

**SCHEME OF AMALGAMATION
OF
STATE FARMS CORPORATION OF INDIA
WITH
NATIONAL SEEDS CORPORATION LIMITED**

This Scheme of Amalgamation in Public Interest provides for the amalgamation of State Farms Corporation of India, a wholly owned Government Company within the meaning of Section 617 of the Companies Act, 1956 with National Seeds Corporation Limited another wholly owned Government Company within the meaning of Section of 617 of the Companies Act, 1956, with the Approval of the Central Government, Ministry of Corporate Affairs pursuant to Sections 391-394 read with Section 396 and other applicable provisions, if any of the Companies Act, 1956.



SCHEME OF AMALGAMATION

STATE FARMS CORPORATION OF INDIA

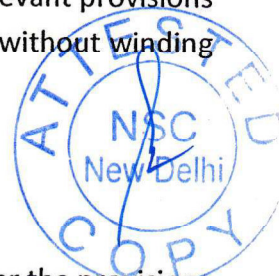
... TRANSFEROR COMPANY

WITH

NATIONAL SEEDS CORPORATION LIMITED

... TRANSFeree COMPANY

This Scheme of Amalgamation (hereinafter referred to as the "Scheme" provides for the amalgamation of State Farms Corporation of India, a Government company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at Farm Bhavan, 14-15, Nehru Place, New Delhi-110019, (hereinafter referred to as the "**Transferor Company**") with National Seeds Corporation Limited, a Government company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at Beej Bhawan, Pusa Complex, New Delhi-110012 (hereinafter referred to as the "**Transferee Company**"), pursuant to Sections 391-394 read with Section 396 and the relevant provisions of the Companies Act, 1956 and the dissolution of the Transferor Company without winding up.



1. BACKGROUND

- 1.1 The Transferee Company, a Government company incorporated under the provisions of the Companies Act, 1956 is one of the largest Seed producing and marketing Companies in India. The **Transferee Company** is presently engaged in the business of production of agricultural seeds including field crops, vegetable seeds, horticultural seeds and also procurement of seeds and sale of the same through its 10 Regional Offices situated at Bangalore, Bhopal, Chandigarh, Chennai, Jaipur, Kolkata, Lucknow, Patna, Pune and Secundrabad and 77 Area Offices under the above mentioned Regional Offices and 43 Seed Processing Units and warehouses.

- 1.2 The Transferor Company, a Government company incorporated under the provisions of the Companies Act, 1956 is also a seed producing and selling company. It owns about 22,000 hectares agricultural land for production of breeder, foundation and certified seeds. It has 5 Central State Farms located at Suratgarh, Sardargarh, Jetsar, Hissar and Raichur, 7 Regional Offices located at Lucknow, Patna, Hyderabad, Bhopal, Jaipur, Banglure and Kolkatta.
- 1.3 Amalgamation of Transferor Company with the Transferee Company has been proposed on the basis of "Rational for the Scheme" as per Clause No. 4

2. DEFINITIONS :

In this scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as given to them below:

- a) "Act" means the Companies Act, 1956 and any amendments or re-enactment thereof for the time being in force.
- b) "The Appointed Date" means April 1, 2013.
- c) "The Effective Date" means the date on which the last of the approval and event specified in Clause 14 of this Scheme are obtained and /or have agreed.
- d) "Transferee Company" means National Seeds Corporation Limited a wholly owned Government Company incorporated under the provisions of the Act and having its Registered Office at "Beej Bhawan, Pusa Complex, New Delhi-110012".
- e) "Transferor Company" means State Farms Corporation of India a wholly owned Government Company incorporated under the provisions of the Act and having its Registered Office at "Farm Bhavan, 14-15, Nehru Place, New Delhi-110019".
- f) "Scheme" or "the Scheme" or "this Scheme" means this scheme of amalgamation in its present form or any modification(s) made under Clauses 13 and 20 of this Scheme.

3. SHARE CAPITAL

The Share Capital structure of the Transferee Company as on 31st March, 2012 is as under:-

Authorized

2,10,000 Equity shares of Rs.1000/- each

Rs. 21,00,00,000

Issued, Subscribed & Paid-up

2,06,193 Equity Shares of Rs.1000/- each

Rs. 20,61,93,000



The Share Capital structure of the Transferor Company as on 31st March, 2012 is as under:-

Authorized

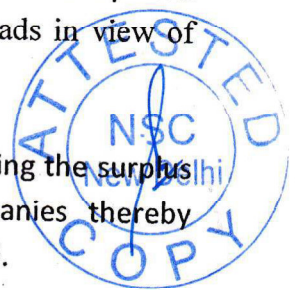
14,86,100 Equity shares of Rs1000/- each Rs. 1,48,61,00,000

