



**MEMORANDUM  
AND  
ARTICLES OF ASSOCIATION  
OF**

**JAYASWAL NECO INDUSTRIES LIMITED**



सत्यमेव जयते

## GOVERNMENT OF INDIA

MINISTRY OF CORPORATE AFFAIRS

Registrar of companies, Mumbai  
Everest, 100 Marine Drive, Mumbai, Maharashtra, India, 400002

Corporate Identity Number: L28920MH1972PLC016154

### SECTION 13(1) OF THE COMPANIES ACT, 2013

#### Certificate of Registration of the Special Resolution Confirming Alteration of Object Clause(s)

The shareholders of M/s JAYASWAL NECO INDUSTRIES LIMITED having passed Special Resolution in the Annual/Extra Ordinary General Meeting held on 29-09-2016 altered the provisions of its Memorandum of Association with respect to its objects and complied with the Section 13(1) of the Companies Act, 2013.

I hereby certify that the said Special Resolution together with the copy of the Memorandum of Association as altered has this day been registered.

Given under my hand at Mumbai this Twenty eighth day of October Two thousand sixteen.



MAHINDER SINGH PACHOURI

Registrar of Companies

RoC - Mumbai

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Mailing Address as per record available in Registrar of Companies office:

JAYASWAL NECO INDUSTRIES LIMITED

F-8M I D C INDUSTRIAL AREA, HINGNA ROAD, NAGPUR, Maharashtra,  
India, 440016



भारत सरकार-कॉर्पोरेट कार्य मंत्रालय  
कम्पनी रजिस्ट्रार कार्यालय, महाराष्ट्र, मुंबई

कम्पनी अधिनियम, 1956 की धारा 18 (1) (क)  
उद्देश्य-खंडों में परिवर्तन की पुष्टि हेतु विशेष विनिश्चय के पंजीकरण का प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : L28920MH1972PLC016154

मैसर्स JAYASWAL NECO INDUSTRIES LIMITED

कें अंशधारकों ने दिनांक 07/08/2010 को आयोजित की गई वार्षिक / असाधारण बैठक में एक विशेष विनिश्चय पारित करके कम्पनी अधिनियम, 1956 (1956 का 1) की धारा 18 (1) का अनुपालन करते हुए अपने संगम-ज्ञापन के प्रावधानों में परिवर्तन कर लिया है।

मैं, एतद्वारा सत्यापित करता हूँ कि उक्त विशेष विनिश्चय की प्रतिलिपि, यथा परिवर्तित संगम-ज्ञापन के साथ, आज पंजीकृत कर ली गई है।

मेरे हस्ताक्षर द्वारा मुंबई में यह प्रमाण-पत्र, आज दिनांक उन्नीस अगस्त दो हजार दस को जारी किया जाता है।

GOVERNMENT OF INDIA - MINISTRY OF CORPORATE AFFAIRS  
Registrar of Companies, Maharashtra, Mumbai

SECTION 18(1)(A) OF THE COMPANIES ACT, 1956

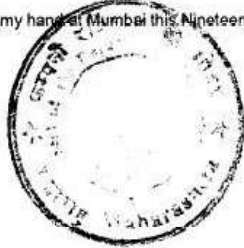
Certificate of Registration of the Special Resolution Confirming Alteration of Object  
Clause(s)

Corporate Identity Number : L28920MH1972PLC016154

The share holders of M/s JAYASWAL NECO INDUSTRIES LIMITED having passed Special Resolution in the Annual/Extra Ordinary General Meeting held on 07/08/2010 altered the provisions of its Memorandum of Association with respect to its objects and complied with the Section (18)(1) of the Companies Act, 1956 (No. 1 of 1956).

I hereby certify that the said Special Resolution together with the copy of the Memorandum of Association as altered has this day been registered.

Given under my hand at Mumbai this Nineteenth day of August Two Thousand Ten .



(RAJENDER SINGH MEENA)

सहायक कम्पनी रजिस्ट्रार / Assistant Registrar of Companies

महाराष्ट्र, मुंबई

Maharashtra, Mumbai

कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :

Mailing Address as per record available in Registrar of Companies office:

JAYASWAL NECO INDUSTRIES LIMITED  
F-8M I D C INDUSTRIAL AREA, HINGNA ROAD,  
NAGPUR - 440016,  
Maharashtra, INDIA

भारत सरकार-कॉर्पोरेट कार्य मंत्रालय  
कम्पनी रजिस्ट्रार कार्यालय, महाराष्ट्र, मुंबई

नाम परिवर्तन के पश्चात् नया निगमन प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : L28920MH1972PLC016154

मैसर्स JAYASWALS NECO LIMITED

के मामले में, मैं एतद्वारा सत्यापित करता हूँ कि मैसर्स  
JAYASWALS NECO LIMITED

जो मूल रूप में दिनांक अठारह नवम्बर उन्नीस सौ बहत्तर को कम्पनी अधिनियम, 1956 (1956 का 1) के अंतर्गत मैसर्स  
JAYASWALS NECO LIMITED

के रूप में निर्गमित की गई थी, ने कम्पनी अधिनियम, 1956 की धारा 21 की शर्तों के अनुसार विधिवत आवश्यक विनिश्चय पारित करके तथा  
लिखित रूप में यह सूचित करके की उसे भारत का अनुमोदन, कम्पनी अधिनियम, 1956 की धारा 21 के साथ पठित, भारत सरकार, कम्पनी कार्य  
विभाग, नई दिल्ली की अधिसूचना सं सा. का. नि 507 (अ) दिनांक 24.6.1985 एस्.आर.एन. A24157992 दिनांक 05/11/2007 के द्वारा  
प्राप्त हो गया है, उक्त कम्पनी का नाम आज परिवर्तित रूप में मैसर्स  
JAYASWAL NECO INDUSTRIES LIMITED

हो गया है और यह प्रमाण-पत्र, कथित अधिनियम की धारा 23(1) के अनुसरण में जारी किया जाता है।

यह प्रमाण-पत्र, मेरे हस्ताक्षर द्वारा मुंबई में आज दिनांक पांच नवम्बर दो हजार सात को जारी किया जाता है।

GOVERNMENT OF INDIA - MINISTRY OF CORPORATE AFFAIRS  
Registrar of Companies, Maharashtra, Mumbai

Fresh Certificate of Incorporation Consequent upon Change of Name

Corporate Identity Number : L28920MH1972PLC016154

In the matter of M/s JAYASWALS NECO LIMITED

I hereby certify that JAYASWALS NECO LIMITED which was originally incorporated on Twenty Eighth day of  
November Nineteen Hundred Seventy Two under the Companies Act, 1956 (No. 1 of 1956) as JAYASWALS NECO  
LIMITED having duly passed the necessary resolution in terms of Section 21 of the Companies Act, 1956 and the  
approval of the Central Government signified in writing having been accorded thereto under Section 21 of the  
Companies Act, 1956, read with Government of India, Department of Company Affairs, New Delhi, Notification No.  
G.S.R 507 (E) dated 24/06/1985 vide SRN A24157992 dated 05/11/2007 the name of the said company is this day  
changed to JAYASWAL NECO INDUSTRIES LIMITED and this Certificate is issued pursuant to Section 23(1) of the  
said Act.

Given Under My Hand & Seal at Mumbai this Fifth day of November Two Thousand Seven.



(MILIND VITTHALRAO CHAKRANARAYAN)

उप कम्पनी रजिस्ट्रार / Deputy Registrar of Companies

महाराष्ट्र, मुंबई  
Maharashtra, Mumbai

कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :  
Mailing Address as per record available in Registrar of Companies office:

JAYASWAL NECO INDUSTRIES LIMITED  
F-8M I D C INDUSTRIAL AREA, HINGNA ROAD,  
NAGPUR - 440016,  
Maharashtra, INDIA

No. 11 - 16154

(Section 18 (1) of the Companies Act, 1956)

CERTIFICATE OF REGISTRATION OF  
SPECIAL RESOLUTION PASSED FOR  
ALTERATION OF OBJECTS

JAYASWALS NECO LIMITED

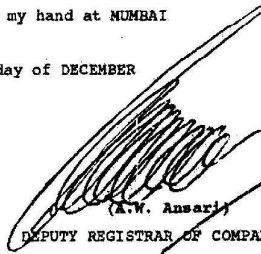
having by Special Resolution passed on 28/11/2000 altered the provisions of its Memorandum of Association with respect to its objects, and a copy of the said resolution having been filed with this office on 07/12/2000

I hereby certify that the Special Resolution passed on 28/11/2000 together with the Printed copy of the Memorandum of Association, as a altered, has this day been registered.

Given under my hand at MUMBAI

this TWELFTH  
Two thousand.

day of DECEMBER



(A.W. Ansari)  
DEPUTY REGISTRAR OF COMPANIES  
MAHARASHTRA, MUMBAI



No 11 : 16154.

**FRESH CERTIFICATE OF INCORPORATION  
CONSEQUENT ON CHANGE OF NAME**

IN THE OFFICE OF THE REGISTRAR OF COMPANIES, MAHARASHITRA,  
BOMBAY, MUMBAI

In the matter of NAGPUR ENGINEERING COMPANY LIMITED.

I hereby approve and signify in writing under Section 21 of the Companies Act, 1956 (Act of 1956) read with the Government of India, Department of Company Affairs, Notification No. G. S. R. 507E dated the 24th June 1985 the change of name of the Company :

from NAGPUR ENGINEERING COMPANY LIMITED

to JAYASWALS NECO LIMITED

and I hereby certify that NAGPUR ENGINEERING COMPANY LIMITED which was originally incorporated on Twenty-eighth day of November, 1972 under the Companies Act, 1956 and under the name NAGPUR ENGINEERING COMPANY PRIVATE LIMITED having duly passed the necessary resolution in terms of section 21 (~~21(1)(a)~~) of the Companies Act, 1956 the name of the said Company is this day changed to JAYASWALS NECO LIMITED and this certificate is issued pursuant to Section 23(1) of the said Act.

MUMBAI  
Given under my hand at ~~BOMBAY~~ this First  
day of April one thousand nine hundred ninety-eight.

*(Signature)*  
( RAM MURTY )  
Asstt. Registrar of Companies.  
Maharashtra, BOMBAY  
MUMBAI.



No. 16154/TA,

**CERTIFICATE OF CHANGE OF NAME  
IN THE OFFICE OF THE REGISTRAR OF COMPANIES,  
UNDER THE COMPANIES ACT, 1956**

**IN THE MATTER OF NAGPUR ENGINEERING COMPANY PRIVATE  
LIMITED.**

I do hereby certify that pursuant to the provisions of Section 23 of Companies Act, 1956 and the Special Resolution passed by the Company at its Extra-ordinary General Meeting on the 17 TH AUGUST 1985 The name of "**NAGPUR ENGINEERING COMPANY PRIVATE LIMITED**" has this day been changed to "**NAGPUR ENGINEERING COMPANY LIMITED**"

And that the said Company has been duly incorporated as a Company under the provisions of the said Act.

Dated this **TWENTYFIRST** day of **NOVEMBER** One thousand nind hundred and **EIGHTYFIVE**.

The Seal of the  
Registrar of Companies  
Maharashtra

Sd/-

(HAR LALL)

**ASSTT. REGISTRAR OF COMPANIES  
MAHARASHTRA, BOMBAY,**



सत्यमेव जयते

**CERTIFICATE OF INCORPORATION**

No. 16154 19 72-73

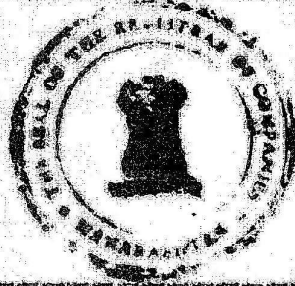
I hereby certify that NAAGPUR ENGINEERING CO.  
PRIVATE LIMITED. \*\* \*\* \*

is this day incorporated under the Companies Act, 1956 (No. 1 of 1956)  
and that the Company is Limited.

Given under my hand at BOMBAY

this TWENTY EIGHTH day of NOVEMBER

One thousand nine hundred and SEVENTY TWO



*Ravi Bansal*  
(R.N. Bansal)  
Registrar of Companies,  
Maharashtra.



# MEMORANDUM OF ASSOCIATION OF JAYASWAL NECO INDUSTRIES LIMITED

- I. The name of the Company is **JAYASWAL NECO INDUSTRIES LIMITED**.
- II. The registered office of the Company will be situated in the State of Maharashtra.
- III. The objects for which the Company is established are
  - A. **MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION.**
    - 1.♦ To manufacture, get manufactured from others, buy, sell, exchange, export, import, machine, and generally deal in various items of Iron and Steel and its Products, Iron and Steel Castings, forgings, of all kinds required by various Industries and to carry on the business of Iron-founders, Mechanical Engineers, Manufacturers of Machinery and implements of all kinds, Tool-makers, Brass founders, metal-workers, Boiler-makers, Mill-wrights, Iron & Steel converters, Smiths, and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in implements, machinery, rolling stock and hardware of all kinds.
    - 2.♦ To carry on in India or elsewhere the business of mining, exploring, extracting, generating, producing, processing, enriching accumulating, recovering, selling, distributing and supplying all forms of conventional, non-conventional, renewable and recoverable energy including but not limited to electricity, coal, coke, fuels in any or every state for the purpose of lighting, heat, motive power, and providing infrastructural facilities in the field of provision of Power, transmission, Transportation, Communication, Irrigation, Housing, Rural and Urban Development, in all its branches and types and for that purpose, or otherwise, to undertake manufacturing, construction, erection, maintenance, and operation of Power Plants, Roads, bridges, jetties, harbours, airports, dams, canals, irrigation projects, Housing colonies, Industrial Areas, communication facilities and Rural and Urban development programmes on outright, lease, or transfer basis, and design, promote, develop, execute, carryout, improve, administer, manage, maintain hold, build, own, operate, transfer, assign, let out, convert, fabricate and deal in all kinds of equipments, works, structures, installations, conveniences, plants, machineries, and provision of all facilities, utilities, materials and services in relation thereto.
  - B. **INCIDENTAL OR ANCILLARY OBJECTS FOR THE ATTAINMENT OF MAIN OBJECTS.**
    3. \* To search, prospect, win, work, get, raise, quarry, smelt, refine, mine, dress, manufacture, manipulate, convert, make merchantable, sell, buy, import, export or otherwise deal in all types and kinds of iron ore, coal, coke, ironstone, limestone, manganese, manganese ore, ferro-manganese, magnesite, clay, dolomite, quartzite, fire-clay, brick-earth, bricks, and other metals, minerals and substances, and generally to undertake and carry on any business, transaction or operation commonly undertaken or carried on by explorers, proprietors, or concessionaires and to search for, win, work, get, calcine, reduce, amalgamate, dress, refine and prepare for the market any quartz and ore and mineral substances and to buy, sell, manufacture, and deal in minerals and mineral products, plant and machinery and other things capable of being used in connection with mining or metallurgical operations.

♦ Vide special resolution dated 28-11-2000

\* Vide special resolution dated 29-09-2016

4. To carry on all or any of the business of manufactures, drawers, rollers, repairers, converters, smelters, makers, exporters, importers, agents, stockists, owners, miners, brokers, traders and dealers of and in Iron, Steel, Alloy Steel, all ferrous and non-ferrous metals, castings, sponge iron, scrap, billets, rods, wires, pipes, tubes, bars, structural angles, plates, hopps, strips brass, copper, aluminum, stainless steel and other metals, zinc and its by products, engineering, industrial and consumer products and goods, machines agricultural and industrial tools, equipments and accessories, and all raw materials, machineries and stores, required in connection therewith.
5. To manufacture, assemble, prepare, export, import, trade, and deal in Railway materials, tracks fittings, signalling and interlocking equipments and fittings, wagons, coaches and carriage components and fittings, agricultural implements and accessories, structural materials of all kinds, bolts, nuts, washers, screws, nails, hinges, cast iron pipes, fittings, manhole covers and other materials, steel and metal furnitures and containers, ferrous and non-ferrous metal, telephones, telegraphs and electronic equipments, materials and appliances and all machineries, stores, tools raw materials required in connection therewith all its finished and semi-finished products, by-products and scraps.
6. To carry out in India and elsewhere either directly or in partnership all or any of the business of Pig Iron and Steel manufacturers, refiners, smelters, makers, founders, rollers, re-rollers, mechanical, electrical, civil and general engineers, metallurgical engineers, technical consultants, foundation, piling soil investigators, supervisors, managers, analysts and contractors, tool makers, brass founders, metal workers, manufacturers of iron and steel castings boiler-makers, mill wrights, iron and steel converters, smiths, gas and electrical manufacturers, wire drawers, tube-makers galvanizers, japaners, enamellers, electro-platers, and to buy, sell, import, export, manufacture repair, convert, let on hire and or deal in machineries rolling stocks, implements, tools, utensils and materials and conveniences of all kinds, and generally to carry on the said business in all their branches.
7. To act as merchants or agents, for sale or purchase of all or any of the products or by-products of any and every such business or for the materials used in the production or manufacture thereof, or in connection with the above business of the Company.
8. To manufacture, supply, erect or install, fabricate tubular and other steel structures, furnitures, transmission towers, tubular poles, rivetted poles, C I sockets, sole plates and anchors, cast-iron spun pipes, sand-cast pipes, sand stowing pipes, pressure pipes without flange and its specials, spheroidal cast iron foundry items and all types of sizer of tubes, pipes, fittings galvanized or black and in all kinds of machinery, raw materials and stores, required in connection therewith.
9. To undertake and execute contracts for works involving the supply or use of any machinery and to carry out any auxillary or other works comprised in such works.
10. To carry on the business of manufacturing of all articles and things used in the manufacture, maintenance and working thereof and also all apparatus and implements and things for use in sports and games.
11. To purchase, sell, let-out, take on lease or in exchange, hire or otherwise acquire and deal in moveable and immovable property of all kinds, undertaking of every description, mortgages, shares, stocks, debentures, securities, policies, book-debts, claims and interest in movable or immovable property and to establish and to carry on any business in connection with any or all of the above or which may be calculated to enhance the value of the properties or rights or the Company or to facilitate the disposition thereof and to establish, maintain, alter and construct any farm, garden, mills or factories, or buildings, workshop or works and conveniences of all kinds and as may be necessary for the purpose of the Company.
12. To acquire or otherwise undertake the whole or any part of the business, property, assets and liabilities of any person or company carrying on any business which the Company is authorised to carry on or possessed of property suitable for the purpose of the Company.

