Company Limited, Varun Global Private Limited, Tarun Shipping and Industries Limited, Varun Maritime Private Limited, Varun Gas Infrastructure Limited and Varun Resources Private Limited and their respective Shareholders and Creditors.

Signature of the Equity Shareholder / Proxy : _____

Notes :

1. Equity Shareholder / Proxy holder desiring to attend the meeting is requested to bring with him/her a copy of the Composite Scheme of Arrangement and Amalgamation.
2. Please carry with you this Attendance Slip and hand over the same duly signed at the space provided, at the entrance of the Meeting Hall.

* Applicable to equity shareholders holding shares in dematerialized form.

If undelivered, please return to :



VARUN SHIPPING COMPANY LIMITED

Regd. Office : Laxmi Building, 6, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai - 400 001.