Issued, Subscribed & Paid-up

3,14,897 Equity Shares of Rs1000/- each Rs. 31,48,97,000

4. THE RATIONALE OF THE SCHEME

- 4.1 The amalgamation of Transferor Company with the Transferee Company is in the interests of the public and shall result in the following benefits.
- 4.2 The plant and machinery and other assets of the Transferor Company as well as of the Transferee Company shall be properly, gainfully and efficiently utilized. The farms of Transferor Company will provide assured quantity of seeds to the amalgamated company and will strengthen the programme of seed production.
- 4.3 The amalgamated entity shall provide strategic and competitive advantage due to its increased size and integration of production, processing, warehousing and marketing facilities.
- 4.4 Amalgamation would provide an opportunity for better utilization of skilled and experienced manpower available with both the companies to the optimal potential level and to economize and rationalize the staff overheads in view of forthcoming normal retirement of staff in both Companies.
- 4.5 The amalgamated entity will also save in the cost of interest by utilizing the surplus funds within the system of transferor and transferee companies thereby reducing or eliminating borrowing for arrangement working capital.
- 4.6 The amalgamation will result into reduction of overall administrative and over-head cost by integrating activities at corporate level as well as Regional Office levels by integrating the activities and closing down the extra establishment at Regional Office level.



- 4.7 The amalgamation will result into utilization of storage capacity as well as processing capacities available with Transferor Company and vice versa and reduce the overall out flow towards hiring of warehouses for storage of seeds and custom processing from outside.
- 4.8 Banks and creditors are not affected by the proposed amalgamation as their security is maintained at the existing level. The Cabinet will be requested to grant exemption for holding the meeting of creditors and seeking approval from at least 90% of the creditors as the interest of creditors will be taken care of at the existing level.
- 4.9 Both Transferor as well as Transferee companies to work together than competing each other for the limited space left by the private seed companies and State Seed Corporations.
- 4.10 The excess staff available due to consolidating the activities of both the organizations will be re-trained and redeployed in extension activities to popularize the new and high yielding varieties of seeds among farmers through extensive contact programmes and field demonstrations. The staff will also be deployed to take up marketing activates vigorously and develop newer markets for the consolidated entity.
- 4.11 With the closure of 7 Farms of Transferor Company, it is dwelling to a great extent on the seed production on growers field. Transferee is already getting the seed production organized at growers field. Virtually the mandate of both the Companies has become same, which has given rise to the consideration of the Scheme of this Amalgamation.
- 4.12 There will sharing of technical knowledge of Transferor Company with Transferee Company which has marketing expertise thus make the amalgamation to strongly compete with national and international private players in the seed industry.

5. TERMS OF AMALGAMATION OF COMPANIES

- 5.1 Upon the coming into effect of this scheme and with effect from the Appointed Date and subject to the provisions of this Scheme including in relation to the mode of transfer and vesting, and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company be required, the Transferor Company shall dissolve without winding up and whole undertaking



including all assets and properties of the Transferor Company as on the Appointed Date, and all the debts, liabilities, advances, duties and obligations of the Transferor Company as on the Appointed Date shall stand transferred to and vested in and/or deemed to be transferred to and vested as a going concern, in the Transferee Company without any further acts of any parties and without the consent of third parties.

5.2 Without prejudice to the generality of the aforesaid, the transfer as aforesaid shall include all the reserves, capital works in progress, tax entitlements and liabilities, movable and immovable assets and properties including land whether leased or otherwise, all other assets (whether tangible or intangible) of whatsoever nature, investments and loans and advances including interest thereon, lease and hire purchase contracts, powers, authorities, allotments, approvals, consents, letters of intent, industrial and other Government of Statutory licenses, registrations, rights, leases, leave and license agreements, titles, interests, benefits and advantages of any nature whatsoever and where so ever 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 by them, including but without being limited to all patents, patent rights applications, trademarks, service marks, trade names, patents, copyrights and/or any pending applications thereto and other industrial properties and rights of any nature whatsoever and licenses assignments, grants in respect thereof, privileges, liberties, tenancies, easements, advantages, benefits, leases, ownership flats, goodwill, quota rights, permits, approvals, authorizations, right to use and avail telephones, telexes, facsimile and other communication facilities, connections, equipments and installations, utilities, electricity and electronic and all other services of every kind, nature and descriptions whatsoever, earnest monies and/or security deposits, reserves, provisions, funds, benefit of all agreements, arrangements, subsidies, grants, tax credits, sales tax, turnover tax, service tax, customs and all other interests arising to the Transferor Company, the entire business and benefits and advantages of whatsoever nature and where so ever 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 by the Transferor Company, stand transferred to and vested in and/or be deemed to be and stand transferred to and vested as a going concern, in the Transferee Company pursuant to the provisions of Sections 391-394 read with Section 396 of the Act so as to become as and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company. The mode of vesting of the movable property shall be in accordance with Clause 5.3.