- 13.\* To take or otherwise acquire and hold equity and or preference shares or any other securities in any other company having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.
14. To enter into partnership or into any arrangement for sharing profits, interests of union, cartels, co-operation, joint ventures, reciprocal concession or amalgamate with any person or Company caring on or engaged in or about to carry on or engage in any business or transaction capable of being carried or conducted so as directly or indirectly to benefit this Company and to lend money to or guarantee the contracts of or otherwise assist any such person or Company and to take or otherwise acquire shares and securities of any such Company or any other Company having objects altogether or in part similar to those of this Company or which may be conducive to the interest of this Company and to sell, hold re-issue with or without guarantee or otherwise deal with the same.
15. To sell, let, exchange or otherwise deal with the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other Company having objects altogether or in part similar to those of this Company.
16. To promote, incorporate, acquire any other Company for the purpose of acquiring all or any of the properties, assets and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company.
17. To purchase or otherwise acquire in India or abroad any patents, brevets, inventions licences, concessions, copy rights, exhibition rights, trade marks and the like conferring any exclusive or limited right to use any invention, process or article which may seem capable of being used for any of the purpose of the Company or the acquisition of which may seem directly or indirectly to benefit this Company and to use, develop, or grant licences in respect of or otherwise turn to account the property so acquired.
18. To establish and support or aid in the establishment and support of Associations, Institutions, Provident Fund and other Funds. Trusts and Conveniences calculated to assist the Company in the conduct of its business or to benefit employees or ex-employees of the Company or the dependents or connections of such persons and to grant pensions and allowances to make payments towards insurance and to subscribe, donate or guarantee money for charitable, religious, social or benevolent or any other objects beneficial to the Company or public or for any exhibition or useful objects or for any other purpose subject to the restrictions imposed in applicable provision of the Companies Act, 2013
19. To distribute any of property of the Company among the members in specie subject to the provisions of the Companies Act, 2013 in the event of winding up.
20. To guarantee the performance of contracts by the members of or persons having dealing with the Company.
21. To borrow or raise or secure the payments of money in such manner as the Company shall think fit and by the issue of debentures or debenture stocks, perpetual or otherwise charge upon all or any of the Company's property, stock in trade and other movable or immovable assets and book debts and claims in action both present and future including its uncalled capital, if any, and to apply the same or any part thereof for all or any purpose of the Company and to purchase, redeem or pay off any such securities.
22. To remunerate any person or Company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures, debenture stock or other securities of the Company or in or about the formation or promotion of the Company or the conduct of its business or for otherwise assisting or rendering services directly or indirectly to the Company subject to the provisions of applicable provision of the Companies Act, 2013.

\* Vide Special Resolution dated 29.09.2016

23. To establish agencies or branches for purchase, sale and manufacture of goods of all descriptions in India or elsewhere and to undertake the supervision of any Company or Companies having objects altogether or in part similar to those of this Company.
24. To manage, let, mortgage, sell, underlet or otherwise turn to account or dispose of or deal with all or any part of the real or immovable or personal or movable property and rights of the Company whenever and however acquired.
25. To sell or dispose of the manufacturing of the Company or any part thereof upon such consideration as the Company may think fit, and for shares, debentures or securities of any Company having objects altogether or in part similar to those of this Company.
26. To do all or any of the above things as principal agents, Contractors, Trustees or otherwise and either alone or in conjunction with others. To undertake financial and commercial transactions and operations of all kinds in which the Company is authorised to carry on business.

### **C. OTHER OBJECTS**

- 27.♦ To carry on the business of Software development and designing, promoting, altering, developing, turning to account, maintaining, exchanging, giving on leave and licence, selling for consideration or otherwise, all or any of the Software, Hardware facilities and utilities relating to Electronic Data Processing, Information Technology, means of communication through Telecommunication, internet, electronic-mail, satellite, facsimile transmission or otherwise and dealing in as agents, dealers, convertors, purchasers, sellers of all or any kind of sophisticated scientific electronic machines such as Computers, Tabulators, Digital Equipment, Addressing Machines, Software, Hardware, Systems, networking, Programming and all other packages connected therewith and to license or otherwise to authorise others to engage in the foregoing, and to engage in general research and development in areas related to or involving foregoing.
- 28.♦ To construct, purchase, take on lease, or otherwise, acquire, any roadways, railways, tramways, airways, oceanways or other ways and to equip, maintain, work and develop the same by electricity, steam, oil, gas, petroleum, horse or any other motive power and to employ the same in the conveyance of passengers, merchandise and goods of every description and to authorise the Government of India, or any local government or any municipal or local authority, Company or persons, to use and work the same or any part thereof.
- 29.♦ To construct, hire, purchase and work individually or in partnership or other mutual association ships, power boats, steamships and other vessels of any class and to establish and maintain regular services of steamships or other vessels and generally to carry on the business of shipowners and to enter into contracts for the carriage of mails, passengers, goods and railways and conveyances or over the vessels, conveyances and railways or others and to construct, purchase, take on lease or otherwise acquire and work any railway or tramway, wharf, pier, dock, buildings or works capable of being advantageously used in connection with the business of the Company as a shipping Company and to acquire concessions or licences for the establishment and working of lines of steamships or sailing vessels between any parts of the world or for the formation or working of any railway or tramway, wharf, pier, dock or other public conveyances with the benefit of any subsidy attached to any such ships and vessels or on goods and merchandise for freighting the ships and vessels of the Company.
- 30.♦ To set up a cement manufacturing and processing plant, and produce, manufacture, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of Portland cement (Portland Pozzolona Cement, Portland Slag Cement, Portland rapid hardening cement, Portland high alumina cement, Portland Oil well cement, special cement, masonry cement, lime pozzolana, cement etc.) cement products of any description (pipes, poles, asbestos sheets, blocks, tiles, gardenwares etc.) lime, lime stone, gypsum kankar and/or by-products thereof and in connection therewith to take on lease or acquire, erect, construct, establish, operate and maintain cement factories, quarries, workshops and other works.

♦ Vide special resolution dated 28-11-2000

- 31.♦ To carry on the business of manufacturers of and dealers in asbestos and other sheeting, and materials, articles or goods of every description made or composed wholly or partly of asbestos, cement, concrete products, lime, clay, gravel sand, minerals, earth, coke, fuel, china, terra-cotta and ceramicware of all kinds, timber, hardware, builders requisites and conveniences of all kinds.
- 32.♦ To carry on the business of manufacturers, repackers and dealers (wholesale and retail) as pharmaceutical chemists and druggists and of the dispensing of medicines and to acquire the rights in receipts of any property or assets to carry on manufacture of patent and non-patent medicines and to carry on the business of manufacturing chemists and druggists and acquire, own and manage manufacturing units and establishments and also to carry on the business of makers and dealers in surgical instruments and appliances and of artificial limbs, eyes and other aids for the relief of defects of body or sight or hearing and to make and deal in all requisites for hospitals, patients and invalids.
- 33.♦ To carry on business as manufacturers of chemicals and manures, dye makers, gas makers, metallurgists and mechanical engineers, shipowners and charterers and carriers by land and sea, wharfingers, warehousemen, bargeowners, planters, farmers, and sugar merchants and so far as may be deemed expedient business of general merchants and traders in any or all of the above items.
- 34.♦ To undertake and acquire by purchase or otherwise or to establish works for the business of brewers, distillers, and manufacturers of and merchants and dealers in beer, wines, spirits, mineral water, aerated water and distilled liquors of every description whether intoxicating or not.
- 35.♦ To manufacture, produce, refine, process, formulate, buy, sell, export, import or otherwise deal in all types of organic and inorganic chemicals, including without limiting the generality of the foregoing, laboratory and scientific chemicals of any nature used or capable of being used in the pharmaceutical industry, agriculture, chemicals, fertilizers, petrochemicals, industrial chemicals or any mixtures, derivatives and compounds, thereof.
- 36.♦ To carry on all or any kinds of business of cinema, theatre, ballroom hall, music halls, hippodrome and theatre proprietors, agents and renters, showmen, exhibitors of educational and audiovisual pictures, stripes, reels and slides and for such business own, lease and manage cinemas, theatre halls, driveway centres, halls and places and centres of amusement and for such business to acquire or otherwise obtain exclusive and other interests in copy-rights and rights of representation and other interest or rights in plays, music, songs, cinematograph, synchronised sound and other films, words, opera and compositions.
- 37.♦ To carry on business of motion picture producers and for those purposes to construct or acquire studios, offices, locations, properties, apparatus, lighting apparatus and all other apparatus and machinery for the production of motion pictures and to carry on business of publishers, book and print sellers, newspapers and magazine proprietors, art journalists, machine, letter press, copper plate, lithographic, electrotype and other printers and engravers, advertisement and publicity agents and purchasers and sellers of copy rights, books, music, painting and works of education and art.
- 38.♦ To carry on business of cold storage keepers, provision merchants, and to maintain cold storage plants and chambers for the preservation of fruits, vegetables and consumable articles of all kinds and also carry on business of manufacturers, importers, exporters and dealers in all kinds of cold storage plants, machineries and equipments, icecream freezers, roomcoolers, compressors, condensers iceplants, machineries, motors and all machineries, tools fittings and accessories required in cold storage, ice-storage, iceplants and allied business.
- 39.♦ To carry on business of manufacturers of and dealers in all kinds of airconditioning plants, refrigerators, cooling appliances, apparatuses and machinery, and all component parts, accessories, articles and fittings required for that purpose.

♦ Vide special resolution dated 28-11-2000

40. ♦ To carry on business of manufacturer or dealer in pulp and paper of all kinds and articles made from paper or pulp and materials used in the manufacture and treatment of paper including cardboard, mills board and packing cartons.
41. ♦ To carry on the business of manufacturers and dealers in all kinds of packing, materials, packing requisites, cartons made of cardboard, starboard, wood, glass or any other material, metal, glass or plastic containers as also containers of any other materials.
42. ♦ To carry on the business of ginning, spinning and weaving, dyeing, printing, blocking, finishing, chemical processing of fabrics, synthetic and man made fibre, yarn, fabric, silk, cotton silk, cotton, wool, flax, hemp, fents and similar fabrics.
43. ♦ To manufacture, import, export, buy, sell and deal in ferrous and non-ferrous metal, plastic, fibre glass, nylon, bakelite and PVC tubes, pipes, rods, plates, cards, wire, section components pressings, forgings, moulding, welding and castings.
44. ♦ To carry on business as dealers, merchants, importers, exporters, shippers, indentors, distributors, wholesalers, retailers, shop keepers, commission agents, guarantors, brokers, stockists, merchantile agents in mineral oils, gases, coal, timber, metals, minerals, cotton, wool, hemp, sisal, fibres, seeds, grains, rice, wheat, tea, coffee, sugar, cinchona, rubber, gum, lac, tobacco, spices and other agricultural or natural products, or forest produce , silk, art silk, nylon allied materials and articles made therefrom, oils of all kinds including minerals, oils, oil cakes, paints, varnishes, dyes, porcelain, hardware, jewellery, diamonds, precious metals, cement and building materials of all kinds, sanitary ware, groceries, provisions, and food stuffs, toiletry preparations and products, patents, medicines, drugs, medical and pharmaceutical products, electrical, electronic and mechanical household appliances and provisions of any or all combinations thereof in the nature of consumer and or industrial durables, photographic, surgical and scientific instruments or apparatus, hosiery accessories, textiles of all kinds, motor cars, and other vehicles and machineries and all other goods, produce, materials, articles, commodities and merchandise of any nature or kind whatsoever and to carry on manufacturing or other processes relating thereto.
45. ♦ To purchase, take on lease or otherwise acquire, hold, add, work any lands producing rubber trees or suitable for the planting, cultivating and growth of rubber trees and any concessions, rights, powers, and privilege over any such lands.
46. ♦ To buy, sell, import, export, refine, manipulate and to research for, get, work, rise, make merchantable or otherwise deal in minerals and mineral oils, lubricants, fuels, iron and metals of all kinds including alloys, aluminium, copper, and metal composites, coal, mica and to quarry and store, diamonds and other substance and to carry on business of owners and miners of oil wells and acquire, prospect, explore, work, exercise, develop and turn to account all bearing areas, mining rights, metalliferous land or any interest therein and to win, get, quarry, smelt, refine manipulate and prepare for market all kinds of oils, ores, metals (including precious stones) and other things found in or upon the earth.
47. ♦ To carry on the business of manufactures of, dealers in, hirers, repairers, cleaners, storers and warehouseers of automobiles, motor cars, lorries and vans, motor-cycles, cycle-cars, motors, scooters, carriages, amphibious vehicles and vehicles suitable for propelling on land, sea, or in the air or in any combination thereof and vehicles of all descriptions and to carry on the business of garage keepers and suppliers of and dealers in petrol, electricity and other motive power for motors and other things.
48. ♦ To carry on anywhere in India or abroad, the business of manufacturers of and/or dealers in wires, cables of all types and kinds, copper conductors, aluminium conductors or other conductors made of any matter or substance and all type of machinery, plant or apparatus and things required for or capable of being used in connection with the manufacture of the above or for the generation, accumulation, distribution, supply or deployment of electricity.

♦ Vide special resolution dated 28-11-2000

- 49.♦ To carry on in India or abroad the business of producers, manufacturers, importers, exporters of and dealers in all kinds of paints, distempers, pigments, writing and printing inks of all kinds and raw materials used for the preparation of the above, and to carry on the business of manufacturing, fabricating, developing, improving, repairing or otherwise dealing in all such machinery, plant equipment and other related facilities for the production of the aforesaid.
  - 50.♦ To carry on business as manufacturers of and dealers in all types of synthetic rubbers and elastomers, synthetic resins, plastics, lattices and formulations thereof including reclaimed rubber and all kinds of rubber and plastic products and goods.
  - 51.♦ To manufacture, buy, sell, import, export or otherwise deal in all kinds of soaps chips, soap powders, detergents, toiletries and cosmetics and to carry on business of manufacturing refining, preparing, buying, selling, importing, exporting or otherwise dealing in all kinds of oils, margarines, perfumes and laundry materials and other substances and ingredients required for the manufacture of aforesaid products.
  - 52.♦ To establish and carry on the business of manufacturing, designing, fabricating, refining, treating, processing, buying, selling, importing, exporting and otherwise dealing in all kinds of tiles, ceramic wares, porcelain earthen wares, store wares, sanitary wares, insulators, fire bricks, fire clay and other materials and any other products similar to and required for the aforesaid products.
  - 53.♦ To construct, produce, prepare, manufacture, press, vulcanize, repair, retread, purchase, sell, import, export, and generally to deal in all types of tyres and semi-tyres for any type of vehicles for heavy, light and passenger transport, cars, trucks, tractors, buses, jeeps, vans, moter cycles, scooters, cycles, rickshaws and animal drawn vehicles, agricultural tractors, trollies of all kinds, industrial tyres and solid tyres, heavy duty tyres used in earth-moving equipments bull dozers, aeroplanes and the like:
  54. To carry on all or any of the businesses of agriculturists, cultivators, growers, manufacturers, workshop owners, mines and quarry workers, and proprietors, farmers, landlord, real-estate owners, building contractors, carriers, agents, hire - purchase financiers, traders, merchants, brokers, distributors order suppliers, hirers, exporters, importers, industrialists, financiers, investors, dealers in shares and securities, insurance agents, secretaries.
  55. To transact and carry on all kinds of agency business.
  56. To establish and carry on the business of hotels, Hotel Industry, Lodging and Boarding, Restaurants and Eating places.
  57. To establish and carry on the business of printers, publishers, printing process and paper industry.
  58. To buy, sell and deal in all kinds of minerals.
  59. To manufacture, export, import, buy, sell exchange, alter, process, extract, refine, trade, improve prepare for market and or otherwise deal in goods, produces, raw materials, merchandise and commodities, of all kinds, agricultural produces, minerals, stores, machinery, shares and securities, bullion, jute, hessian, oilseeds, textiles, etc. and their products and bi-products.
  60. To develop, acquire, trade, commerce or industry in India or outside India and do things incidental thereof.
- IV. The liability of the members is limited.

#### **CAPITAL**

- V. \*\* The Authorized Share Capital of the Company is Rs. 25,00,00,00,000/- (Rupees Two Thousand Five Hundred Crores only) divided into 2,50,00,00,000 (Two Hundred Fifty Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each with powers to the Board to increase or reduce the Capital and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges and conditions as may be determined by the Board and to vary, modify or abrogate any such rights, privileges

♦ Vide special resolution dated 28-11-2000

\*\* Vide special resolution passed at EGM dated 15.01.2018

and conditions including the power to convert the un-issued Equity Share Capital into Preference Share Capital and vice-versa in such manner as may for the time being be provided by the regulations of the Company and to consolidate or sub-divide the shares and issue shares of higher or lower denominations

We the undersigned several persons whose names and addresses are subscribed hereunder are desirous of being formed into a Company in pursuance of this MEMORANDUM OF ASSOCIATION and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names:

Sl. No.	Name, Address and Description of Subscriber	Number of Shares taken by each Subscriber	Signature of Subscriber	Witness to Signature & their addresses
1.	Basantlall Shaw S/o Late Jagbandhanram Shaw 77, Kailash Bose St. CALCUTTA - 700 006 Merchant	100 One hundred only	Sd/-	Witness to all Sd/- Ramlakhan Prasad 39, Mirpara Lane, Salkia (Hawrah) West Bengal
2.	Gopal Prasad Jayaswal S/o Shri Dwarka Prasad Shaw 77, Kailash Bose St. CALCUTTA - 700 006 Merchant	100 One hundred only	Sd/-	
3.	Sri Lalit Kumar Jayaswal S/o Shri Sohan Lall Shaw 77, Kailash Bose St. CALCUTTA - 700 006 Merchant	100 One hundred only	Sd/-	
4.	Sri Binod Kumar Jayaswal S/o Shri Madan Lall Shaw 77, Kailash Bose St. CALCUTTA - 700 006 Merchant	100 One hundred only	Sd/-	
5.	Sri Arbind Kumar Jayaswal S/o Shri Basant Lall Shaw 77, Kailash Bose St. CALCUTTA - 700 006 Merchant	100 One hundred only	Sd/-	
6.	Sri Vinay Kumar Jayaswal S/o Shri Jagadish Prasad Shaw 77, Kailash Bose St. CALCUTTA - 700 006 Merchant	100 One hundred only	Sd/-	
		600 (Six hundred only)		

Dated : 27.11.1972



**THE COMPANIES ACT, 2013**  
**A COMPANY LIMITED BY SHARES**  
**(INCORPORATED UNDER THE COMPANIES ACT, 1956)**

**\* ARTICLES OF ASSOCIATION**

**OF**

**JAYASWAL NECO INDUSTRIES LIMITED**

**PRELIMINARY**

**Application of Table F**

- 1) The regulations contained in Table F of First Schedule to the Companies Act, 2013, shall be excluded except in so far as the same are contained or expressly made applicable by these Articles or by the said Act.