5.3 The mode of vesting of the properties referred in 5.1 and 5.2 shall be as under :

5.3.1 In respect of such of the said properties as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and

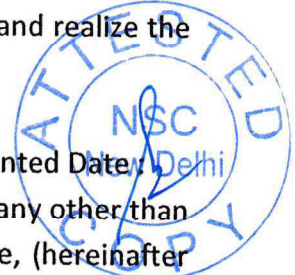
delivery, the same may be so transferred by the Transferor Company and shall become the property of the Transferee Company without requiring any deed or instrument of conveyance for the same.

5.3.2 In respect of such of the said properties other than those referred to in Clause 5.3.1 above the same shall, without any further act, instrument or deed, be and stand transferred to and vested in and/or deemed to be transferred and vested in the Transferee Company as on the Appointed Date.

5.3.3 In respect of the movable properties other than those specified in Clause 5.3.1 above, including sundry debtors, outstanding loans, advances recoverable in cash or in kind or for value to be received, bank balances and deposits with Government, Semi Government, local and other authorities, bodies etc. the same shall be so transferred by the Transferor Company and shall become the property of the Transferee Company without requiring any deed or instrument of conveyance for the same and the same shall become the property of the Transferee Company 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 debts, loans or advances have arisen in order to give effect to the provisions of this Clause. The Transferee Company may, if required, give notice in such form as it may deem fit and proper to such person or debtor that pursuant to this Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Transferee Company to recover and realize the same is in substitution of the rights of Transferor Company.

5.4 Upon coming into effect of the Scheme and with effect from the Appointed Date

5.4.1 All debts, liabilities, duties and obligations of the Transferor Company other than liabilities being extinguished pursuant to the terms of the Scheme, (hereinafter referred to as the "Said Liabilities") shall also be and stand transferred or be deemed to be and stand transferred to the Transferee Company, without any further act, instrument or deed of the Transferee Company, so as to become as and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. Provided always that nothing in this clause shall or is intended to enlarge the security for any loan, deposit or other indebtedness created by the Transferor Company prior to the Appointed Date which shall be transferred to and be vested in the Transferee Company shall not be required or obliged in any manner to create any further or additional security therefore after the Appointed Date or otherwise.

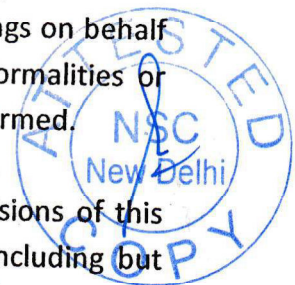


- 5.4.2 Any loans or other obligations due between the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf from the Appointed Date.

IT IS CLARIFIED THAT all debts, liabilities, duties and obligations of the Transferor Company as on the start of the business on the Appointed Date provided for in the books of Accounts and all other liabilities which may accrue or arise on or after the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company.

IT IS CLARIFIED THAT all assets and receivables whether contingent or otherwise of the Transferor Company as on start of business on the Appointed Date provided for in the Books of Accounts and all other assets or receivables which may accrue or arise on or after the Appointed Date shall be the assets and receivables or otherwise as the case may be of Transferee Company.

- 5.4.3 Upon the coming into effect of this Scheme in accordance with the provisions hereof, the borrowings of the Transferee Company, in terms of Section 293(1) of the Act without any further act or deed on the part of the Transferee Company shall stand enhanced equivalent to the authorized borrowing limits of the Transferor Company, such limits being incremental to the existing limits of the Transferee Company, and if so required, those limits may be increased from time to time by the Transferee Company, by obtaining shareholders approval in accordance with the provisions of Section 293(1) of the Act.
- 5.4.4 The Transferee Company may at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute Deeds of Confirmation in favour of any other party to any contract or arrangement to which secured creditors or Transferor Company are party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of Transferor Company and to implement or carry out all such formalities or compliance referred to above on their part to be carried out or performed.
- 5.5 Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements including but not limited to all sales tax exemptions and or deferral benefits and/or any other direct or indirect tax benefits and all other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or



in favour of the Transferee Company, as the case may be and may be enforced as fully and effectually as if, instead of Transferor Company, the Transferee Company had been party or beneficiary or oblige thereto. The Transferee Company shall, wherever necessary, enter into and/or execute deeds, writings or confirmations, enter into any tripartite arrangements, confirmations or notations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Clause.

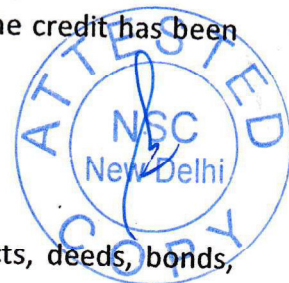
- 5.6 All taxes in respect of the profits and gains, including accumulated losses and unabsorbed depreciation and investment allowance of the business carried on by the Transferor Company before the Appointed Date shall be payable by the Transferee Company subject to such concessions and reliefs as may be allowed under the Income Tax Act, 1961 (43 of 1961) as a consequence of the amalgamation.

Without prejudice to the generality of the aforesaid, the Transferee Company is expressly permitted to revise its Income Tax & loss returns and related TDS certificates and to claim refunds, advance tax credits etc., on the basis of the combined accounts of both the companies as reflected in the Consolidated Balance Sheet as on the Appointed Date pursuant to the terms of this Scheme and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this scheme and the Scheme becoming effective is expressly reserved.

- 5.7 With effect from the Appointed Date in accordance with the CENVAT Credit Rules, 2004 framed under the Central Excise Act, 1944 as are prevalent at the Effective Date, the CENVAT credit lying unutilized in the Transferor Company, shall stand transferred to the Transferee Company as if the same were the CENVAT credit unutilized in the Transferee Company's accounts. It is declared that the transfer of the CENVAT credit stands allowed as stock of inputs as such or in process, including capital goods are also transferred by the Transferor Company to the Transferee Company. The inputs or capital goods on which the credit has been availed of have been duly accounted for.

6. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Subject to other provisions contained in the Scheme, all contracts, deeds, bonds, debentures, agreements and other instruments of whatever nature, to which the Transferor Company is a party, subsisting or having effect immediately before the Effective Date, shall remain in full force and effect, against or in favour of the



Transferee Company, as the case may be, and may be enforced as fully and as effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

Any inter se contracts between the Transferor Company and the Transferee Company shall stand merged and vest in the Transferee Company upon the sanction of the Scheme and upon the Scheme becoming effective.

7. LEGAL PROCEEDINGS

If any suit, writ petition, appeal, revision or other proceedings of whatsoever nature (hereinafter called "The Proceedings") by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation of the Transferor Company or of anything contained in the Scheme, but the Proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted or enforced by or against the Transferor Company as if the Scheme had not been made. On and from the Effective Date, the Transferee Company shall and may initiate any legal proceedings for and on behalf of the Transferor Company.

8. OPERATIVE DATE OF THE SCHEME

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

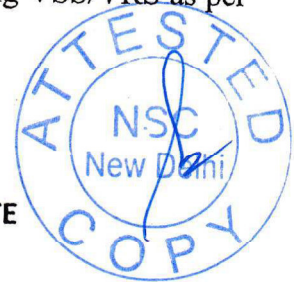
9. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES

All the staff, workmen or employees, in the service of the Transferor Company, on the date immediately preceding the Effective Date of the merger shall become the employees of the Transferee Company on the basis that :

- (i) their service shall have been continuous and shall not have been interrupted by reason of the amalgamation of the Transferor Company;
- (ii) Every whole time officer, including whole time Director or other employees employed immediately before the Effective Date of merger shall become an officer, employee, as the case may be, of the Transferee Company and upon the Scheme becoming effective, all the conditions of service and employment of the Transferee Company would be applicable to the employees of the Transferor Company. In order to bring in uniformity, the employees of the Transferor Company shall be absorbed on equivalent scales of pay in the Transferee Company with protection of pay (Basic + Dearness Allowance).



- While doing so, care would be taken not to disturb both the Transferee Company's and the Transferor Company's internal seniority.
- (iii) As far as provident fund, gratuity fund, superannuation fund or any other special fund created or existing for the benefit of the staff, workmen and other employees of the Transferor Company are concerned, upon the Scheme becoming effective the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever related to the administration or operation of such funds or in relation to the obligation to make contributions to the said funds in accordance with the provisions of such funds as per the terms provided in the respective trust deeds. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees employed in the Transferor Company under such funds and trusts stand protected.
 - (iv) Without prejudice to the generality of the aforesaid, the Transferee Company shall have the right to transfer the employees of the Transferor Company to any unit, division, profit/cost centre or department of the Transferee Company situated anywhere in India or overseas if warranted and as may be deemed necessary from time to time.
 - (v) Upon implementation of the Scheme of Amalgamation, no worker, employee or officer will be retrenched. However, avenues for availing VSS/VRS as per usual Schemes will remain open.



10. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

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

- (i) The Transferor Company shall be deemed to have been carrying on and shall carry on all their businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the assets of Transferor Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- (ii) Save and except in the ordinary course of business, Transferor Company shall carry on their business and activities with reasonable diligence, business prudence and shall not (without the prior written consent of Transferee Company) alienate, charge, mortgage, encumber or otherwise deal with

or dispose off any of their units/undertakings or any part thereof except pursuant to any pre-existing obligation undertaken by Transferor Company prior to the Appointed Date.

(iii) All the profits or income accruing to Transferor Company or expenditure or losses arising or incurred or suffered by Transferor Company shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure, as the case may be of Transferee Company.

(iv) Other than as provided under this Scheme, the Transferor Company shall not make any change in its capital structure either by any increase, (by fresh issue of equity shares whether by way of public issue, private placement, on a rights basis, or issuance of bonus shares, convertible debentures or otherwise) decrease, reduction reclassification, sub-division or consolidation, re-organization, or in any other manner which may, in any way, affect the consideration under this scheme, except by mutual consent of the respective Boards of Directors of both the Transferor Company and Transferee Company.