**INTERPRETATION**

- 2) In these Articles —
  - (i) “The Act” means the Companies Act, 2013 and the rules framed there under, as amended from time to time and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous Company Law/Act, so far as may be applicable.
  - (ii) “The Articles” means these Articles of Association of the Company or as altered from time to time.
  - (iii) “The Memorandum” means the Memorandum of Association of the Company.
  - (iv) “The Presents” or “Regulations” means these Articles of Association as originally framed or altered from time to time and include the Memorandum of Association where the context so requires.
  - (v) “The Office” means the Registered Office for the time being of the Company.
  - (vi) “The Director” means the directors for the time being of the Company and includes any person occupying the position of director by whatever name called.
  - (vii) “Beneficial Owner” means a person or persons as defined in Clause (a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996 and whose name is recorded as such with a depository.
  - (viii) “Board of Directors” or “Board”, means the collective body of the directors of the Company.
  - (ix) “Committee” shall mean committee of the Board of Directors of the Company or any other Committee constituted by the Company.
  - (x) “Company” means **JAYASWAL NECO INDUSTRIES LIMITED**.
  - (xi) “In writing” or “written” includes printing, lithography and other modes of representing or reproducing words in visible form.
  - (xii) “Rules” means the applicable rules for the time being in force as prescribed under relevant sections of the Act.
  - (xiii) “Seal” means the common seal of the Company.

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\* Adopted New set of Articles of Association vide Special Resolution passed at AGM dated 29<sup>th</sup> September, 2016

- (xiv) “Depositories Act” shall mean the Depositories Act, 1996 and include where the context so admits, any re-enactment or statutory modification thereof for the time being in force.
- (xv) “Depository” shall have the meaning assigned thereto by Clause (e) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.
- (xvi) “Member(s) or Shareholder(s)” unless otherwise provided, means the duly registered holder, from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also one whose name is entered as Beneficial Owner of the shares in the records of a depository.
- (xvii) “Security” means such security as may be specified by the Securities and Exchange Board of India or any other statutory body, from time to time.
- (xviii) “Share” means a share in the share capital of the Company and includes stock, except where a distinction between stock and shares is expressed or implied.
- (xix) “Relative” has the meaning assigned to it by Section 2(77) of the Act.
- (xx) “Related Party(ies)” has the meaning assigned to it by Section 2(76) of the Act.
- (xxi) “Capital” means the capital for the time being raised or authorised to be raised for the purpose of the Company.
- (xxii) “Paid-up” means and includes credited as paid-up.
- (xxiii) “Dividend” includes Interim Dividend and Bonus.
- (xxiv) “Month” means Calendar Month.
- (xxv) “Year” means the Calendar Year and “Financial Year” shall have the meaning assigned thereto by Section 2 (41) of the Act.
- (xxvi) “Annual General Meeting” means a general meeting of members held in accordance with the provisions of Section 96 of the Act or such other relevant provisions of the Act or Acts related to incorporated companies for the time being in force in India.
- (xxvii) “Extra-ordinary General Meeting” means an Extra-ordinary general meeting of the members duly called and constituted and any adjourned holding thereof.
- (xxviii) “Ordinary Resolution” and “Special Resolution” shall have the meanings assigned thereto respectively by Section 114 of the Act.
- (xxix) “Proxy” means an instrument whereby any person is authorised to vote for a member at a general meeting on a poll.
- (xxx) “SEBI” shall mean the Securities and Exchange Board of India.

Words importing the singular number only include the plural number and vice-versa. Words importing the masculine gender only include the feminine gender. Words importing persons include corporations.

Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or the Rules, as the case may be.

## **SHARE CAPITAL AND VARIATION OF RIGHTS**

### ***Authorised Share Capital of the Company***

- 3) The Authorized Share Capital of the Company shall be as prescribed in Clause V of the Memorandum of Association of the Company from time to time.

### ***Shares under control of Board***

- 4) Subject to the provisions of the Act, Rules and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as it may from time to time think fit. The Board may delegate the power to allot the shares to Committee.

### ***Allotment of shares otherwise than for cash***

- 5) Subject to the provisions of the Act, Rules and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

### ***Kinds of Share Capital***

- 6) (1) The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:
- (a) Equity share capital:
    - (i) with voting rights; and / or
    - (ii) with differential rights as to dividend, voting or otherwise in accordance with the Rules; and
  - (b) Preference share capital
- (2) Subject to the provisions of the Act and the Rules and other applicable laws, the Company shall have a right to issue any kind of securities having such rights as to conversion, redemption or otherwise and other terms and conditions and for consideration in cash or in consideration of any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business.

### ***Nature of shares or debentures***

- 7) The shares or debentures or other interest of any member in a Company shall be considered as movable property.

### ***Further issue of share capital***

- 8) The Board or the Company, as the case may be, may, in accordance with the Act and the Rules, issue further shares to-
- (a) Person(s) who, at the date of offer, is/are holder(s) of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or
  - (b) employees under any scheme of employees' stock option; or
  - (c) any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) above.

### ***Mode of further issue of shares***

- 9) A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules and other applicable provisions of law.

### ***Issue of further shares not to affect rights of existing members***

- 10) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares.

***Power to issue redeemable preference shares***

- 11) Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act and the Rules and other applicable provisions of law.

***Variation of member's rights***

- 12) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.

***Provisions as to general meetings to apply mutatis mutandis to each meeting***

- 13) To every such separate meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply.

***Issue of debentures and creation of debenture redemption reserves***

- 14) In accordance with the provisions of the Act and Rules made thereunder, any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at general meetings, appointment of debentures' directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the members by a Special Resolution at a General Meeting.
- 15) Where debentures are issued by a Company under aforesaid Article, the Board of Directors shall create a debenture redemption reserve account out of the profits of the Company available for payment of dividend and the amount credited to such account shall not be utilized by the company except for the redemption of debentures.

***Application of Premium on shares***

- 16) Whereas the Company issues at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called 'SECURITIES PREMIUM ACCOUNT' and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in this clause, apply as if the securities premium account were paid up share capital of the Company;
- 17) The Securities premium account may, notwithstanding anything contained in the aforesaid Article hereof be applied by the Company;
  - (a) towards the issue of unissued shares of the company to the members of the company as fully paid bonus shares;
  - (b) in writing off the preliminary expenses of the Company;
  - (c) in writing off the expenses of or the commission paid or discount allowed, on any issue of shares or debentures of the Company;
  - (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company; or
  - (e) for the purchase of its own shares or other securities.

## UNDERWRITING AND BROKERAGE

### *Power to pay commission in connection with securities issued*

- 18) The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent, or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the Rules.

### *Rate of commission in accordance with Rules*

- 19) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Rules.

### *Mode of payment of Commission*

- 20) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

## SHARE CERTIFICATE

### *Issue of Share Certificate*

- 21) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within such other period as the conditions of issue shall provide -

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of such charges as may be fixed by the Board for each certificate after the first within one month from the date of receipt of request there for.

### *Share Certificate to bear seal*

- 22) Every certificate shall be under the seal, be signed in the manner as specified in the Act and Rules and shall specify the shares to which it relates and the amount paid-up thereon.

### *One Certificate for shares held jointly*

- 23) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

### *Option to receive share certificate or hold shares with depository*

- 24) A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialized state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share and the record of the depository shall be the prima facie evidence of the interest of the beneficial owner.

### *Issue of new certificate in place of one defaced, lost or destroyed*

- 25) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article save in case of issue of new certificate in lieu of the certificate not having space on the back

for endorsement of transfer shall be issued on payment of fees for each certificate as may be fixed by the Board but such fee shall in no case exceed Rs. 50/- per certificate.

#### ***Splitting and consolidation of Share Certificate***

- 26) The shares of the Company will be split up/consolidated in the following circumstances:
- (a) At the request of the member/s for split up of shares in marketable lot.
  - (b) At the request of the member/s for consolidation of fraction shares into marketable lot.

The Board may charge fee as specified in Article 25 in case of issue of new certificate on splitting or consolidation of share certificate.

#### ***Provisions as to issue of certificate to apply mutatis mutandis to debentures, etc.***

- 27) The provisions of the foregoing Articles relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures (except where the Act otherwise provides) of the Company.

### **CALLS ON SHARES**

#### ***Board may make call***

- 28) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.

#### ***Notice of call***

- 29) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

#### ***Board may extend time for payment***

- 30) The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances.

#### ***Revocation or postponement of call***

- 31) A call may be revoked or postponed at the discretion of the Board.

#### ***Call to take effect from date of resolution***

- 32) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.

#### ***Liability of joint holders of shares***

- 33) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

#### ***When interest on call or installment payable***

- 34) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the "due date"), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board.

***Board may waive interest on call or installment payable***

- 35) The Board shall be at liberty to waive payment of any such interest wholly or in part.

***Sums deemed to be calls***

- 36) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

***Effect of non-payment of sums***

- 37) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

***Payment in anticipation of calls may carry interest***

- 38) The Board -
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
  - (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.

***Installments on shares to be duly paid***

- 39) If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.

***Calls on shares of same class to be on uniform basis***

- 40) All calls shall be made on a uniform basis on all shares falling under the same class.

*Explanation:* Shares of different class having the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

***Partial payment not to preclude forfeiture***

- 41) Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

***Provisions as to calls to apply mutatis mutandis to debentures, etc.***

- 42) The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company.

## **LIEN**

### ***Company's lien on shares***

- 43) The Company shall have a first and paramount lien-
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
  - (b) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company:

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

### ***Lien to extend to dividends, etc.,***

- 44) The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company.

### ***Waiver of lien in case of registration***

- 45) Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.

### ***As to enforcing lien by sale***

- 46) The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

### ***Validity of sale***

- 47) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

### ***Purchaser to be registered holder***

- 48) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

### ***Validity of Company's receipt***

- 49) The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.

### ***Purchaser not affected***

- 50) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.



***Application of proceeds of sale***

- 51) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

***Payment of proceeds of sale***

- 52) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

***Outsider's lien not to affect Company's lien***

- 53) In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.

***Provisions as to lien to apply mutatis mutandis to debentures, etc.***

- 54) The provisions of these Articles relating to lien shall mutatis mutandis apply to any other securities including debentures of the Company.

**TRANSFER AND TRANSMISSION OF SHARES**

***Instrument of transfer to be executed by transferor and transferee***

- 55) a. For transfer of share in physical form, the instrument of transfer of share in the company shall be executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- b. Unless otherwise prohibited by any provision of law or any order of Court, Tribunal or other authority, the Board shall deliver the share certificate (s) within one month from the date of receipt by the Company of the instrument of transfer or, as the case may be, of the intimation of transmission of shares.

***\*Free transferability of shares***

- 56) \*Shares in the Company shall be freely transferable.
- 57) \* Deleted
- 58) \* Deleted
- 59) \* Deleted

***Board may decline to recognize instrument of transfer***

- 60) In case of shares held in physical form, the Board may decline to recognize any instrument of transfer unless –
- (a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act;
  - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (c) the instrument is duly stamped; and
  - (d) the instrument of transfer is in respect of only one class of shares.

\* Vide special resolution dated 21-12-2023

***Transfer of shares when suspended***

- 61) On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

***Transfer books when closed***

- 62) The Board of Directors shall have power on giving not less than seven days previous notice to close the Transfer Books, the Register of Members or the Register of Debenture Holders at such time or times and for such period or periods not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year as it may seem, expedient to the Board.

***Title to shares on death of a member***

- 63) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares.

***Estate of deceased member liable***

- 64) Nothing in aforesaid Article shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

***No fee on transfer or transmission***

- 65) No fee shall be charged for registration of transfer, grant of probate, Succession Certificate and Letters of Administration, Certificates of Death or Marriage, Power of Attorney or similar other documents.

- 66) \* Deleted

***Transmission Clause***

- 67) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either -

- (a) to be registered himself as holder of the share; or
- (b) to make such transfer of the share as the deceased or insolvent member could have made.

***Board's right unaffected***

- 68) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

***Indemnity to the Company***

- 69) The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.

***Right to election of holder of share***

- 70) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

\* Vide special resolution dated 21-12-2023

### ***Manner of testifying election***

- 71) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

### ***Limitations applicable to notice***

- 72) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

### ***Claimant to be entitled to same advantage***

- 73) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to register himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

### ***\*Absolute Ownership of Beneficial Owner***

- \*73A) Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of share in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognize any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not he shall have express or implied notice thereof.

### ***Register of Transfers***

- 74) The Company shall keep a book, to be called the Register of Transfers and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

### ***\*Transfer under Dematerialised mode***

- \*74 A) If the shares are in dematerialised mode, same will be governed by Depositories Act.

### ***Provisions as to transfer / transmission of shares to apply mutatis mutandis to debentures, etc.***

- 75) The provisions of these Articles relating to transfer / transmission of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

## **FORFEITURE OF SHARES**

### ***If call or installments not paid notice must be given***

- 76) If a member fails to pay any call, or installment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or installment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.

\* Vide special resolution dated 21-12-2023

### ***Form of Notice***

77) The notice aforesaid shall:

(a) name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

### ***In default of payment of shares to be forfeited***

78) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

### ***Receipt of part amount or grant of indulgence not to affect forfeiture***

79) Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his shares, nor any indulgence that may be granted by the Company in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such shares as herein provided. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

### ***Entry of forfeiture in register of members***

80) When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

### ***Effect of forfeiture***

81) The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.

### ***Forfeited shares may be sold, etc.***

82) A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit.

### ***Cancellation of forfeiture***

83) At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

### ***Members still liable to pay money owing at the time of forfeiture***

84) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

***Members still liable to pay money owing at time of forfeiture and interest***

- 85) All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realization. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part.

***Ceaser of liability***

- 86) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

***Certificate of forfeiture***

- 87) A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

***Title of purchaser and transferee of forfeited shares***

- 88) The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

***Transferee to be registered as holder***

- 89) The transferee shall thereupon be registered as the holder of the share; and

***Transferee not affected***

- 90) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

***Validity of sales***

- 91) Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.

***Cancellation of share certificate in respect of forfeited shares***

- 92) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.

***Surrender of share certificate***

- 93) The Board may, subject to the provisions of the Act, accept a surrender of any share certificate or entitlement of any security from or by any member desirous of surrendering them on such terms as they think fit.

***Sums deemed to be calls***

- 94) The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time,

whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

***Provisions as to forfeiture of shares to apply mutatis mutandis to debentures, etc.***

- 95) The provisions of these Articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

**PURCHASE/BUY-BACK OF SHARES**

- 96) (1) Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities on such terms as deemed fit.
- (2) Subject to all applicable provisions of the Act or any other laws for the time being in force, the Company shall also be entitled to provide loan or any financial assistance to any person to purchase shares or securities of the Company.

**ALTERATION OF CAPITAL**

***Power to alter share capital***

- 97) Subject to the provisions of the Act, the Company may, by ordinary resolution -
- (a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
  - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;
  - (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
  - (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

***Shares may be converted into stock and rights of stockholders***

- 98) Where shares are converted into stock:
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:  
  
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;
  - (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;

- (c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder"/"member" shall include "stock" and "stock-holder" respectively.

### ***Reduction of capital***

- 99) The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, —
  - (a) its share capital; and/or
  - (b) any capital redemption reserve account; and/or
  - (c) any securities premium account; and/or
  - (d) any other reserve in the nature of share capital.

## **CAPITALIZATION OF PROFITS / BONUS SHARES**

### ***Capitalization***

- 100) The Company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve-
  - (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - (b) that such sum be accordingly set free for distribution in the manner specified in below Article amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

### ***Sum how applied***

- 101) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in below Article, either in or towards :
  - (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - (b) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
  - (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b).
- 102) A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
- 103) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

### ***Powers of the Board for capitalization***

- 104) Whenever such a resolution as aforesaid shall have been passed, the Board shall -
  - (a) make all appropriations and applications of the amounts resolved to be capitalized thereby, and all allotments and issues of fully paid shares or other securities, if any; and
  - (b) generally do all acts and things required to give effect thereto.

***Board's power to issue fractional certificate / coupon etc.***

- 105) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, in the case of shares or other securities becoming distributable in fractions; and
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalization, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares.

***Agreement binding on members***

- 106) Any agreement made under such authority shall be effective and binding on such members.

**JOINT HOLDERS**

***Joint Holder***

- 107) Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the other provisions contained in these Articles.

***Liability of Joint holder***

- 108) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share.

***Death of one or more joint holders***

- 109) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

***Receipt of one sufficient***

- 110) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share.

***Delivery of certificate and giving of notice to first named holder***

- 111) Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders.

***Vote of Joint holder***

- 112) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by



proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register of Members in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint-holders shall be entitled to vote in preference to a joint-holder present by attorney or by proxy although the name of such joint-holder present by any attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares.

***Executors or administrators as joint holders***

- 113) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders.

***Provisions as to joint holders as to shares to apply mutatis mutandis to debentures, etc.***

- 114) The provisions of these Articles relating to joint holders of shares shall mutatis mutandis apply to any other securities including debentures of the Company registered in joint names.

**GENERAL MEETINGS**

***Annual General Meeting***

- 115) The Company shall each year in addition to any other meetings, hold a general meeting which shall be styled as the Annual General Meeting at such intervals and in accordance with the provisions of the Act and Rules made thereunder or any statutory modifications thereof.

***Extraordinary General Meeting***

- 116) All general meetings other than annual general meeting shall be called extraordinary general meeting.
- 117) The Board may, whenever it thinks fit, call an extraordinary general meeting.

***Nature of business to be transacted at annual general meeting***

- 118) In the case of an annual general meeting, all business to be transacted thereat shall be deemed special, other than—
- (a) the consideration of financial statements and the reports of the Board of Directors and Auditors thereon;
  - (b) the declaration of any dividend;
  - (c) the appointment of directors in place of those retiring;
  - (d) the appointment of, and the fixing of the remuneration of the Auditors;

***Nature of business to be transacted at extra ordinary general meeting***

- 119) In the case of any other meeting, including extra ordinary general meeting, all business shall be deemed to be special

***Notice of general meeting***

- 120) A general meeting of a company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode in accordance with the provision of the Act and Rules made thereunder:

Provided that a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety-five per cent of the members entitled to vote at such meeting.

- 121) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

- 122) Every notice convening a meeting of the Company shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote and attend instead of himself and that a proxy need not be a member of the Company
- 123) The notice of every meeting of the company shall be given to—
- (a) every member of the company, legal representative of any deceased member or the assignee of an insolvent member;
  - (b) the auditor or auditors of the company; and
  - (c) every director of the company.

***Omission to give notice not to invalidate a resolution passed***

- 124) Any accidental omission to give any such notice as aforesaid to or the non-receipt thereof by any member or other person to whom it should be given, shall not invalidate the proceedings of any such meeting.

***Notice of business to be given***

- 125) No General Meeting, annual or extraordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notice convening the meeting.

***Resolutions requiring special notice***

- 126) Where, by any provision contained in the Act or in the Articles of a Company, special notice is required of any resolution, notice of the intention to move such resolution shall be given to the Company by such number of members holding not less than one per cent of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees, has been paid-up and the Company shall give its members notice of the resolution in such manner as may be prescribed in the Act and Rules made thereunder.
- 127) The following resolution shall require special notice:
- (a) Resolution under Section 140 of the Act at an annual general meeting appointing as Auditor a person other than a retiring Auditor or providing expressly that a retiring Auditor shall not be re-appointed, except where the retiring auditor has completed a consecutive tenure of five years or, as the case may be, ten years, as provided under sub-section (2) of section 139.
  - (b) Resolution under Section 169 of the Act removing a Director before the expiry of his period of office.
  - (c) Resolution under Section 169 of the Act appointing a Director in place of the Director so removed.

***Circulation of Member's Resolution***

- 128) Subject to the provision of the Act and Rules made thereunder, the Directors shall on the requisition in writing of such number of members as is hereinafter specified and (unless the Annual General Meeting otherwise resolved):
- (a) give notice to members of any resolution which may properly be moved and is intended to be moved at a general meeting; and
  - (b) circulate to members any statement with respect to the matters referred to in proposed resolution or business to be dealt with at that meeting.
- 129) The Company shall not be bound under aforesaid Article, to give notice of any resolution or to circulate any statement unless—

- (a) a copy of the requisition signed by the requisitionists (or two or more copies which, between them, contain the signatures of all the requisitionists) is deposited at the Registered Office of the Company,—
  - (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting;
  - (ii) in the case of any other requisition, not less than two weeks before the meeting; and
- (b) there is deposited or tendered with the requisition, a sum reasonably sufficient to meet the Company's expenses in giving effect thereto:

Provided that if, after a copy of a requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, an Annual General Meeting is called on a date within six weeks after the copy has been deposited, the copy, although not deposited within the time required by this article, shall be deemed to have been properly deposited for the purposes thereof.

- 130) The Company shall not be bound to circulate any statement, as required in aforesaid article, if on the application either of the Company or of any other person who claims to be aggrieved, the Central Government, by order, declares that the rights conferred by this Articles are being abused to secure needless publicity for defamatory matter.

## **PROCEEDINGS AT GENERAL MEETINGS**

### ***Presence of Quorum***

- 131) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

### ***Business confined to election of Chairperson whilst chair vacant***

- 132) No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant.

### ***Quorum for general meeting***

- 133) The quorum for a general meeting shall be as provided in the Act.

### ***Chairperson of the meetings***

- 134) The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.

### ***Directors to elect a Chairperson***

- 135) If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of them to be Chairperson of the meeting.

### ***Members to elect a Chairperson***

- 136) If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of the members present to be Chairperson of the meeting in the manner as prescribed in the Act and Rules.

### ***Casting vote of Chairperson at general meeting***

- 137) On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.

### ***Powers to arrange security at meetings***

- 138) The Board, and also any person(s) authorised by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision.

## **ADJOURNMENT OF MEETING**

### ***Chairperson may adjourn the meeting***

- 139) The Chairperson may, with the consent of any Meeting at which a quorum is present and shall, if so directed by the Meeting, adjourn the Meeting from time to time, and from place to place.

### ***Business at adjourned meeting***

- 140) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

### ***Notice of adjourned meeting***

- 141) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

### ***Notice of adjourned meeting not required***

- 142) Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### ***Resolution passed at adjourned Meeting***

- 143) Where a resolution is passed at an adjourned Meeting of the Company, the resolution shall for all purpose be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have passed on any earlier date.

## **VOTING RIGHTS**

### ***Entitlement to vote on show of hands and on poll***

- 144) Subject to any rights or restrictions for the time being attached to any class or classes of shares -
- (a) on a show of hands, every member present in person shall have one vote; and
  - (b) on a poll or electronic voting, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

### ***Voting through electronic means***

- 145) A member may exercise his vote at a meeting by electronic means or ballot or polling paper (as may be provided by the Company) in accordance with the Act and the Rules and shall vote only once.

### ***Seniority of names***

- 146) For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.

### ***How members non compos mentis and minor may vote***

- 147) A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll,

by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.

***Votes in respect of shares of deceased or insolvent members, etc.***

- 148) Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Transmission Clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

***Business may proceed pending poll***

- 149) Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

***Restriction on voting rights***

- 150) No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.

***Restriction on exercise of voting rights in other cases to be void***

- 151) A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.

***Rights of members to use votes differently***

- 152) On a poll or on electronic voting for the meeting of the Company a member entitled to more than one vote or proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the voted he uses.

***Equal rights of members***

- 153) Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.

**PROXY**

***Member may vote in person or otherwise***

- 154) Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting. A proxy so appointed shall not have any right to speak at the meeting. No proxy member present by shall be entitled to vote on a show of hands.

***Proxies when to be deposited***

- 155) The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding of the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

### ***Form of Proxy***

- 156) An instrument appointing a proxy shall be in the form as prescribed in the Act and Rules made thereunder.

### ***Inspection of Proxies***

- 157) Provisions as prescribed in the Act shall apply.

### ***Proxy to be valid notwithstanding death of the principal***

- 158) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### ***Representation of body corporate***

- 159) A body corporate (whether a Company within the meaning of the Act or not) may, if it is member or creditor of the Company (including a holder of debentures), authorise such person as it thinks fit by a resolution of its Board of Directors or other Governing Body to act as its representatives at any meeting of the Company or at any meeting of any class of members of the Company.
- 160) A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers, including the right to vote by proxy and by postal ballot, on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company.
- 161) Where the President of India or the Governor of a State, is a member of the Company, the President or, as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any Meeting of any class of members of the Company and such a person shall be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a member of the Company.

### ***Time for objections to vote***

- 162) No objection shall be made to the qualification of any voter or to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairperson of the meeting.

### ***Chairperson of any meeting to be the Judge of validity of any vote***

- 163) The Chairperson of any meeting shall be the sole judge of every vote tendered at such meeting. The Chairperson present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

### ***Custody of instrument***

- 164) If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meeting of the Company, it shall remain permanently or for such time as the Directors may determine, the custody of the Company, If embracing other objects, copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

## **BOARD OF DIRECTORS**

### ***Number of Directors / Board of Directors***

- 165) Unless otherwise determined by the Company in general meeting, the number of directors i.e. minimum and maximum shall be as such as prescribed in the Act and Rules made thereunder.

### ***Remuneration of directors***

- 166) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

### ***Remuneration to require member's consent***

- 167) The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act.

### ***Travelling and other expenses***

- 168) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
  - (b) in connection with the business of the Company.

### ***Execution of negotiable instruments***

- 169) All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

### ***Appointment of Additional Directors***

- 170) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an Additional Director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Act and Rules.

### ***Duration of office of Additional Directors***

- 171) Such person shall hold office only up to the date of the next Annual General Meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

### ***Appointment of Alternate Director***

- 172) The Board may appoint an Alternate Director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an Alternate Director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.

### ***Duration of office of Alternate Director***

- 173) An Alternate Director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.

***Re-appointment provisions applicable to Original Director***

- 174) If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the Alternate Director.

***Appointment of director to fill a casual vacancy***

- 175) If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.

***Duration of office of director appointed to fill a casual vacancy***

- 176) The director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated.

***Appointment of Nominee Director***

- 177) In case the Company obtains any loans/other facilities from Financial Institution(s) / Bank(s) and it is a term thereof that the said Financial Institution(s) / Bank(s) shall have a right to nominate a Director(s), then subject to such terms and conditions as may be agreed upon, the said Financial Institution(s) / Bank(s) shall be entitled to nominate one or more Directors, as the case may be, on the Board of Directors of the Company and to remove from office any such Directors so appointed and to nominate another in his place or in place of the Director so appointed who resigns or otherwise vacates his office. Any such nomination shall be in writing and shall be signed by the authority so appointing or by the person duly authorised by it and shall be served at the office of the Company.

***Duration of office of Nominee Director***

- 178) Such person i.e. Nominee Director shall hold office so long as the loans / other facilities availed from Financial Institution(s) / Bank(s) remains in force or till the withdrawal of such nomination by the nominating institution/ bank, whichever is earlier.

***Appointment of Debenture Directors***

- \*179) Notwithstanding anything to the contrary contained in these Articles, any debenture trustee(s) appointed in respect of the issuance of any debentures or debenture stocks, shall have the right to appoint and replace from time to time, nominee director(s) on the board of directors of the Company and/ or any of the Committees at any time during the tenor of the relevant debentures/ debenture stock. The Director(s) appointed under this article is herein referred to as "Debenture Director(s)".
- \*179A) In relation to any Debenture Director appointed in terms of this article, the following shall apply:
- i. Such Debenture Director shall not be required to hold qualification shares nor be liable to retire by rotation;
  - ii. Any expenditure incurred by the debenture holders and/ or Debenture Director in connection with such appointment shall be borne and payable by the Company.
- \*179B) The Debenture Director shall be entitled to all the rights, privileges and indemnities of other directors including the sitting fees and expenses as are payable by the Company to the other directors, but if any other fees, commission, moneys or remuneration in any form are payable by the Company to the directors in their capacity as directors, the fees, commission, moneys and remuneration in relation to such Debenture Director shall accrue to the relevant debenture trustee and the same shall accordingly be paid by the Company directly for the respective accounts of the relevant debenture trustee

\* Vide special resolution dated 28-09-2024



appointed in respect of the issuance of any debentures or debenture stocks or as otherwise agreed in writing.

- \*179C) The Debenture Director shall be entitled to receive all notices, agenda, etc. and to attend all general meetings and board meetings and meetings of any Committees of which they are member.
- \*179D) Unless otherwise agreed in writing in the relevant trust deed, the appointment/removal of the Debenture Director shall be by a notice in writing addressed to the Company by the trustee appointed under the relevant trust deed and shall (unless otherwise indicated by the trustees) take effect forthwith upon such a notice being delivered and receipt of which is acknowledged by the Company. The Company will do all such steps, deeds and actions and take all corporate actions as may be required to effectuate such right of the holders of the debentures/ their trustees.
- \*179E) The trust deed executed in relation to any issuance of debentures may also contain such ancillary provision as may be arranged between the Company and the relevant debenture trustees and all such provision shall have effect notwithstanding any of other provisions herein contained.

#### ***Appointment of Corporation Director***

- 180) Subject to the provisions of the Act and Rules made thereunder and notwithstanding anything to the contrary in these Articles contained so long as any moneys lent and advanced to the Company secured by debentures, any other security or otherwise, by any financing corporation, or credit corporation or by any other financing body and/or so long as any financing corporation or any credit corporation or any financing body holds shares in the Company, under any arrangement or agreement, the said financing corporation, credit corporation or any other financing body shall have a right from time to time to appoint their nominee as a Director on the Board of the Company (hereinafter referred to a "the Corporation Director").
- 181) The Corporation may at any time and from time to time remove from such office any person so appointed and may at any time of removal also in the case of death or resignation of the person so appointed at any time, appoint any other person in his place and also fill any vacancy which may occur as a result of such Director ceasing to hold office for any reason whatsoever; such appointment or removal shall be made in writing signed by the Director of the Corporation or of financing body appointing such Corporation Director or any person or Director thereof authorised in this behalf and shall be delivered to the Company at its registered office.
- 182) The Corporation Director shall not be liable to retirement by rotation. The Board of Directors of the Company shall have no power to remove from office such Corporation Director. Subject to the aforesaid, the said Corporation Director shall be entitled to same rights and privileges and be subject to the same obligation as any other Director of the Company but shall not be entitled to further or additional remuneration referred to in Article.
- 183) Corporation Director shall notwithstanding anything to the contrary contained herein, be at liberty to disclose any information obtained by him to the financing body appointing him as such Director.

#### ***Appointment of Special Directors***

- 184) In connection with any collaboration arrangement with any Company or Corporation or any Firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, Firm or person hereinafter in this clause referred to as "Collaborator" to appoint from time to time, any person as a Director of the Company (hereinafter referred to as "Special Director") and may agree that such special Director shall not be liable to retire by rotation so however, that such special Director shall hold office so long as such collaboration

arrangement remains in force unless otherwise agreed between the Company and such collaborator under the collaboration arrangements or at any time thereafter.

- 185) The Collaborator may at any time and from time to time remove such Special Director appointed by it and may at any time after such removal and in the case of death or resignation of the person so appointed, at any time appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such Company or Corporation or any partner or such person and shall be delivered to the Company at its registered office. It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one such person as a Director and so that if more than one Collaborator is so entitled there may be at any time as many Special Directors as the Collaborators eligible to make the appointment.

***Directors may contract with Company***

- 186) Subject to compliance with the provision of the Act and Rules made thereunder and save as therein provided, no Directors and their relatives shall be disqualified to hold any office or place of profit under the Company or under any Company in which this Company shall be shareholder or otherwise interested, or from contracting with the Company either as vendor, purchaser, agent broker or otherwise nor shall any such contract or any arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director be liable to Account to the Company for profit arising from any contract or arrangement by reason only of such Director holding that office or of the fiduciary relation established.

***Disclosure of Directors interest***

- 187) Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any Company or Companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in such manner as may be prescribed.

- 188) Every director of a Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—

(a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, chief executive officer of that body corporate; or

(b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be,

shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.

- 189) Where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

- 190) A contract or arrangement entered into by the Company without aforesaid disclosure or with participation by a director who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

191) Nothing in the article:

- (a) shall be taken to prejudice the operation of any rule of law restricting a director of a Company from having any concern or interest in any contract or arrangement with the Company;
- (b) shall apply to any contract or arrangement entered into or to be entered into between two Companies where any of the directors of the one Company or two or more of them together holds or hold not more than two per cent of the paid-up share capital in the other Company.

***Disqualification of Directors***

192) A person shall not be eligible for appointment as a director of a Company, if —

- (a) he is of unsound mind and stands so declared by a competent court;
- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudicated as an insolvent and his application is pending;
- (d) he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any Company;

- (e) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- (f) he has not paid any calls in respect of any shares of the Company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- (g) he has been convicted of the offence dealing with related party transactions at any time during the last preceding five years;
- (h) he has failed to comply with the provision of allotment of Director Identification Number as per the Act and Rules;
- (i) he has been a director of any other Company which has failed to file financial statements or annual returns for any continuous period of three financial years; or
- (j) he has been a director of any other Company which has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more.

Provided that for the period of five years from the date the other Company fails to do the acts specified in clause (i) and (j) of this Article a person cannot be a director in a Company.

***Vacation of office of director***

193) The office of a director shall become vacant in case—

- (a) he incurs any of the disqualifications specified in aforesaid Articles;

- (b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- (c) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of Act and Rules made thereunder;
- (d) he acts in contravention of the provisions of the Act relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (e) he becomes disqualified by an order of a court or the Tribunal;
- (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months:

Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;

- (g) he is removed in pursuance of the provisions of this Act;
- (h) he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that Company.

#### ***Removal of director***

- 194) A Company may, by ordinary resolution, remove a director, not being a director appointed by the Tribunal, before the expiry of the period of his office after giving him a reasonable opportunity of being heard:

Provided that nothing contained in this Article shall apply where the Company has availed itself of the option given to it under the provisions of the Act and Rules made thereunder, to appoint not less than two thirds of the total number of directors according to the principle of proportional representation.

- 195) A special notice shall be required of any resolution, to remove a director under this Article, or to appoint somebody in place of a director so removed, at the meeting at which he is removed.
- 196) On receipt of notice of a resolution to remove a director under this Article, the company shall forthwith send a copy thereof to the director concerned, and the director, whether or not he is a member of the Company, shall be entitled to be heard on the resolution at the meeting.
- 197) Where notice has been given of a resolution to remove a director under this Article and the director concerned makes with respect thereto representation in writing to the Company and requests its notification to members of the Company, the Company shall, if the time permits it to do so,—
- (a) in any notice of the resolution given to members of the Company, state the fact of the representation having been made; and
  - (b) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representation by the Company),

and if a copy of the representation is not sent as aforesaid due to insufficient time or for the Company's default, the director may without prejudice to his right to be heard orally require that the representation shall be read out at the meeting:

Provided that copy of the representation need not be sent out and the representation need not be read out at the meeting if, on the application either of the Company or of any other person who claims to be aggrieved, the Tribunal is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter; and the Tribunal may order the Company's costs on the application to be paid in whole or in part by the director notwithstanding that he is not a party to it.

198) A vacancy created by the removal of a director under this Article may, if he had been appointed by the Company in general meeting or by the Board, be filled by the appointment of another director in his place at the meeting at which he is removed, provided special notice of the intended appointment has been given under this Article.

199) A director so appointed shall hold office till the date up to which his predecessor would have held office if he had not been removed.

200) If the vacancy is not filled under this Article, it may be filled as a casual vacancy in accordance with the provisions of this Act and rules made thereunder:

Provided that the director who was removed from office shall not be re-appointed as a director by the Board of Directors.

201) Nothing in this Article shall be taken—

(a) as depriving a person removed under this Article of any compensation or damages payable to him in respect of the termination of his appointment as director as per the terms of contract or terms of his appointment as director, or of any other appointment terminating with that as director; or

(b) as derogating from any power to remove a director under other provisions of the Act.

### ***Resignation of director***

202) A director may resign from his office by giving a notice in writing to the Company and the Board shall on receipt of such notice take note of the same and the Company shall intimate the Registrar in such manner, within such time and in such form as may be prescribed under the Act and Rules made thereunder and shall also place the fact of such resignation in the report of directors laid in the immediately following general meeting by the Company.

203) The resignation of a director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the director in the notice, whichever is later:

Provided that the director who has resigned shall be liable even after his resignation for the offences which occurred during his tenure.

204) Where all the directors of a Company resign from their offices, or vacate their offices under the provisions of this Act and Rules made thereunder, the promoter or, in his absence, the Central Government shall appoint the required number of directors who shall hold office till the directors are appointed by the Company in general meeting.

## **ROTATION AND RETIREMENT OF DIRECTOR**

### ***One-third of Directors to retire every year***

205) At the Annual General Meeting of the Company, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the Independent Directors shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

***Retiring Directors eligible for re-election***

- 206) A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by electing the retiring director or some other person thereto.

***Retirement of Director***

- 207) The Directors to retire in every year at the Annual General Meeting shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

***Retiring Director to remain in office till successors appointed***

- 208) Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring director, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned meeting the place of the Retiring Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up, shall be deemed to have been reappointed at the adjourned Meeting unless:

- (i) at that meeting or at the previous meeting a resolution for the re-appointment of such director has been put to the meeting and lost;
- (ii) the retiring director has, by notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
- (iii) he is not qualified or is disqualified for appointment;
- (iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of this Act; or
- (v) as per the provisions of the Act in that case appointment of director (s) is to be voted individually,

***Right of persons other than retiring Directors to stand for Directorship***

- 209) A person not being a retiring Director shall be eligible for appointment to the office of a Director at any General Meeting if he or some other Member intending to propose him as a Director not less than 14 days before the meeting has left at the Registered Office of the Company, a notice in writing under his hand signifying his candidature as a the Director or the intention of such Member to propose him as a candidate as a Director as the case may be, along with the prescribed deposit amount which shall be refunded to such person or as the case may be, to such Member if the person succeeds in getting elected as Directors or gets more than 25% of total valid votes cast either as show of hands or on poll on such resolution.