(v) The Transferor Company shall not without the prior approval of the Board of Directors of Transferee Company utilize the profits, if any, for any purpose including of declaring or paying any dividend in respect of the period failing on and after the Appointed Date.

(vi) The Transferor Company shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business; and

10.2 The transfer and vesting of the whole undertaking including the plants specified in Clause 1.2, all assets and properties of the Transferor Company to the Transferee Company and the continuance of any proceedings by or against the Transferee Company hereof shall not affect any transaction or proceedings already completed by the Transferor Company on and from the Appointed Date to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and/or behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Transferee Company.

11. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEE COMPANY. :

On the Scheme becoming effective, the Transferee Company shall account for the merger in its books of accounts as per Accounting Standard-14, as under:

- 11.1 On and from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required and except to the extent required otherwise by law, the Reserves of the Transferor Company shall be merged with the Corresponding Reserves of the Transferee Company.
- 11.2 All assets and liabilities, including reserves, of the Transferor Company transferred to the Transferee Company under the Scheme, shall be recorded in the books of account of the Transferee Company at the book value as recorded in the Transferor Company books of account as per Accounting Standard-14.
- 11.3 The different between the Share Capital of the Transferor Company and the amount recorded as Additional Share Capital issued by the Transferee Company on amalgamation shall, subject to other provisions contained herein, be reflected in the General Reserves of the Transferee Company and such Reserves shall be available for distribution by the Transferee Company.
- 11.4 In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the General Reserves of the Transferee Company to ensure that the Financial Statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 11.5 The Transferee Company shall draw up and finalize a consolidated Balance Sheet post-merger as on the Appointed Date (hereinafter the "**Consolidated Balance Sheet**") which shall be the opening Balance Sheet of the Transferee Company as on the Appointed Date.

The accounts of the Transferee Company as on the Appointed Date, as amalgamated in accordance with the terms of the Scheme shall be finalized on the basis of the Consolidated Balance Sheet as on the Appointed Date pursuant to this Scheme.

12. APPLICATIONS TO MINISTRY OR CORPORATE AFFAIRS, GOVERNMENT OF INDIA

The Transferor Company and the Transferee Company hereto shall, after seeking approvals from their respective Board of Directors and Shareholders within all reasonable time dispatch, make applications under Section 396 of the Act to the Ministry of Agriculture/ Ministry of Corporate Affairs, Government of India at New Delhi for



sanctioning the Scheme and for dissolution of the Transferor Company without winding up.

13. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 13.1 The Transferor Company (by its Board of Directors or Chairman thereof) and the Transferee Company (by its Board of Directors or Chairman thereof) may assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Ministry of Agriculture, Ministry of Corporate Affairs, Government of India, Courts and/or any other authorities under law may deem fit to direct or impose or which 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 Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.
- 13.2 For the purpose of giving effect to the Scheme or to any modification thereof, the Board of Directors/Chairman of the Transferor Company and the Transferee Company are hereby authorized to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

14. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS :

- 14.1 The Scheme though comes into operation from the Appointed Date, shall be conditional upon and subject to the following :
- (a) The Scheme being approved by the respective shareholders of the Transferor Company and the Transferee Company.
 - (b) The approvals of the Public Financial Institutions and Banks, if applicable, under any contracts/agreements entered into with them by the Transferor Company and/or the Transferee Company.
 - (c) Such other sanctions, permissions, consents and approvals as may be required by the provisions of Sections 391-394 read with Section 396 of the Act and any other Law in respect of this Scheme being obtained including those of the relevant Government authorities; and
 - (d) Notification of the Final Order of Merger in the Official Gazette of the Government of India;



- (e) The certified copies of the Order of the Ministry of Corporate Affairs being filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana by the Transferee Company and by the Transferor Company.

15. DISSOLUTION OF TRANSFEROR COMPANY

Upon the Scheme being sanctioned the Transferor Company shall stand dissolved without being wound up as on the Appointed Date and no person shall make, assert or take, any claims, demands or proceedings against the Transferor Company, except in so far as may be necessary for enforcing the provisions of this Scheme.

16. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In the event any of the sanctions or approvals referred to in Clause 14 of this Scheme are not obtained on or before 31st March, 2015 or within such further period or periods as may be agreed upon between the Transferor Company by its Board of Directors, and the Transferee Company by its Board of Directors, this Scheme shall become null and void and in such an event no rights or liabilities whatsoever shall accrue to or be incurred inter se between the Transferor Company and the Transferee Company.

17. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with the Scheme and of carrying out and implementing/completing the terms and provisions of the Scheme and/or incidental to the completion of amalgamation of the Transferor Company in pursuance of the Scheme shall be borne and paid solely by the Transferee Company.

18. STAMP DUTY

No stamp duty is payable on the amalgamation of the Transferor Company with the Transferee Company as contemplated herein, as no stamp duty is payable on an order of the Ministry of Company Affairs, Government of India, sanctioning a scheme of amalgamation. However, if the payment of such duty is attracted at any stage, the same shall be borne by Transferee Company.