***Directors not liable for retirement***

- 210) Subject to the applicable provisions of the Act, the Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company, and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

- 211) The Board shall be entitled to appoint any one or more of them as Technical / Financial / Managing / Special / Executive / Whole-Time Director / such other Designated Whole-Time Directors whose terms of appointment shall be as may be as decided by the Board, subject to the provisions of the Act.

### **MANAGING DIRECTOR OR WHOLE TIME DIRECTOR**

#### ***Board may appoint Managing Director(s) or Whole Time Director(s)***

- 212) Subject to the provision of the Act and Rules made thereunder and these Articles, the Directors shall have power to appoint from time to time one or more of their body to be Managing Director(s) or Whole Time Director(s) of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company and may from time to time (subject to provisions, of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or other in his or their place or places.

#### ***What provisions they will be subject to***

- 213) Subject to the provision of the Act and Rules made thereunder and these Articles, the Managing Director or the Whole Time Director shall while he continues to hold that office be subject to the same provisions as the resignation and removal as the other Director of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole Time Director if he ceases to hold the office of Director from any cause.

#### ***Remuneration of Managing Director(s) or Whole Time Director(s)***

- 214) The remuneration of the Managing Director or Whole Time Director shall (subject to the provisions of the Act and Rules made thereunder and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission on profits of the Company or by participation in such profits, or by fee for such meeting of the Board or by and/or all these modes or other modes not expressly prohibited by the Act.

#### ***Power and duties of Managing Director(s) or Whole Time Director(s)***

- 215) Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director(s) or Whole Time Director(s) with power to the Board to distribute such day-to-day management functions among such Director(s) in any manner as deemed fit by the Board and subject to the provisions of the Act and Rules made thereunder and these Articles, the Board may by resolution vest any such Managing Director(s) or Whole Time Director(s) such of the power hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions as it may determine and Article confer such power either collaterally with or to the exclusions of or in substitution for all or any of the powers of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER**

#### ***Chief Executive Officer, etc.***

- 216) Subject to the provisions of the Act, a Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses.

*Director may be chief executive officer, etc.*

- 217) A director may be appointed as Chief Executive Officer, Manager, Company Secretary or chief financial officer.

### **POWERS OF BOARD**

- 218) The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the Memorandum of Association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

PROVIDED the Board shall not, except with the consent of the Company by a special resolution in General Meeting exercise the following powers:

- (a) to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.
- (b) to invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;
- (c) to borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business:

Provided that the acceptance by a Banking Company, in the ordinary course of its business, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise, shall not be deemed to be a borrowing of monies by the Banking Company within the meaning of this clause.

- (d) to remit, or give time for the repayment of, any debt due from a director.

### **PROCEEDINGS OF THE BOARD**

#### ***When meeting to be convened***

- 219) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

#### ***Who may summon Board meeting***

- 220) The Chairperson or any one Director with the previous consent of the Chairperson may, or the Company Secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board.

#### ***Notice of Meetings***

- 221) Notice of every meeting of the Board of Directors shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director as per the provisions of the Act.



### ***Quorum for Board Meeting***

- 222)\* The Quorum for Board Meeting shall be as provided in the Act but shall include at least 1 (One) Nominee Director appointed by the Lenders of the Company except when the Nominee Director has asked for leave of absence in writing and such leave is granted by the Chairperson of the Board and in such case the Lenders can appoint an observer to attend the meeting on his behalf.

### ***Participation at Board meetings***

- 223) The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed under the Act and Rules made thereunder.

### ***Chairperson***

- 224)\* The Directors from among their number may elect a Chairperson of the Board of Directors; If no such Chairperson is elected, or if at any meeting the Chairperson is not present at the time appointed for holding the same the Directors present shall choose one of their number to be chairperson of such meeting. Besides this the Lenders at their discretion, may appoint non-executive chairman on the Board.

### ***Questions at Board meeting how decided***

- 225) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

### ***Casting vote of Chairperson at Board Meeting***

- 226) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

### ***Directors not to act when number falls below minimum***

- 227) The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

### ***Powers of Board Meeting***

- 228) A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or these Articles or the regulations for the time being of the Company are vested in or exercisable by the Board of Directors generally.

### ***Delegation of Power***

- 229) The Board may, subject to the provisions of the Act, form committees and delegate any of its powers to Committees consisting of such member or members of its body or to any member (s) of the Board, as it thinks fit.

### ***Committee to confirm to Board regulations***

- 230) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

### ***Participation at Committee meetings***

- 231) The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.

\* Vide Special resolution passed at the EGM dated 15-01-2018

### ***Chairperson of Committee***

- 232) A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.

### ***Who to preside at meetings of Committee***

- 233) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

### ***Committee to meet***

- 234) A Committee may meet and adjourn as it thinks fit.

### ***Questions at Committee meeting how decided***

- 235) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present.

### ***Casting vote of Chairperson at Committee meeting***

- 236) In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.

### ***Acts of Board or Committee valid notwithstanding defect of appointment***

- 237) All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

### ***Passing of resolution by circulation***

- 238) Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.

## **MINUTES**

### ***Minutes to be considered evidence***

- 239) The Company shall cause minutes of the proceedings of every general meeting of any class of shareholders or creditors, and every resolution passed by postal ballot and every meeting of its Board of Directors or of every Committee of the Board, to be prepared and signed in such manner as may be prescribed by the Act and Rules and kept within thirty days of the conclusion of every such meeting concerned, or passing of resolution by postal ballot in books kept for that purpose with their pages consecutively numbered.
- 240) Each page of every such book shall be initialed or signed and the last of the record or proceedings of each meeting in such books shall be dated and signed:
- (a) in the case of minutes of proceedings of a Meeting of Board or of a Committee by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting;
  - (b) in case of minutes of proceedings of the General Meeting, by the chairperson of the said meeting within the aforesaid period of thirty days or in the event of

the death or inability of the chairperson within that period, by a Director duly authorised by the Board for the purpose.

- (c) in the case of every resolution passed by postal ballot, by the Chairperson of the Board within the aforesaid period of thirty days or in the event of there being no Chairperson of the Board or the death or inability of the chairperson within that period, by a Director duly authorised by the Board for the purpose.

- 241) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- 242) The minutes of each meeting shall contain a fair and correct summary of the proceedings there at.
- 243) All appointments made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- 244) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall contain:-
  - (a) the names of the Directors present at the meeting;
  - (b) in the case of each resolutions passed at the meeting, the names of the Directors, if any, dissenting from or not concurring with the resolution.

***Certain matters not to be included in minutes***

- 245) There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting -
  - (a) is, or could reasonably be regarded, as defamatory of any person; or
  - (b) is irrelevant or immaterial to the proceedings; or
  - (c) is detrimental to the interests of the Company.

***Discretion of Chairperson in relation to minutes***

- 246) The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid article.

***Minutes to be evidence of the proceeding***

- 247) The minutes of meeting kept in accordance with the provisions of the Act and Rules made thereunder shall be evidence of the proceedings recorded therein.

***Presumptions to be drawn where minutes duly drawn and signed***

- 248) Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of the Act and Rules made thereunder until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and the resolutions passed by postal ballot to have been duly passed and in particular, all appointments of Directors, Key Managerial Personnel, Auditors or Company Secretary in Practice made in the meeting shall be deemed to be valid.

***Inspections of Minutes Books of General Meetings***

- 249) The books containing the minutes of the proceedings of any general meeting of the Company or of a resolution passed by postal ballot shall:
  - (a) be kept at the registered office of the Company; and

- (b) be open to inspection of any member without charge, during the business hours on all working days other than Saturdays.

***Members may obtain copy of minutes***

- 250) Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to aforesaid Article, Provided that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.

***Minutes of proceedings of meetings and resolutions passed by postal ballot***

- 251) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.

***Publication of Report of proceedings of General Meetings***

- 252) No document purporting to be report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required under the Act to be contained in the minutes of the proceedings of such meeting.

**REGISTERS**

***Statutory Register***

- 253) The Company shall keep and maintain at its Registered Office all statutory registers, in electronic mode or physical mode as may be decided by the Board of Directors, namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name, register of contracts and arrangements and such other register as may be prescribed under the Act and Rules made thereunder, for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules. The registers and copies of annual return shall be open for inspection during business hours on all working days, other than Saturdays, at the Registered Office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed under the Act and Rules made thereunder.

***Foreign Register***

- 254) The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such register.
- 255) The foreign register shall be open for inspection and may be closed, and extracts may be taken therefrom and copies thereof may be required, in the same manner, mutatis mutandis, as is applicable to the register of members.

## **COPIES OF MEMORANDUM AND ARTICLES OF ASSOCIATION**

### ***Copies of memorandum, articles, etc., to be given to members***

- 256) The Company shall, on being so requested by a member, send to him within seven days of the request and subject to the payment of such fees as may be prescribed, a copy of each of the following documents, namely:—
- (a) the Memorandum;
  - (b) the Articles; and
  - (c) every agreement and every resolution referred to in sub-section (1) of section 117 of the Act, if and in so far as they have not been embodied in the memorandum or articles.

## **THE SEAL**

### ***The seal, its custody and use***

- 257) The Board shall provide for the safe custody of the seal.

### ***Affixation of seal***

- 258) (1) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf, and except in the presence of at least one director or the manager, if any, or of the secretary or such other person as the Board may appoint for the purpose; and such director or manager or the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

## **DIVIDENDS AND RESERVE**

### ***Company in general meeting may declare dividends***

- 259) The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend.

### ***Interim dividends***

- 260) Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.

### ***Dividends only to be paid out of profits***

- 261) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

### ***Carry forward of profits***

- 262) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

### ***Division of profits***

- 263) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or

credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

***Payments in advance***

264) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.

***Dividends to be apportioned***

265) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

***No member to receive dividend whilst indebted to the Company and Company's right to reimbursement therefrom***

266) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

***Retention of dividends***

267) The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.

***Dividend how remitted***

268) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

***Unpaid/ Unclaimed Dividend***

269) The Company shall comply with the provisions of Section 124 and 125 of the Act.

***Instrument of payment***

270) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

***Notice of dividend***

271) Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

***Dividend to be paid within Thirty days***

272) The Company shall pay the dividend or send the warrant in respect thereof to shareholder entitled to the payment of dividend, within thirty days from the date of the declaration unless:

- (a) where the dividend could not be paid by reason of the operation of any law;
- (b) where a share-holder has given directions regarding the payment of the dividend and those directions cannot be complied with and the same has been communicated to him;

- (c) where there is a dispute regarding the right to receive the dividend;
- (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the share-holder, or
- (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

***Discharge to Company***

- 273) Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.

***Receipt of one holder sufficient***

- 274) Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

***No interest on dividends***

- 275) No dividend shall bear interest against the Company.

***Waiver of dividends***

- 276) The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

**ACCOUNTS**

***Books to be kept***

- 277) The Company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statement for every financial year which give a true and fair view of the state of the affairs of the Company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting:

Provided that all or any of the books of account aforesaid and other relevant papers may be kept at such other place in India as the Board of Directors may decide and where such a decision is taken, the Company shall, within seven days thereof, file with the Registrar a notice in writing giving the full address of that other place:

Provided further that the Company may keep such books of account or other relevant papers in electronic mode in such manner as may be prescribed under the Act and Rules made thereunder.

- 278) Where a company has a branch office in India or outside India, it shall be deemed to have complied with the provisions of aforesaid clause, if proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarised returns periodically are sent by the branch office to the Company at its registered office or the other place referred to in aforesaid clause.

### ***Form and content of the financial statement***

- 279) The financial statements shall give a true and fair view of the state of affairs of the Company or Companies, comply with the accounting standards, as notified and shall be in the form or forms as may be provided for different class or classes of Companies in Schedule III of the Act.

### ***Laying of financial statements before members***

- 280) At every Annual General Meeting of a Company, the Board of Directors of the Company shall lay before such meeting financial statements for the financial year.

### ***Consolidated financial statement***

- 281) Where a Company has one or more subsidiaries, it shall, in addition to financial statements, prepare a consolidated financial statement of the Company and of all the subsidiaries in the same form and manner as that of its own which shall also be laid before the Annual General Meeting of the Company along with the laying of its financial statement:

Provided that the Company shall also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries in such form as may be prescribed under the Act and Rules made thereunder.

Explanation: For the purpose of this Article, the word “subsidiary” shall include associate company and joint venture.

### ***Approval of financial statement***

- 282) The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors at their meeting before authentication / signature.

### ***Authentication of financial statement***

- 283) The financial statement shall be signed on behalf of the Board at least by the Chairperson of the Company where he is authorised by the Board or by two directors out of which one shall be Managing Director and the Chief Executive Officer, if he is a director in the Company, the Chief Financial Officer and the Company Secretary of the company, wherever they are appointed, for submission to the auditor for his report thereon.

### ***Report by Board of Directors***

- 284) Subject to the provision of the Act and Rules made thereunder, the report by the Board of Directors shall be attached to statements laid before a Company in general meeting, which shall include such other information as required and applicable to the Company under the provisions of the Act and Rules made thereunder.

### ***Authentication of Report by Board of Directors***

- 285) The Report by Board of Directors shall be signed by its chairperson of the company if he is authorised by the Board and where he is not so authorised, shall be signed by at least two directors, one of whom shall be a managing director, or by the director where there is one director.

### ***Right of member to copies of audited financial statement***

- 286) Without prejudice to the provisions of Act, a copy of the financial statements, including consolidated financial statements, if any, auditor’s report and every other document required by law to be annexed or attached to the financial statements, which are to be laid before a Company in its general meeting, shall be sent to every member of the Company, to every trustee for the debenture-holder of any debentures issued by



the Company, and to all persons other than such member or trustee, being the person so entitled, not less than twenty-one days before the date of the meeting.

- 287) The Company shall allow every member or trustee of the holder of any debentures issued by the Company to inspect the documents stated under aforesaid Article at its registered office during business hours.

***Copy of financial statement to be filed with Registrar***

- 288) A copy of the financial statements, including consolidated financial statement, if any, along with all the documents which are required to be or attached to such financial statements under this Act, duly adopted at the Annual General Meeting of the Company, shall be filed with the Registrar within thirty days of the date of Annual General Meeting in such manner, with such fees or additional fees as may be prescribed within the time specified under the provisions of the Act and Rules made thereunder.

***Inspection by Directors***

- 289) The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the Rules.

***Restriction on inspection by members***

- 290) No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by law or authorised by the Board.

**AUDIT**

***Accounts to be audited***

- 291) Once at least in every year the accounts of the Company shall be balanced and audited and the correctness of the financial statement ascertained by one or more auditor or auditors.

***Appointment of Auditors***

- 292) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with the provisions of the Act and Rules made thereunder.
- 293) Subject to the provisions of the Act and Rules made thereunder, the Company shall at each Annual General Meeting appoint an individual or a firm as an auditor and shall give intimation thereof to the Auditors so appointed unless he is retiring Auditor.
- 294) At any Annual General Meeting, a retiring Auditor, by whatsoever authority appointed shall be re-appointed unless:
- (a) he is not qualified for re-appointment.
  - (b) he has given to the Company a notice in writing of his un-willingness to be re-appointed.
  - (c) a special resolution has been passed at that meeting appointing some other auditor or providing expressly that he shall not be re-appointed.

Where at any Annual General Meeting, no auditor is appointed or re-appointed, the existing auditor shall continue to be the auditor of the Company.

### ***Intimation to Auditor and Registrar on appointment of auditor***

- 295) The Company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within fifteen days of the meeting in which the auditor is appointed.

### ***Casual vacancy in the office of Auditor***

- 296) The Directors may fill any casual vacancy in the office of Auditor within thirty days, but if such casual vacancy is as a result of the resignation of an auditor, such appointment shall also be approved by the Company at a general meeting convened within three months of the recommendation of the Board and he shall hold the office till the conclusion of the next Annual General Meeting.

## **ANNUAL RETURN**

### ***Preparation of Annual Return***

- 297) The Company shall prepare a return (hereinafter referred to as the annual return) in the prescribed form containing the particulars as they stood on the close of the financial year, which shall include such other information as required and applicable to the Company under the provisions of the Act and Rules made thereunder.

### ***Authentication of Annual Return***

- 298) The annual return shall be signed / authenticated as prescribed under the Act and Rules made thereunder.

### ***Copy of Annual Return to be filed with Registrar***

- 299) The Company shall file with the Registrar a copy of the annual return, within sixty days from the date on which the Annual General Meeting is held or where no Annual General Meeting is held in any year within sixty days from the date on which the Annual General Meeting should have been held together with the statement specifying the reasons for not holding the Annual General Meeting, with such fees or additional fees as may be prescribed, within the time as specified under the provisions of the Act and Rules made thereunder.

## **SERVICE OF DOCUMENTS AND NOTICE**

- 300) A document may be served on a Company or an officer thereof by sending it to the Company or the officer at the registered office of the Company by registered post or by speed post or by courier service or by leaving it at its registered office or by means of such electronic or other mode as may be prescribed under the Act and Rules made thereunder:

Provided that where securities are held with a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic or other mode.

In the case of delivery by post, such service shall be deemed to have been effected- (i) in the case of a notice of the meeting, at the expiration of forty-eight hours after the letter containing the same is posted; and (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

- 301) Save as provided in the Act or the Rules made thereunder, for filing of documents with the Registrar in electronic mode, a document may be served on Registrar or any member by sending it to him by post or by registered post or by speed post or by courier or by delivering at his office or address, or by such electronic or other mode as may be prescribed under the Act and Rules made thereunder:

Provided that a member may request for delivery of any document through a particular mode, for which he shall pay such fees as may be determined by the company in its Annual General Meeting.

Rest of the provisions related to the service of documents as prescribed under the Act and Rules thereunder shall apply.

302) Save as otherwise provided in the Act-

(a) a document or proceeding requiring authentication by a Company; or

(b) contracts made by or on behalf of a Company,

may be signed by any Key Managerial Personnel or an officer of the Company duly authorized by the Board in this behalf.

## **WINDING UP**

303) Subject to the applicable provisions of the Act and the Rules made thereunder -

(a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

## **INDEMNITY AND INSURANCE**

### ***Directors and officers right to indemnity***

304) Subject to the provisions of the Act, every Director, Managing Director, Whole-time Director, Manager, Company Secretary and other officers of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such Director, Manager, Company Secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such Director, Manager, Company Secretary or officer or in any way in the discharge of his duties in such capacity including expenses.

305) Subject as aforesaid, every Director, Managing Director, Manager, Company Secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.

### ***Insurance***

306) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

## SECRECY CLAUSE

### *Secrecy clause*

- 307) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required, by the Director, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the account with individuals and in matter thereto and shall be such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions, in these presents contained.

### *No member to enter the premises of the Company without permission*

- 308) No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Directors or Managing Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Director, it would be inexpedient in the interest of the Company to disclose.

## GENERAL POWER

- 309) Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.
- 310)\* **SPECIAL RIGHTS OF ACRE TRUSTS/PROMOTERS PURSUANT TO RESTRUCTURING SUPPORT AGREEMENT AND SHAREHOLDERS' AGREEMENT EXECUTED ON 23<sup>RD</sup> AUGUST, 2021.**

**(i) Affirmative voting rights to the ACRE Trusts.**

Until such time as the ACRE Trusts, together with their respective affiliates, hold, in the aggregate, at least 10% (ten percent) of the equity share capital of the Company, the Company and the Board, shall not take, or approve or enter into any agreement or resolve to take any vote on an Affirmative Vote Matter (as defined hereunder) without the prior approval:

- in case of a meeting of the Board:
  - (a) by a vote in favor by a Nominee Director at a meeting of the Board; or
  - (b) through a written approval, or waiver, issued by a Nominee Director prior to such meeting of the Board; or
- in case of a meeting of the shareholders:
  - (a) by a vote in favor by at least 75% (seventy-five percent) of the ACRE Trusts and their respective affiliates (which are shareholders), at a meeting of the shareholders; or

\* Vide special resolution dated 23-09-2021

- (b) through a written approval, or waiver, issued by at least 75% (seventy five percent) of the ACRE Trusts and their respective affiliates (which are shareholders), prior to such meeting of the shareholders.

An approval of a meeting of the shareholders shall not be required, if a Nominee Director has approved such Affirmative Vote Matter pursuant to a meeting of the Board. For the avoidance of doubt, if the Nominee Director has rejected an Affirmative Vote Matter, then the Company shall not require the Shareholders to vote on such Affirmative Vote Matter, and such Affirmative Vote Matter shall be deemed to have been rejected by the Shareholders.

Any person which acquires, pursuant to the clauses of the Shareholders' Agreement, the rights in relation to the Affirmative Vote Matters, shall be entitled to exercise its rights in relation to the Affirmative Vote Matters independently as a shareholder, and / or through its Nominee Director (if any), and for clarity, without being subject to the 75% (seventy five per cent) voting threshold that applies to the ACRE Trusts in accordance with the clauses of the Shareholders' Agreement.

**The “Affirmative Vote Matters” means and includes the following:**

- Voluntary delisting of the securities from a stock exchange.
- Any amendment to the charter documents of the Company.
- Any consolidation, sub-division, alteration of the equity capital including amending any rights attached to any securities of the Company or any of its subsidiaries and / or any capital calls on the shareholders.
- Any acquisition by the Company, by way of subscription, purchase or otherwise, of the securities or the undertaking of any other body corporate and / or the creation of a Subsidiary, other than Minority Passive Financial Investments (as defined hereunder) made by the Company.

**“Minority Passive Financial Investment”** means a cumulative investment of up to INR 10,00,00,000 (Indian Rupees Ten Crores) in a financial year in the share / voting capital of a public listed entity and other instruments as may be issued by such public listed entity purely as a financial and passive investor, with no Control over such entity.

**“Control”** (including the terms “Controlled by” or “under common Control with” or “Controlling”), as used with respect to any person means the direct or indirect beneficial ownership of or the right to vote in respect of, directly or indirectly, more than 50% (Fifty per cent) of the voting shares or securities of a person and / or the power to control the majority of the composition of the board of directors of a person and / or the power to control or direct the management of a person by contract or otherwise or any or all of the above.

- Merger, amalgamation, de-merger, re-organization, or consolidation, of the Company or its subsidiaries, if any.
- Any action for liquidation, dissolution or winding-up of the Company including insolvency, bankruptcy, receivership, or recapitalisation.
- Change in the issued, subscribed or paid up equity or preference share capital of Company, or reorganization of the share capital of Company, new issuance of securities of the Company (including the terms of, and offer documents / filings relating to, any public issue or offering of securities or other instruments of the Company), or buy back, redemption, retirement or repurchase of any securities, or any changes in class rights for shares (directly or indirectly) excluding changes

arising out of the Shareholders' Agreement, the Restructuring Support Agreement and other restructuring documents.

**(ii) Rights of the ACRE Trusts in relation to Nominee Directors**

- Until such time as the ACRE Trusts, together with their respective Affiliates, hold, in the aggregate, at least 10% (ten per cent) of the equity share capital, the ACRE Trusts and their respective affiliates shall, collectively, have the right to appoint 2 (Two) Nominee Directors on the Board. The ACRE Trusts may, at any time, remove from office, any such Nominee Director and appoint another individual as a Nominee Director in his or her place.
- No meeting of the Board shall be convened at a shorter notice, without the prior written consent of the Nominee Directors.
- The Company shall exercise all powers and rights available to it, so as to ensure that each of the Nominee Directors are appointed or removed as a Nominee Director, including by convening the requisite meetings of the Board at a shorter notice.
- 1 (One) Nominee Director appointed by the ACRE Trusts shall be appointed to the audit committee as an observer.
- At least 1 (One) Nominee Director appointed by the ACRE Trusts shall be appointed to the nomination and remuneration committee.
- With the mutual consent of the Company and the ACRE Trusts, 1 (One) Nominee Director may be appointed as a member or an observer on any other committee of the Board.
- Each of the Nominee Directors shall: (a) be a non-executive Director; (b) subject to the requirements under applicable law, not be liable to retire by rotation; (c) not be identified by the Company as an 'occupier' or 'designated director,' or the like (in any manner whatsoever), for the purposes of compliance under any applicable law; (d) shall not be responsible to satisfy any requirement with respect to resident director, or women director, or the like, as may be applicable; and (e) not be required to hold any qualification shares.
- Subject to applicable law, all fees and payments in relation to the Nominee Directors, for serving on the Board, shall be borne by the Company. Additionally, the Company shall reimburse the Nominee Directors for all reasonable out of pocket expenses incurred by the Nominee Directors in order to attend meetings of the Board, shareholders, or otherwise perform their duties and functions as Directors or as members of any sub-committees of the Board, if applicable.

**(iii) The consent of the ACRE Trusts will be a prerequisite for any change in the clauses of the Articles of the Company which impacts the rights of the ACRE Trusts.**

**(iv) Right of first offer in favor of the Promoters of the Company with respect to the Converted Equity held by the Investors.**

The Investors shall not transfer its Shares at any time on or before March 31, 2023 being the Refinancing Date or September 30, 2023, being the Extended Refinancing Date, as applicable, and subject to the clauses of the Shareholders Agreement, at any time on or after the Refinancing Date or the Extended

Refinancing Date, as the case may be, if any Investor Shareholder proposes to transfer, directly or indirectly, any or all of the Equity Shares held by such Investor Shareholder to any Person (other than in accordance with certain specified Clause of the Shareholders agreement), the transfer shall be subject to a right of first offer in favor of the Promoters (such right, a “First Offer Right”) with respect to such transfer with certain stipulations and modalities as provided in the Shareholders Agreement.

We, the undersigned several persons whose names and addresses are subscribed hereunder are desirous of being formed into a Company in pursuance of this Articles of Association and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names:

Sl. No.	Name,Address and Description of Subscriber	Number of Shares taken by each Subscriber	Signature of Subscriber	Witness to Signature & their addresses
1.	Basantlall Shaw S/o Late Jagbandhanram Shaw 77, Kailash Bose St. CALCUTTA - 700 006  Merchant	100 One hundred only	Sd/-	Witness to all Sd/- Ramlakhan Prasad 39, Mirpara Lane, Salkia (Hawrah) West Bengal
2.	Gopal Prasad Jayaswal S/o Shri Dwarka Prasad Shaw 77, Kailash Bose St. CALCUTTA - 700 006  Merchant	100 One hundred only	Sd/-	
3.	Sri Lalit Kumar Jayaswal S/o Shri Sohan Lall Shaw 77, Kailash Bose St. CALCUTTA - 700 006  Merchant	100 One hundred only	Sd/-	
4.	Sri Binod Kumar Jayaswal S/o Shri Madan Lall Shaw 77, Kailash Bose St. CALCUTTA - 700 006  Merchant	100 One hundred only	Sd/-	
5.	Sri Arbind Kumar Jayaswal S/o Shri Basant Lall Shaw 77, Kailash Bose St. CALCUTTA - 700 006  Merchant	100 One hundred only	Sd/-	
6.	Sri Vinay Kumar Jayaswal S/o Shri Jagadish Prasad Shaw 77, Kailash Bose St. CALCUTTA - 700 006  Merchant	100 One hundred only	Sd/-	
		600 (Six hundred only)		

Dated the 27<sup>th</sup> November, 1972



**COPY OF ORDER OF  
THE HIGH COURT OF JUDICATURE AT BOMBAY  
BENCH AT NAGPUR**

**DATED THE 11TH DECEMBER 1997  
FOR AMALGAMATION OF  
NAGPUR ALLOY CASTINGS LIMITED**

**AND  
JAYASWALS NECO LIMITED**

**WITH  
NAGPUR ENGINEERING COMPANY LIMITED**

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
BENCH AT NAGPUR**

**( ORDINARY ORIGINAL CIVIL JURISDICTION )  
COMPANY PETITION NOS. 6,7 AND 8 OF 1997.**

**CONNECTED WITH  
COMPANY APPLICATION NOS. 3, 5, AND 4 OF 1997.**

IN THE MATTER of the Companies Act, 1956;  
AND

IN THE MATTER of Sections 391 to 394 of the Companies Act, 1956;  
AND

IN THE MATTER of Scheme of Amalgamation of Nagpur Alloy Castings  
Limited and Jayaswals Neco Limited with Nagpur Engineering Company Limited

**Company Petition No. 6 of 1997  
connected with  
Company Application No. 3 of 1997**

Nagpur Alloy Casting Limited, the Company incorporated  
under the Companies Act, 1956 (1 of 1956) and having its  
Registered Office at F/8, MIDC Industrial Area,  
Hingna Road, Nagpur - 440 016

\_\_\_\_\_PETITIONER

**Company Petition No. 7 of 1997  
connected with  
Company Application No. 5 of 1997**

Jayaswals Neco Limited, the Company incorporated under  
the Companies Act, 1956 (1 of 1956) and having its Registered  
Office at F/8, MIDC Industrial  
Area, Hingna Road, Nagpur - 440 016

\_\_\_\_\_PETITIONER

**Company Petition No. 8 of 1997  
connected with**

Company Application No. 4 of 1997

Nagpur Engineering Company Limited, the Company  
incorporated under the Companies Act, 1956 (1 of 1956) and  
having its Registered Office at F/8, MIDC Industrial  
Area, Hingna Road, Nagpur - 440 016

\_\_\_\_\_PETITIONER

Shri V. C. Daga, Advocate, for the Petitioners  
Shri M.A. Kuwadia, Official Liquidator;  
Shri M.G. Bhangade, Advocate, for Union of India

CORAM : V. S. SIRPURKAR, J.

DATED : 11<sup>TH</sup> December, 1997

## ORDER

1. These three petitions have been presented by the above named petitioners on 26.8.1997. The petitioners are 1) Nagpur Alloy Castings Limited; 2) Jayaswals Neco Limited and 3) Nagpur Engineering Company Limited. The three petitioners have presented a scheme of amalgamation of Nagpur Alloy Castings Limited and Jayaswals Neco Limited (hereinafter referred to as 'the First Transferor Company' and Second Transferor Company' respectively and 'Transferor Companies' collectively,) with Nagpur Engineering Company Limited (hereinafter referred to as 'the Transferee Company') The petitioners also pray for the consequential reliefs mentioned in the petitions. The copy of the said Scheme of Amalgamation is annexed to this order as Annexure "A".
2. These petitioners had filed Company Application Nos. 3, 5 and 4 of 1997 and upon those applications, this Court issued separate orders, all dated 20th January, 1997, directing to hold separate meetings of Equity Shareholders, Unsecured and Secured Creditors of the three Companies Concerned herein. One Shri B. L. Shaw, failing him Shri Ramesh Jayaswal, failing him Shri B. K. Agrawal, was appointed as the Chairman to hold there meetings. By that order, it was directed that the Chairman shall give 21 days, clear notice and would hold the meetings of Equity Shareholders, Secured and Unsecured Creditors of the three Companies, wherein the said Amalgamation Scheme was to be considered. The meetings of Equity Shareholders and Unsecured Creditors were accordingly held on 28th February, 1997, and the meeting of the Secured Creditors was held on 6th August, 1997. The reports of all the three meetings, wherein the said Amalgamation Scheme was approved, have been placed on record by the Chairman, duly supported with by the affidavits. Those reports are perused. It seems from the report of the Chairman of the Meetings, dated 28th February, 1997 and 6th August, 1997, that the Amalgamation Scheme was approved by the Shareholders Unsecured Creditors and the Secured Creditors by a majority as required under section 391(2) of the Companies Act, 1956. Three meetings were held in respect of each of the Companies, of Secured Creditors, Unsecured Creditors and the Shareholders. In all nine meetings have been held. The reports of all the nine meetings are on the record and the perusal thereof show that the Amalgamation Scheme is approved. The reports to that effect have been submitted by the Chairman of all those meetings.
3. The Court had also issued a notice to the Central Government, in accordance with section 394-A of the Companies Act, 1956, through the Regional Director, Department of Company Affairs, Western Region, Mumbai, as also to the Official Liquidator attached to the Nagpur Bench of this Court. The notices were duly published in daily Hitavada, Lokmat, Lokmat Times, Lokmat Samachar, all dated 22nd September, 1997; and in Economic Times, Mumbai dated 23rd September, 1997. The affidavit of service of notices has also been filed reiterating the compliance of this Court's order of publication, etc., by Shri. B. L. Shaw.
4. In pursuance of the notice, the Central Government has made its appearance through its Counsel, Shri M. G. Bhangde, and the Official Liquidator - Shri M. A. Kuwadia is present in person.
5. Heard Shri V. C. Daga on behalf of the petitioner . Perused the petitions, the reports of the Chairman of the Meetings, of the Secured Creditors, Unsecured Creditors and the Shareholders of the three Companies; also perused the report of the Chartered Accountant engaged by Shri M. A. Kuwadia, Official Liquidator, for looking into the financial affairs of these Companies. The hearing has taken place today after the due notice of the publication thereof, as required under the various provisions of the Companies Act and Rules.
6. After considering the over-all submissions of the learned Counsel and the undertakings given by the Companies, and after considering the affidavit on behalf of the Central Government, this Court doth accord a sanction to the proposed Amalgamation Scheme of Transferor Companies, viz., Nagpur Alloy Castings Limited and Jayaswals Neco Limited, with the Transferee Company, viz., Nagpur Engineering Company Limited, with effect from the appointed date, i.e., commencement of business as on 1st April, 1996.

7. The undertakings, dated 12th November, 1997, by the Nagpur Engineering Company Limited were necessitated in view of the reply filed by the Regional Director, Department of Company Affairs, Western Region, Ministry of Finance, Government of India, wherein it was pointed out that the capital of Transferee Company was only Rs. 10 Crores. Out of which Rs. 6 Crores were already issued, subscribed and paid-up, while the paid-up capital of the First Transferor Company was Rs. 10,55,28,000/- and the paid up capital of the Second Transferor Company was Rs. 9,43,07,000/-. It was suggested that in view of the fact that exchange ratio for every ten shares of Transferor Companies, seven shares of the Transferee Company were to be allotted and, thus, in all shares of Rs. 14 Crores were required to be allotted to the shareholders of the Transferor Companies, it was necessary that the share capital of the Transferee Company should be increased. In that view, an undertaking was given by the Transferee Company, M/s. Nagpur Engineering Company Limited, that it would increase the share capital to Rs. 50 Crores. The affidavit further goes on to say that though the Transferee Company had given an undertaking to raise a share capital to Rs. 50 Crores, no time limit is stated in the undertaking, Shri Bhangde point out that while giving sanction, some time limit is bound to be provided for. Accordingly, the Court grants time limit of three months from today to raise the share capital to Rs. 50 Crores.
8. In the affidavit filed on behalf of the Central Government, it is further pointed out that clause 19 of the Scheme of Amalgamation provides that the name of the Transferee Company is proposed to be changed from the existing name Nagpur Engineering Company Limited to "Jayaswals Neco Limited". It is pointed out that such change is not permissible, unless the provisions of sections 21 and 23 of the Companies Act are complied with. Therefore, an undertaking was given that the change shall be made only subject to the provisions of section 21 and 23 of the companies Act. The learned Counsel for the Central Government is satisfied with the undertaking, and the Court also accords its approval to this undertaking.
9. There was an objection by one of the shareholders of the first Transferor Company, Nagpur Alloy Castings Limited, viz., Shri Ratilal Valji, who holds 100 shares of the First Transferor Company, to the said Amalgamation Scheme. An undertaking given by the said First Transferor Company to offer him to purchase his shares through its Directors. The Court is satisfied of this undertaking.
10. There being, therefore, no objection now to the sanction on behalf of the Central Government and/or the Official Liquidator, the Court accords its sanction in the light of the observation made above.
  - (i) This court doth hereby sanction the scheme of Amalgamation of Nagpur Alloy Castings Limited and Jayaswal Neco Limited with Nagpur Engineering Company Limited, as set forth in Annexure "A" to this order, except clause 19 thereof which will be governed by para (ix) of this order hereinbelow with effect from appointed date i.e., the commencement of business on the 1st day of April, 1996, and this Court doth hereby declare that the aforesaid Scheme of Amalgamation being sanctioned by this Court in terms of this order shall be binding on both the Transferor Companies and Transferee Company as also on Equity Shareholders, Preference Shareholders, Unsecured Creditors, Secured Creditors and all others Concerned with both the Transferor Companies and the Transferee Company.
  - (ii) And that this Court doth hereby order that w.e.f. 1st day of April, 1996, i.e. the appointed date the undertaking and the entire business and all the properties, assets, both Freehold and Leasehold, capital work-in progress, current assets, investments, powers, authorities, allotments, approvals and consents, licences, permits, quotas, subsidies and incentives, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situate 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 both the Transferor Companies, including but without being limited to all patents, trade marks, trade names and other industrial rights of any nature whatsoever and licences in respect thereof, privileges, liberties, easements, advantages, benefits, leases, tenancy rights, ownership flats, quota rights, authorities, right to use and avail of telephones, telexes facsimile connections and installations, internet, utilities, water electricity and electronic and other services,

reserves, provisions, funds, benefits of all agreements, arrangements and all other interests arising to both the Transferor Companies (hereinafter collectively referred to as "the said assets") shall be transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company without any further act or deed pursuant to the provisions of Section 394 and other relevant provisions of the Companies Act, 1956, for all the estate, right, title and interest of the Transferor Companies therein; and that the transfer of the said assets shall be subject to the existing charges/ hypothecation/mortgage as may be subsisting over/or in respect of the said assets or any part thereof and that the existing charge holders on the specified assets of the Transferor Companies as well as the Transferee Company, shall continue to have the charge on those specified assets without any further extension of the charge on other assets of the Transferee Company or the Transferor Companies as provided for in terms of Scheme of Amalgamation. However, the Transfer of moveable properties shall be from such a date as may be mutually decided by the Board of Directors of the Transferor Companies and the Transferee Company. And that all debts, liabilities, duties and obligations of both the Transferor Companies (hereinafter collectively referred to as "the said liabilities") shall also be and stand transferred or deemed to be transferred, without further act, instrument or deed to the Transferee Company, pursuant to the Provisions of Section 394 of the said Act so as to become as and from the appointed date, the debts, liabilities, duties and obligations of the Transferee Company.