19. DISPUTES

Other than as expressly provided under the Act, all disputes and differences arising out of this Scheme shall be referred to the arbitration of the Chairman of the



Transferee Company under the Arbitration and Conciliation Act, 1996 whose decision shall be binding on all concerned.

20. PROCEDURE FOR AMALGAMATION

The amalgamation under the scheme will be carried out under the provisions of sections 391-394 read with Section 396 of the Companies Act, 1956. The circular issued under F. No. 51/16/2011/CL-III by Ministry of Corporate Affairs, GOI, titled as "Simplified Procedure for amalgamation of Government Companies U/s 396 of the Companies Act, 1956 is enclosed with the scheme. However, the Board of Directors of Transferee and Transferor companies or Ministry of Agriculture, GOI may decide the amalgamation under the provisions of section 391-394 of the Companies Act, 1956.



Speed Post

No. 24/1/2014-CL-III
Government of India
Ministry of Corporate Affairs

Shastri Bhawan, "A" Wing, 5th Floor,
Dr. Rajendra Prasad Road,
New Delhi-110 001.
Dated: 5.5.2014

To

1. M/s State Farms Corporation of India Ltd
Farm Bhavan, 14-15,
Nehru Place,
New Delhi-110 019.

✓ 2. M/s. National Seeds Corporation Ltd,
Beej Bhavan, Pusa Complex,
New Delhi-110 012.

Subject: Application u/s 391-394 of the Companies Act, 1956 for
amalgamation of M/s. State Farms Corporation of India Ltd,
(Transferor company) with National Seeds Corporation
Ltd.(Transferee company)

Sir,

I am directed to forward herewith a certified copy of this Ministry's
Order dated 30.04.2014 on the above subject for information and
necessary action.

Yours faithfully,

(Ravi Vazirani)

Under Secretary to the Govt. of India

Encl: as above.

Copy to:

Shri Ashish Makhija, AMC Law Firm, Advocates & Solicitors, B-30 LGF,
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(Ravi Vazirani)

Under Secretary to the Govt. of India



**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

In the matter of Section 391-394 of the Companies Act, 1956

And

In the matter of Scheme of Amalgamation of

M/s. State Farms Corporation of India Limited

With

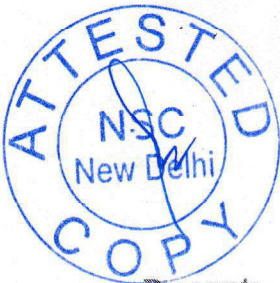
M/s. National Seeds Corporation Limited

1. M/s. State Farms Corporation of India Limited, an existing company within the meaning of the Companies Act, 1956 and having registered office at Farm Bhavan, 14-15, Nehru Place, New Delhi-110 019

..... Transferor Company

2. M/s. National Seeds Corporation Limited, an existing company within the meaning of the Companies Act, 1956 and having registered office at Beej Bhavan, Pusa Complex, New Delhi-110 012

..... Transferee Company



Present:-

1. Shri M.M.Sharma, National Seeds Corporation Ltd
2. Shri Sumit Chandhok, AMC Law Firm.
3. Shri Mohd. Raquim, State Farms Corporation of India Ltd.
4. Ms. Yukti Gupta, AMC Law Firm.
5. Shri Sanjay K Mehta, DGM National Seeds Corporation Ltd

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

(Hearing held on 03.04.2014)

Confirmation petitions were filed on 1st April, 2014 by the applicant companies in this Ministry u/s 391-394 of the Companies Act, 1956 praying for confirmation and sanction of the Scheme of Amalgamation of M/s State Farms Corporation of India Ltd (Transferor company) with M/s National Seeds Corporation Ltd (Transferee company).

2. The Transferor Company was incorporated under the name State Farms Corporation of India Pvt. Ltd and became a Government Company in the year 1958 under Section 617 of the Companies Act, 1956 and changed its name to State Farms Corporation of India Ltd. The Registered Office of the Transferor Company is situated at Farm Bhawan, 14-15 Nehru Place, New Delhi-110019. The objects of the company are to set up and run agricultural farms for the production of seeds of foods grains, fiber crops, planation of crops, oil seeds etc, to set up poultry, sheep, pig and other cattle breeding farms and improvement of lands.

3. The Transferee Company was incorporated in the year 1963 as a Government Company under Section 617 of the Companies Act, 1956. The Registered Office of the Transferee Company is situated at Beej Bhawan, PUSA Complex, New Delhi-110012. The main objects of the company are to carry on in India, the production, processing, drying, storing, distribution and transportation of agricultural seeds, carry on the business of seed merchants, to buy, sell, grow prepare for market, import, export and deal in seeds of all kinds.

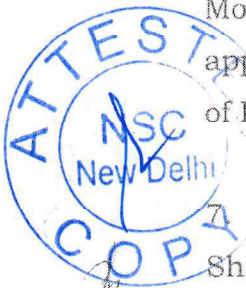
4. The brief facts of the case are that the Scheme proposes amalgamation of M/s State Farms Corporation of India Ltd (Transferor company) with M/s National Seeds Corporation Ltd (Transferee company), which would result in efficient administrative control and utilization of available resources. The amalgamated entity would save in operational cost and lead to better utilization



of skilled and experienced manpower available with both the companies. The Union Cabinet have approved the amalgamation of M/s State Farms Corporation of India Ltd with M/s. National Seeds Corporation Ltd in the meeting held 26th December, 2013 vide Order No.53/CM/2013. In the Scheme of Amalgamation submitted to this Ministry, it's stated that, inter-alia, with effect from the appointed date, the Transferor Company shall dissolve without winding up and whole undertaking including all assets and properties, all the debts, liabilities, advances, duties and obligations of the Transferor Company shall stand transferred to and vested in the Transferee Company. All the staff, workmen or employees in the service of the Transferor Company on the date immediately preceding the effective date of the merger shall become the employees of the Transferee Company subject to the terms given under Para- 9 of the Scheme.

5. In accordance with the Government of India, Notification GSR 238 dated 2.2.1978 read with Section 620 of the Companies Act, 1956, the Central Government has jurisdiction under the provisions of the Section 391-394 of the Act with respect to Government companies. Therefore, the Central Government in the Ministry of Corporate Affairs has jurisdiction to hear and decide the present petitions.

6. The petition of Transferor Company is supported by the affidavit of Shri Mohd. Raquim, Company Secretary who is duly authorized to file the present application/petition on behalf of the Transferor Company, in terms of the Board of Directors resolution dated 7th February, 2013 & 11.01.2014.



7. The petition of the Transferee Company is supported by the affidavit of Shri M.M. Sharma, Director (Finance) who is duly authorized to file the application/petition, in terms of the Board of Directors resolution passed on 15th January, 2014.

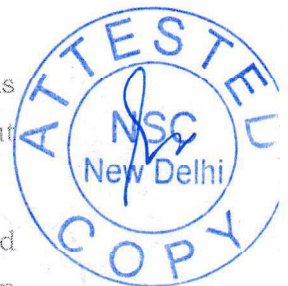
8. Preliminary hearing was held on 04.02.2014. After the hearing, both the companies were directed to issue public notice in national newspapers in English, Hindi and vernacular languages inviting objections to the proposed Scheme of Amalgamation, to issue a notice along with a copy of the said Scheme of Amalgamation to each of the secured and unsecured creditors whose debt is of a value of more than Rs.1,00,000/- inviting their objections, if any, and to file confirmation petition along with copies of replies sent to objectors, if any. Reports from Regional Director (Northern Region), Registrar of Companies, Delhi and Official Liquidator, Delhi were called for on the proposal.

9. In Pursuance to this Ministry's order dated 6.2.2014, the companies have furnished combined confirmation petition along with paper cuttings of the notice issued in "Dainik Jagran" and "Rashtriya Sahara" dated 15.2.2014 in Hindi and "Business Standard" dated 15.2.2014 in English. The representatives of both the companies have also requested that since the shareholders have already given their consent to the Scheme, the requirement of convening the meeting of equity shareholders may be dispensed with. The requirement of convening the meeting of secured/unsecured creditors may also be dispensed with. The companies have also furnished the details of objections received from some of its creditors along with replies sent to them.

10. Registrar of Companies, Delhi in his report dated 7.3.2014 has reported that they have no objection to the proposal of the companies.

11. Regional Director (Northern Region) vide his report dated 12.3.2014 has reported that the companies have not furnished valuation report for working out the share exchange ratio.

12. During the hearing held on 26.3.2014, both the companies were directed to file a separate confirmation petition in lieu of combined/joint confirmation petition filed by them. The Transferee Company was directed to furnish its

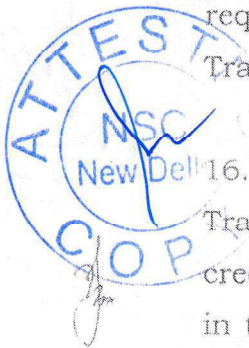


clarification on the issues raised by the Regional Director (Northern Region) in his report dated 12.3.2014.

13. In compliance with the Ministry's order dated 26.3.2014 the companies have filed separate confirmation petition on 1.4.2014. The Transferee company in response to the issues raised by Regional Director (Northern Region) in his report dated 12.3.2014 has clarified that no valuation report is required as both the companies are wholly owned by Govt of India. The Transferee Company will issue shares to the Govt of India of the face value equivalent to the shares held in Transferor Company as the net worth in pre and post amalgamation will remain the same for the existing shareholders. The company has undertaken that any claim objected/disputed shall be cleared/settled in accordance with the terms and conditions set out in the Memorandum of Understanding/Agreement agreed at the time of entering the contact and the applicable provisions thereof.