- (iii) And that the Court doth hereby further order that all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Transferor Companies are a party or to the benefits of which the Transferor Companies may be eligible, and which are subsisting or having effect immediately before the Effective Date, (being the date on which, the certified copy of this order will be filed with the Office of the Registrar of Companies, Maharashtra) shall 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 Companies, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and / or execute deeds, writings or confirmation to enter into any multipartite Agreements, Arrangements, confirmations or novations to which the Transferor Companies will, if necessary also be a party if so required or becomes necessary.
- (iv) And that Court doth further order that all the Profits or Incomes accruing or arising to both the Transferor Companies or expenditure or losses arising or incurred by both the transferor companies w.e.f. the appointed date shall for all purposes be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of the Transferee Company as the case may be. Likewise, all the business and the activities of both the Transferor Companies. w.e.f. the appointed date shall be deemed to have been held by the Transferor Companies for and on account of and in trust for the Transferee Company.
- (v) And that this Court doth further order that all suits, actions and proceedings by or against both the Transferor companies pending and / or arising on or after the appointed date shall be continued and be enforced by or against the Transferee Company, as effectually as if the same have been pending and/or arising against the Transferee Company.
- (vi) And that this Court doth further order that the Amalgamation of the first Transferor Company and the Second Transferor Company with the Transferee Company is sanctioned on the basis that the Transferee Company in consideration of transfer of the said assets and the said liabilities in terms of (ii) hereinabove; shall issue and allot out of its capital 7 Equity Shares of Rs. 10/- each at par credited as fully paid up to the members of the first Transferor company and Second Transferor Company for every 10 Equity Shares held by them in the capital of those respective companies whose names will appear in the Register of Members on a date to be fixed by the Board of Directors of the Transferee Company, (hereinafter referred to as the "Record Date") in accordance with the provisions of laws applicable in that behalf or to such of their respective heirs, executors, administrators, or other legal representatives or other successors – in – title as may be recognized by the Board of Directors of the

Transferee Company. And that while ascertaining the entitlement of the number of Shares of the Shareholders of both the Transferor Companies, as on the Record Date, the fractions if any, shall be ignored. The Transferee Company shall not issue any share Certificate for such fractions.

- (vii) And that this Court doth further order that the Transferee Company shall in order to satisfy its obligations to issue the Equity Shares in accordance with exchange ratio as well as the preference shares to the members of both the Transferor Companies shall in pursuance of its undertaking dated the 12th day of November, 1997 suitably increase its Authorised Share Capital to Rs. 50 Crores, within a period of 3 months from today, for the purpose and that it will obtain the consents, approvals etc., as may be required in that behalf for the purpose of issue and allotment of Equity Shares/Preference Shares to the shareholders of the First Transferor Company and the Second Transferor Company.
- (viii) And that this Court doth further order that the new Equity Shares so issued by the Transferee Company in pursuance of this order shall rank pari passu with the existing Equity Shares of the Transferee Company, in the matter of dividend, voting rights and all other respects as provided for under clause 13(b) of the Scheme of Amalgamation annexed hereto and marked Annexure "A"
- (ix) And that this Court doth further order that the provisions of Clause 19 of the Scheme of Amalgamation with respect to the change of name of the Transferee Company from the existing Nagpur Engineering Company Limited to Jayawal Neco Limited shall be subject to the provisions of Section 21, 23 and other applicable provisions of the Companies Act, 1956.
- (x) And that this Court doth further order that both the Transferor Companies and the Transferee Company, do file within 30 days from the receipt of this order, a certified copy of the order with Registrar of Companies, Maharashtra State, Mumbai, for registration and that on such certified copy of the order being so delivered (Effective Date) both the Transferor Companies shall stand dissolved without winding up and the Registrar of Companies, Maharashtra State, shall place all documents relating to both the Transferor Companies with him on the file maintained by him in relation to the Transferee Company and consolidate the files, documents and records relating to both the transferor companies and the Transferee Company accordingly.
- (xi) And that this Court doth hereby order that the arrangement embodied in the Scheme of Amalgamation being sanctioned by this Court shall be binding on both the Transferor Companies and the Transferee Company, its members, secured creditors and unsecured Creditors and that the employees of both the Transferor companies in service on the date on which the certified copy of the order is delivered to the Registrar of companies, Maharashtra State, in compliance of this order (Effective Date) shall become the employees of the Transferee Company with effect from such date without any break or interruption in their services and on the terms and conditions which shall not be less favorable than those subsisting with reference to the respective transferor companies as on the said date. The position, rank and designation of the employees whose services shall stand transferred to the Transferee company would be decided by the Transferee Company and that the Transferee Company shall stand substituted for both the Transferor Companies for all the purposes whatsoever including but not limited to the administration, operation or application of the benefits or Provident Fund, Gratuity, Employees State Insurance Scheme, etc. The Transferee Company shall be responsible w.e.f. the effective date for making the contribution as employees contribution and employers contribution in the same manner and to the same extent in which the Transferor Companies, were responsible until the effective date. The services of the employees of the Transferor Companies for all the purposes whatsoever will be treated as having been continuous.
- (xii) And that this Court doth lastly order that both the Transferor Companies do pay a sum of Rs. 500/- (Rupees Five Hundred Only) each to the Official Liquidator attached to the Nagpur Bench of this High Court towards the costs of the said petitions and that, both the Transferor Companies and the Transferee Company do pay a sum of Rs. 500/- (Rupees Five Hundred Only ) each to the Regional Director, Department of Company Affairs, Western Region, Mumbai, towards the costs of the said Petitions.

Judge.

**ANNEXURE "A"**  
**SCHEME OF ARRANGEMENT**  
**BETWEEN**  
**NAGPUR ALLOY CASTINGS LIMITED AND ITS MEMBERS**  
**AND**  
**JAYASWALS NECO LIMITED AND ITS MEMEBERS**  
**AND**  
**NAGPUR ENGINERRING COMPANY LIMITED AND ITS MEMBERS**  
**FOR AMALGAMATION OF**  
**NAGPUR ALLOY**  
**CASTINGS LIMITED**  
**AND**  
**JAYASWALS NECO LIMITED**  
**WITH**  
**NAGPUR ENGINEERING COMPANY LIMITED**

**PRELIMINARY :**

1. In this scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings :
  - "The First Tranferor Company" means Nagpur Alloy Castings Limited, a Company incorporated under the Companies Act, 1956, having its Registered Office at F/8, MIDC industrial Area, Hingna Road, Nagpur - 440 016. The First Transferor Company is engaged in the business of manufacture of the steel Castings, C. I. Castings, Automotive Castings and Pig Iron.
  - I) "The Second Transferor Company" means Jayaswals Neco Limited, a Company incorporated under the Companies Act, 1956 having its Registered Office at F/8 MIDC Industrial Area, Hingna Road, Nagpur - 440 016. The Second Transferor Company is engaged in the business manufacture of C. I. Pipes, Manhole Covers, Automobile Castings etc.
  - II) "The Transferee Company" means Nagpur Engineering Company Limited, a Company incorporated under the Companies Act, 1956 having its Registered Office at F/8 MIDC Industrial Area, Nagpur - 440 016. The Transferee Company is engaged in the business of manufacture of Sanitary Castings, C.I. Castings, Solvents Extraction, Edible Oils.
  - III) "The Act" means The Companies Act, 1956.
  - IV) "The Appointed Date" means the commencement of business on 1st day of April, 1996.
  - V) "Effective Date" means the day on which the certified Copies of the orders of the High Court sanctioning this Scheme are duly filed with the Registrar of Companies, Maharashtra.
2. 1) The Authorised, issued, subscribed and paid-up share capital of the First Transferor Company as per the last audited Balance Sheet as at 31st March, 1996 is as under :

AUTHORISED SHARE CAPITAL	(Rs.)
7,50,00,000 Equity Shares of Rs. 10 each	75,00,00,000
	<hr/> <hr/>
Issued and Subscribed Share Capital	
1,05,53,400 Equity Shares of Rs. 10 each	10,55,34,000
Paid Up Share Capital	
1,05,52,800 Equity Shares of Rs. 10 each fully paid	10,55,28,000

Add : Forfeited Share (600 Shares)	3,000
	<u>10,55,31,000</u>

The above Authorised Share Capital is restructured at Annual General Meeting held on 30/09/1996 as follows :

400,00,000 Equity Shares of Rs. 10 each and 35,00,000 Preference Shares of Rs. 100/- each aggregating Rs. 75,00,00,000.

- 2) The authorised, issued, subscribed and paid-up Share Capital of the Second Transferor Company as per the last audited Balance Sheet as at 31st March, 1996 is as under:

AUTHORISED SHARE CAPITAL	(Rs.)
1,00,00,000 Equity Shares of Rs. 10 each	10,00,00,000
Issued and Subscribed Share Capital	
94,38,800 Equity Shares of Rs. 10 eah	9,43,88,000
Paid Up Share Capital	
94,30,700 Equity Shares of Rs. 10 each fully paid	9,43,07,000
Add : Forfeited Share (8100 Shares)	40,500
	<u>9,43,47,500</u>

- 3) The authorised, issued, subscribed and paid-up Share Capital of the Transferee Company as per the last audited Balance Sheet as at 31st March, 1996 is as under:

AUTHORISED SHARE CAPITAL	(Rs.)
1,00,00,000 Equity Shares of Rs. 10 eah	10,00,00,000
Issued and Subscribed Share Capital	
60,00,000 Equity Shares of Rs. 10 eah	6,00,00,000
Less : Allotment Money Unpaid	73,000
	<u>5,99,27,000</u>

#### THE SCHEME

3. This Scheme of Amalgamation is presented for amalgamation of both the Transferor Companies with the Transferee Company pursuant to the relevant provisions of the Act.
4. a) With effect from commencement of business on 1st April 1996, (hereinafter called "the Appointed Date") and subject to provisions of this scheme in relation to the mode of transfer and vesting and such other conditions, directions as may be, given by the High Court, the undertaking and the entire business and all the properties, assets, capital work-in-progress, current assets, investments, powers, authorities, allotments, approvals and consents, licences, permits, quotas, subsidies and incentives, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situate belonging to or in the control of or vested in or granted in favour of or enjoyed by both the Transferor Companies, including but without being limited to all patents, trade marks, trade names and other industrial rights of any nature whatsoever and licences in respect thereof, privileges, liberties, easements, advantages, benefits, leases, tenancy rights, ownership flats, quota rights, authorities, right to use and avail of telephones, telexes facsimile connections and installations, internet, utilities, water, electricity and electronic and other services, reserves, provisions, funds, benefits of all agreements, arrangements and all other interests arising to

both the Transferor Companies (hereinafter collectively referred to as "the said assets") shall be transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company without any further act or deed pursuant to the provisions of Section 394 and other relevant provisions of the said Act for all the estate, right, title and interest of the Transferor Companies therein.

- b) The transfer and / or vesting of the said assets as aforesaid shall be subject to existing charges /hypothecation /mortgage (if any, as may subsisting) over or in respect of the said assets or any part thereof. Provided however, that any reference to the undertakings or assets in any security documents or arrangements which the Transferor Companies offered or agreed to offer as Security for any financial assistance, or obligations, shall be construed as reference only to the assets pertaining to the undertaking or assets of the Transferee Company by virtue of the aforesaid Clause to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend to any of the assets or to any of the other assets, units or divisions of the Transferee Company, or the other Transferor Company unless specifically agreed to and subject to the consents and approvals of the existing secured creditors of the Transferor Companies and the Transferee Company.
  - c) Upon the Scheme becoming operative, any reference to the undertakings or assets in any Security Documents or arrangements which the Transferee Company offered or agreed to offer as Security for Financial Assistance or obligations shall be construed as reference only to the assets pertaining to the undertaking or assets of the Transferee Company to the end and intent that such security , mortgage and charge shall not extend to any of the assets or to any of the other assets , units, divisions of the Transferee Company which will stand transferred to it from Transferor Companies, in terms of this scheme unless specifically agreed to and subject to consents and approvals of the existing secured creditors of the transferor Companies and the Transferee Company.
  - d) Notwithstanding what is provided in Clause 4(a) above, it is expressly provided that in respect of such of the said assets as are moveable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Companies, on a date to be mutually decided by the respective Board of Directors of the Transferor Companies and the Transferee Company and shall become the property of the Transferee Company on such delivery.
  - e) 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 Secured Creditors of the Transferor Companies or in favour of any other party to any contract or arrangement to which the Transferor Companies are a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to implement or carry out all such formalities or compliances referred to above on the part of the Transferor Companies to be carried out or performed.
5. With effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferor Companies (hereinafter referred to as "the said liabilities") shall also be and stand transferred or deemed to be transferred, without further act, instrument or deed to the Transferee Company, pursuant to the provisions of Section 394 of the said Act so as to become as and from the Appointed date, the debts, liabilities, duties and obligations of the Transferee Company.
6. This Scheme, through operative from the Appointed Date shall be effective from the Effective Date, as defined in clause 1(vi) above.
7. With effect from the Appointed Date upto the date on which this Scheme finally takes effect (viz. the Effective Date ) :
- a) the Transferor Companies shall carry on and be deemed to have carried on all their business and activities and shall be deemed to have held and stood possessed of



and shall hold and stand possessed of all the said Assets for and on account of and in trust for the Transferee Company.

- b) all the profits or incomes accruing or arising to the Transferor Companies or expenditure or losses arising or incurred by the Transferor Companies shall for all purposes be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of the Transferee Company, as the case may be;
  - c) the Transferor Companies shall carry on their business and activities with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or otherwise deal with the said assets or any part thereof, except in the ordinary course of business, without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Companies prior to the Appointed Date ;
  - d) save and except specifically provided in this Scheme, neither the Transferor Companies nor the Transferee Company shall make any change in their capital structure (Paid-up Capital) either by any increase, (by a fresh issue of rights shares, equity or preference shares, bonus shares, convertible debentures or otherwise) or by decrease, reduction, reclassification, sub-division or consolidation, re-organisation or in any other manner which may in any way affect the share exchange ratio prescribed in Clause 11 except by mutual consent to the Board of Directors of the Transferor and Transferee Companies. The Transferee Company may however take steps for increase of its Authorised Share Capital.
8. All suits, actions and proceedings by or against the Transferor Companies pending and/or arising on or before the date on which this Scheme shall finally effect shall be continued and the enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising against the Transferee Company.
9. Subject to the provisions of this Scheme all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Transferor Companies are a party or to the benefit of which the Transferor Companies 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 the Transferor Companies, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or executives deeds, writings or confirmations or enter into any multipartite Agreements, Arrangements, Confirmation or novations to which the Transferor Companies will, if necessary also be a party in order to give formal effect to the provisions of this clause, if so required or becomes necessary.
10. The transfer of the said assets and the liabilities of the Transferor Companies to the Transferee Company and the continuance of all the contracts or proceedings by or against the Transferee Company shall not affect any contract or proceedings relating to the said assets or the said liabilities already concluded by the Transferor companies on or after the Appointed Date.
11. a) Upon the Scheme becoming finally effective, in consideration of the transfer of and vesting of the said assets and said liabilities of the Transferor Companies in the Transferee Company in terms of this Scheme, the Transferee Company shall without any further application or deed, issue and allot 7 (Seven) Equity Share of Rs. 10/- (Rupees Ten Only) each credited as fully paid up to the Shareholders of the First Transferor Company whose names are recorded in its Register of Members, on a date (Record Date ),to be fixed by the Board of Directors of the Transferee Company for every 10 (Ten) Equity Shares of the face value of Rs. 10/- (Rupees Ten only) each held by such shareholders in the First Transferor Company.
- b) Upon the Scheme becoming finally effective, in consideration of the transfer of and vesting of the said assets and said liabilities of the Transferor Companies in the Transferee Company in terms of this Scheme, the Transferee Company shall without any further application or deed, issue and allot 7 (Seven) Equity Shares of Rs. 10/- (Rupees Ten Only) each credited as fully paid up to the Shareholders of the Second Transferor Company whose names are recorded in its Register of Members, on a date (Record Date), to be fixed by the Board of Directors of the Transferee Company for

every 10 (Ten) Equity Shares of the face value of Rs. 10/- (Rupees Ten only) each held by such Shareholders in the Second Transferor Company.

c) No Fractional Certificates shall be issued by the Transferee Company in respect of the fractional entitlements, if any to which the shareholders of the Transferor Companies may be entitled to and such Fractions, if any, shall be ignored.

12. Upon this Scheme becoming finally effective, all Shareholders of the Transferor Companies shall surrender their share certificates for cancellation thereof to the Transferee Company. Notwithstanding anything to the contrary, upon the new shares in the Transferee Company being issued and allotted by it to the eligible shareholders of the Transferor Companies whose names shall appear on the Register of Members of the Transferor Companies on such Record date fixed as aforesaid, the share certificates in relation to the shares held by them in the Transferor Companies shall be deemed to have been cancelled and be of no effect.
13.
  - a) At any time and from time to time after the Appointed Date, the Transferor Companies and the Transferee Company shall be entitled to declare and pay dividends whether interim and/or final to their respective Shareholders for any Financial Year or any period prior to the Effective Date. Both the Transferor Companies and the Transferee Company shall declare and pay Dividends only out of the disposable profits earned by respective Companies during such period, as permissible in law and shall not transfer any amount from the reserves for the purposes of payment of dividends, unless agreed to by the Board of Directors of all the Companies. In any case, the Transferor Companies may declare dividend only after obtaining the approval of the Board of Directors of the Transferee Company.
  - b) Subject to the Provisions of the Scheme, the Equity Shares of the Transferee Company to be issued and allotted to the Shareholders of the Transferor Companies as provided in clause 11 hereof, shall rank pari passu in all respects with the existing Equity Shares of the Transferee Company, including the right or entitlement of dividend declared after the Appointed Date for the Accounting Year ended 31st March, 1997, provided that in the event of the Transferor Companies declaring and making payment of dividend to their shareholders after Appointed date, but before the Effective Date in respect of the accounting period from 1st April, 1996 onwards or any subsequent year or period, then on such shares of the Transferor Companies after the Appointed Date, but before the Effective Date no dividend shall be payable by the Transferee Company in respect of the period for which dividend has been declared and paid by the Transferor Companies. Notwithstanding anything to the contrary, the Equity Shares of the Transferee Company so issued and allotted to the Shareholders of the Transferor Companies in accordance with Clause 11 hereof shall not rank for dividend declared by the Transferee Company for the period prior to the Appointed Date, irrespective of the fact the said dividend has been declared after the Appointed Date.
  - c) It is clarified, however, that the aforesaid provisions in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Companies or Transferee Company to demand or claim any dividend which subject to the provisions of the said Act, shall be entirely in the discretion of the Board of Directors and the approval of the Shareholders of the respective Companies.
14.
  - a) All Employees of the Transferor Companies in service on the date immediately preceding the date on which this Scheme finally takes effect i.e. the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in their service and on the terms and conditions not less favorable than those subsisting with reference to the Transferor Companies as on the said date. The position, rank and designation of the employees would however be decided by the Transferee Company.
  - b) It is expressly provided that as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund existing for the benefit of the employees of the Transferor Companies are concerned, upon the Scheme becoming finally effective, the Transferee Company shall, stand substituted for the Transferor Companies for all purposes whatsoever related to the administration or operation of

such Schemes or Funds or in relation to the obligations to make contributions to the said Funds in accordance with provisions of such Schemes and Funds as per the terms provided in the respective Trust Deeds. It is the end and intent that all the rights, duties, powers and obligations of the Transferor Companies in relation to such Funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Companies will be treated as having been continuous for the purpose of the aforesaid Funds or provisions.