14. The Official Liquidator, Delhi in his report dated 1.4.2014 has stated that his office has no objection to the proposal of amalgamation.

15. After considering the facts and submissions made by the petitioners and the fact that both the Transferor and Transferee Companies are Government companies and the shareholders have already given their consent, the requirement of meetings of equity shareholders of both Transferor and Transferee Companies are hereby dispensed with.



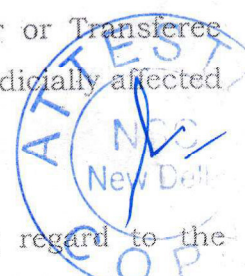
16. That meetings of the secured and unsecured creditors of Transferor and Transferee companies are hereby dispensed as requested as there are no secured creditors in the case of either company and the amount of unsecured creditors in the case of Transferor Company is also negligible. In any case, Transferee Company is liable to pay its creditors as well as any creditor of the Transferor Company post-merger as per the Scheme of Amalgamation.

17. For considering the proposal of amalgamation, all the procedures as required under the provisions of the Companies Act, 1956 read with the Companies (Court Rules) 1959 were followed and transparency maintained during the proceedings. Sufficient opportunity was provided to all concerned, by way of giving direction to the petitioner companies for publishing the notice of Scheme or supplying copies of the Scheme to anyone who required so or placing the Scheme on the web-sites of the companies with a view to eliciting views of all concerned to the proposed Scheme. .

18. It is noted that the Scheme contains no objectionable features detrimental to the interest of the employees of the Transferor Company or Transferee Company. Upon the Scheme becoming effective, any and all employees employed in connection with the working of the Transferor Company as on the Effective Date shall be deemed to be the employees of the Transferee Company employed without any breach or interruption of service and subject to the provisions of the Scheme, on terms and conditions not less favorable than those applicable to them as on effective date.

19. The said Scheme does not violate any statutory provisions. The said Scheme is fair, just, sound and is not against any public interest. The validity of all the actions, proceedings and obligations of the Transferor and Transferee Companies continue even after the implementation of the Scheme. Therefore, no person holding any claim or right against the Transferor or Transferee Company prior to the scheme coming into effect would be prejudicially affected even after the implementation of the Scheme.

20. In the aforesaid facts and circumstances and having regard to the averments made in the petitions and during the course of the hearing, submission made by the petitioner companies and further considering the reports of the concerned Regional Director, Registrar of Companies and Official Liquidator, the scheme of amalgamation of the Transferor Company with the



Transferee Company is found to be in order and hence the prayer for sanction of the Scheme in the said confirmation petitions and affidavit dated 1.4.2014 deserves to be allowed.

21. Now, therefore, the sanction of the Central Government is hereby accorded to the Scheme of Amalgamation (Annexure A-1 to the petition) of M/s State Farms Corporation of India Ltd (Transferor Company) with M/s. National Seeds Corporation Ltd (Transferee Company) under section 391(2) read with section 394 of the Companies Act, 1956. The Scheme shall be binding on the shareholders and creditors of the Transferor Company and Transferee Company and all concerned with effect from 1.4.2014, being the appointed date for coming into force of the said Scheme.

22. Consequent to the amalgamation of the companies, and the Scheme coming into effect:-

- i) The Transferor Company shall stand dissolved without the process of winding up;
- ii) All the property, rights and powers of Transferor company and all the other property, rights and powers of Transferor company shall be transferred without further act or deed to the Transferee company in accordance with the Scheme, and accordingly the same shall, pursuant to section 394(2) of the Act be transferred to and vest in the Transferee company for all the estate and interest of transferor company therein;
- iii) All the liabilities and duties of Transferor company shall be transferred without further act or deed to Transferee company in accordance with the scheme and accordingly the same shall, pursuant to section 394(2) of the Act be transferred to and become the liabilities and duties of Transferee company;



- 7 -
- iv) All proceedings, now pending by or against the Transferor company shall be continued by or against Transferee company; and,
 - v) The petitioner companies shall subject to the provisions of the Companies Act, 1956, apply Accounting standard (AS) 14 as laid down in the Accounting standards Rules, 2006 notified by the Government of India.

23. It is further ordered that the parties to the Scheme or other persons interested in the Scheme shall be at liberty to apply to the Ministry of Corporate Affairs, Government of India, for any direction that may be necessary in regard to working of the said Scheme.

24. It is further ordered that Transferor Company and Transferee Company do file with the Registrar of Companies, Delhi a certified copy of this order within 30 days of the receipt of the same. A copy of the order be made available to the parties concerned.

SCHEDULE:

Copy of the Scheme of Amalgamation (being annexure A1 to the petition) is annexed.



(MANOJ KUMAR)

Joint Secretary to the Government of India
On behalf of the Central Government

Place: New Delhi
Date: 30th April, 2014.