15. The Transferor Companies and the Transferee Company shall with all reasonable dispatch, make applications/petitions under sections 391 and 394 and other applicable provisions of the said Act to the High Court of Judicature at Mumbai Nagpur Bench for sanctioning of this scheme and for dissolution of the Transferor Companies without winding up under the provisions of law.
16. The Transferor Companies by their authorised officers and the Transferee Company by its authorised officers are hereby empowered and authorised to assent from time to time to any modifications or amendments or substitution of this Scheme or of any conditions or limitations which the Court and/or any authorities under law may deem fit to approve or impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary for putting the Scheme into effect.
17. For the purpose of giving effect to this Scheme or to any modifications or amendments thereof, the Directors of the Transferee Company and Transferor Companies may give and are authorised to give all such directions as are necessary including directions for settling any question of doubt or difficulty that may arise.
18. This Scheme is specifically conditional upon and subject to :
  - a) the sanction or approval under any law of the Central Government or any other Agency, Department or Authorities Financial Institutions and Banks concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
  - b) the approval of and agreement to the Scheme by the requisite majorities of such classes of persons of the Transferor Companies and the Transferee Company as may be directed by the High Court of Judicature at Mumbai Nagpur Bench on the application made for directions under Section 391 of the said Act for calling meeting and necessary resolutions being passed under the said Act for the purpose;
  - c) the requisite Resolution under the applicable provisions of the said Act being passed by the Shareholders of the Transferee Company under the applicable provisions of the said Act, for any of the matters provided for relating to the Scheme as may be required or be necessary;
  - d) the sanction of the High Court of Judicature at Mumbai Nagpur Bench being obtained under Sections 391 and 394 and other applicable provisions of the said Act if so required on behalf of the Transferor Companies and the Transferee Company.
19. The Name of the Transferee Company, subject to such approvals, clearances, availability and other conditions as may be applicable in this behalf, shall be changed from the existing Nagpur Engineering Company Ltd., to "JAYASWALS NECO LIMITED." within a period of 6 months from the effective date mentioned herein above under 1(vi).
20. In the event of any of the said sanctions and approvals referred to in the preceding Clause 18 above not being obtained and/or the Scheme not being sanctioned by the High Court and/or the order or orders not being passed as aforesaid before 31st December, 1997 or with in such further period or periods as may be agreed upon between the Transferor Companies by their Directors and the Transferee Company by its Directors (and which the Board of Directors of all the Companies are hereby empowered and authorised to, agree to and extend from time to time without any limitations), the Scheme of Amalgamation shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and in such

event each party shall bear their respective costs, charges and expenses in connection with the Scheme of Amalgamation.

21. All the costs, charges and expenses of the Transferor Companies and the Transferee Company respectively in relation to or in connection with this Scheme and or incidental to the completion of the amalgamation of the Undertakings of Transferor Companies in pursuance of this Scheme shall, except as specifically provided herein be borne and paid by the Transferee Company.

\* \* \*

**COPY OF THE ORDER OF THE HIGH COURT OF JUDICATURE**

**AT BOMBAY NAGPUR BENCH**

**COMPANY PETITION NO. 1 OF 2005**

**CONNECTED WITH**

**COMPANY APPLICATION NO. 30 OF 2004**

**IN THE MATTER OF SECTION 391-393**

**OF THE COMPANIES ACT. 1956**

**AND**

**IN THE MATTER OF SCHEME OF ARRANGEMENT AND COMPROMISE**

**BETWEEN**

**M/S JAYASWALS NECO LIMITED**

**AND ITS SECURED TERM DEBT CREDITORS**

**AND SECURED WORKING CAPITAL CREDITORS**

**AND**

**IN THE MATTER OF JAYASWALS NECO LIMITED**

**A Company Incorporated under the Companies Act, 1956,**

**having its Registered Office at**

**F-8, MIDC Industrial Area, Hingna Road, Nagpur - 440 016,**

**PETITIONER COMPANY**

**Smt, Swaminathan, advocate for the petitioner / applicant company**

**Shri. Govind Mishra, Advocate for Registrar of Companies.**

**Shri A.K. Choube, Advocate for UTI.**

**Official Liquidator**

**Coram : B.P. Dharmadhikari, J**

**DATE OF RESERVING THE JUDGEMENT : January 20, 2006**

**DATE FOR PRONOUNCING THE JUDGEMENT : January 27, 2006**

**JUDGEMENT:**

1. As per orders of this Court dated 23rd December 2005, the Company Petition was set down for consideration / hearing for today and the Company Secretary Shri Avinash s/o Dinkar Karajgaonkar of applicant Company has filed affidavit on 16/1/2006 pointing out that the public notice of hearing as contemplated by Rule 80 of Company Court Rules has been published in very same newspapers i.e. Hitavada, Nagpur Edition & Business Standard, Mumbai edition on 1st January 2006 and 3rd January 2006 respectively. Nobody appeared in response to said public advertisement to oppose the scheme.
2. Heard Swaminathan on behalf of the applicant / petitioner Company, Advocate Govind Mishra for Register of Companies and learned Official Liquidator as also Advocate A.K. Choube for unit Trust of India. The present applicant is under Section 391 of Companies Act, 1956, for sanction and confirmation of the Scheme of Arrangement & Compromise. It is demonstrated that the final scheme is approved with Arrangement & Compromise. It is demonstrated that the final scheme is approved with modifications by Secured Term Debts Creditors and Secured Working Capital Creditors in their meeting held on 20/1/2005 with majority representing not less than 3/4th of the value of Term Debts and Working Capital Debts. Out of total

5743 votes with creditors, 5367 accepted the scheme with modifications while UTI Mutual Fund (364 votes) opposed it & Oriental Insurance Co. Ltd. (12 votes) abstained from voting in the meeting. It is stated that the latest financial position of the Company along with the latest auditors report on the accounts of the Company as on 31/3/2004 is disclosed in the Annual report for the year 2003-2004. No investigations under Sections 235 to 251 of Companies Act, 1956 are declared to be pending as per statement made on oath in paragraph 9 of Company Application 30 of 2004. Initially, secured creditor Unit Trust of India had raised an objection before this Court as the recovery dispute has been amicably settled & Debts 15/12/2005 mentioning that the recovery dispute has been amicably settled & Debts Recovery Tribunal has passed a consent decree on 21/10/2005. Copy of said consent order is produced by the applicant Company on record. In view of this, Unit Trust of India has withdrawn its objection. Advocate Govind Mishra for Register of Companies has filed a *pursis* mentioning that the Regional Director, Western Region, Ministry of Company Affairs has no objection to the said scheme under section 394A. Similarly, the Official Liquidator has also given his no objection. Vide O.L.R. 16/2005 for granting sanction to the scheme. Learned Advocate for Company has pointed out that in the final scheme as filed as Annexure-E with the Company Petition there was an inadvertent error in as much as in part-D dealing with "restructuring the existing debts and working capital loans and their terms and conditions" in clause (iv) last two words i.e. "at par" are to be replaced and read as "as per SEBI guidelines". The portion needing correction is appearing at page 182 of the Company Petition. The learned counsel state that a *pursis* with stamp number 8831/2005 pointing out this correction and the corrected final scheme is annexed with it. The Corporate Debt Restructuring Cell is shown to have given approval on 4/6/2005 to the settlement package with Unit Trust of India.

3. The above Petition came up for hearing on 20/01/2006. Upon reading the said Petition, the order dated 19/04/2004 passed whereby the said Company was ordered to convene a separate meeting of the Secured Term Debt Creditors and Secured Working Capital Creditors of the above Company for the purpose of considering, and if thought fit, approving with or without modifications, the compromise and arrangement proposed to be made between the said Company and secured Term Debt Creditors and Secured Working Capital Creditors annexed as Annexure-A to the affidavit of Shri Avinash s/o Dinkar Karajgaonkar, Company Secretary of Applicant company in company Application 30 of 2004 filed on 3rd day of March 2004, and the *Hitavada*, Nagpur Edition dt. 25/04/2004, the affidavit of Basantlal S/O Jagbandhanram Shaw filed 11th day of May, 2004 showing the publication of notices convening said meeting dated 15/06/2004 as to the result of said meeting, the further order of this court dated 17/12/2004 in Misc. Company Application No. 95 of 2004 permitting the Petitioner Company to hold the adjourned meeting jointly on 20/1/2005 for consideration of revised scheme approved by Corporate Debt Restructuring Cell as above, the report on affidavit of Basantlal S/O Jagbandhanram Shaw filed on 2nd February 2005 showing the individual serving of notices convening said meeting and as to the result of said meeting and upon hearing the advocates as mentioned above & it appearing from the report that the proposed compromise or arrangement has been approved with modifications by majority of not less than three-fourths in value of the creditors present and voting in person or by proxy.
4. Accordingly, the said scheme at Annexure-E with Company Petition is confirmed with substitution of word "as per SEBI guidelines" as mentioned above. The order of this court shall come into effect after 30 days of filing of its certified copy with Register of Companies.
5. Thus, this Court hereby sanctions the compromise & arrangement set forth in paragraph 21 of the Company Petition No. 1/2005 read Annexure - E therewith with correction/modification as stated above and hereby declares the same to be binding on all Secured Term Debt Creditors and Secured Working Capital Creditors & applicant Company itself.
6. That the parties to the compromise & arrangement or other persons interested shall be at liberty to apply to this Court for the directions that may be necessary in regard to the working of the compromise or arrangement, and that the said company do file with the Registrar of Companies a certified copy of this order within 14 days from this date.

### **Schedule**

Annexure-E with Company Petition at its pages 161 to 190 with correction that at its page 182 (internal page 22 of final scheme) in Part-D dealing with "restructuring the existing debts and working capital loans and their terms and conditions" in portion with sub head "optionally convertible cumulative preference shares" at page 182 in clause (iv) last two words i.e. "at par" are to be replaced and read as "as per SEBI guidelines".

Judge

\* \* \*

**COPY OF THE ORDER OF THE HIGH COURT OF JUDICATURE AT BOMBAY**  
**NAGPUR BENCH : NAGPUR**  
**Company Application No. 1039 of 2009**  
**IN**  
**Company Petition No. 7 of 2009**  
**IN**  
**Company Application No. 45 of 2009**  
**(Jayaswal Neco Industries Ltd.)**

Mr. Anjan De, Adv., for the petitioner.

CORAM : A. H. JOSHI, J.

DATE : 13<sup>th</sup> November, 2009.

1. Heard learned Adv. Mr. Anjan De for the petitioner.
2. Application is allowed
3. Instead of effecting corrections at many places, the order dated 6<sup>th</sup> November, 2009 passed by this court is recalled, and instead, another order is passed today.

Judge

**COPY OF THE ORDER OF THE HIGH COURT OF JUDICATURE AT BOMBAY**  
**NAGPUR BENCH : NAGPUR**  
**Company Petition No. 7 of 2009**  
**IN**  
**Company Application No. 45 of 2009**  
**In the matter of Scheme of Arrangement**  
**Between**  
**Inertia Iron & Steel Industries Pvt. Ltd.**  
**And**  
**Jayaswal Neco Industries Ltd.**  
**And**  
**Their respective shareholders**

Mr. Anjan De, Adv., for the petitioner.

Mr. S.K. Mishra, Asstt. Solicitor General for  
Regional Director, Western Region, Ministry of  
Corporate Affairs, Govt. of India.

CORAM : A. H. JOSHI, J.

DATE : 13<sup>th</sup> November, 2009.

1. This is a petition by Jayaswal Neco Industries Ltd., praying for sanction of the scheme of arrangement for merger annexed to the petition as Annexure 4, whereby the transferor company will be merged along with its assets and liabilities with that of Jayaswal Neco Industries Ltd.
2. Heard. Perused the petition and annexures thereto, so also the affidavit filed by Shri Arbind Jayaswal, Managing Director of the transferee company.
3. It is seen that the Regional Director, Western Region, Ministry of Corporate Affairs, Govt. of India, has no objection to merger with a rider that the accounting of amalgamation shall be done as per the purchase method prescribed.



4. It is also seen that the statutory requirements for amalgamation have been carried out. The creditors or shareholders have no objection to the merger. This court is satisfied that the merger would be in the interest of the transferee and transferor companies and all concerned.
5. The certified copy of this order be filed with the Registrar of Companies within 14 days from the date of receipt of copy of this order.
6. This court hereby sanctions the arrangement. The Company Petition is, therefore, allowed in terms of Prayer Clauses (a) and (b) of para 24.
7. A copy of Scheme of arrangement as sanctioned by the Court and duly signed by Adv. Mr. Anjan De, is annexed to this order, which is marked as 'X' for identification.

Judge

“X”

**SCHEME OF ARRANGEMENT BETWEEN  
INERTIA IRON AND STEEL INDUSTRIES PRIVATE LIMITED  
(TRANSFEROR COMPANY)  
AND  
JAYASWAL NECO INDUSTRIES LIMITED  
(TRANSFEE COMPANY)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**1. DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context

- 1.1 “Act” or “The Act” means the Companies Act, 1956 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.2 “Aggregate Face Value” is the product of (a) total number of fully paid up equity shares proposed to be issued by the Transferee Company to the shareholders of the Transferor Company and (b) face value of each share.
- 1.3 “Appointed Date” means 31/03/2008 (Thirty First day of March Two Thousand and Eight).
- 1.4 “Amalgamation” shall mean the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in accordance with the Scheme.
- 1.5 “Amalgamated Company” or the “Transferee Company” means JAYASWAL NECO INDUSTRIES LIMITED, (Company Identification Number L28920MH1972PLC016154) a Company incorporated on 28/11/1972 (Twenty Eighth November Nineteen Seventy Two) under the Companies Act, 1956 having its Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur- 440 016.
- 1.6 “Coming into Force of the Scheme” shall mean the Coming into Force of the Scheme in all respects on the Effective Date with effect from the Appointed Date.
- 1.7 “Consideration” for the Amalgamation of the Transferor Company with the Transferee Company shall be equal to the Net Asset Value and also the value obtained by multiplying the Number of Shares ought to be issued by the Transferee Company to Eligible Shareholders and the Fair Value of each Share in the Transferee Company determined for the purpose of arriving at the Share Exchange Ratio.
- 1.8 “Contingent Liability” shall mean any claim for Compound Interest from Banks and Financial Institutions in relation to the Corporate Debt Restructuring Scheme (CDR Scheme) of the Transferee Company, not recognized by the Company as a debt as on the Appointed Date.
- 1.9 “Current Financial Year” shall mean the Financial Year commencing from the 1st day of April 2008.

- 1.10 “Effective Date” means the last of the dates on which certified copy of the order(s) of the High Court sanctioning the Scheme is filed with the Registrar by the Transferor and Transferee Company.
- 1.11 “Eligible Shareholders” shall mean Shareholders of the Transferor Company who are entitled to receive Shares of Transferee Company under this Scheme or their duly constituted attorneys whose names are found on the Register of Members in the Transferor Company on the Record Date.
- 1.12 “High Court” shall mean the Judicature of High Court at Bombay, Nagpur Bench, Nagpur.
- 1.13 “Listing Agreement” shall mean either of or both the Agreements signed by the Transferee Company with the Stock Exchanges containing the terms and conditions subject to which the Shares and other Securities of the Transferee Company have been listed.
- 1.14 “Net Asset Value” shall mean the value at which the fixed assets, whether movable, immovable or intangible assets including the value of all current assets and deducting from there the value of all indebtedness including current liabilities at their respective values as appearing in the books of account immediately before Merger at which they are carried to the books of the Transferee Company.
- 1.15 “Record Date” for the purposes of determining the Eligible Shareholders of the Transferor Company who are entitled to receive the Shares of the Transferee Company in exchange for the Shares they hold as on that date in the Transferor Company shall be the date determined for this purpose by the Board of Directors of the Transferee Company.
- 1.16 “Registrar” shall mean the Registrar of Companies of the State in which the Registered Office of the Transferor Company is situated.
- 1.17 “Shares”, unless otherwise referred to shall mean Equity Shares.
- 1.18 “Scheme” or “the Scheme” or “this Scheme” means this Scheme of Arrangement, subject to modifications, if any, approved or imposed or directed by the High Court.
- 1.19 “Scheme of Incentives” means sales tax incentives under the Scheme of Incentives announced pursuant to the Notification No. A-3-14-92-ST-V (50) dated 3rd June, 1993, issued by the erstwhile Government of Madhya Pradesh under the Madhya Pradesh General Sales Tax Act, 1958, as amended from time to time by the erstwhile Government of Madhya Pradesh and / or Government of Chhattisgarh.
- 1.20 “Stock Exchanges” when collectively referred to shall mean the two premier Stock Exchanges in India viz., Bombay Stock Exchange, Limited and the National Stock Exchange of India Limited.
- 1.21 “Amalgamating Company” or “Transferor Company” means INERTIA IRON AND STEEL INDUSTRIES PRIVATE LIMITED, (Company Identification Number U27100MH2004PTC150058) a Company incorporated on 16/12/2004 (Sixteenth December Two Thousand Four) under the Companies Act, 1956 having its Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur- 440 016.
- 1.22 “The Undertaking of Transferor Company” shall mean and include
- a. the entire business, all the assets, rights, licenses, and properties of the Transferor Company.
  - b. all the debts, liabilities, duties and obligations of whatsoever kind of the Transferor Company including but not limited to the liabilities as appearing in its Audited Balance Sheet as on 31/03/2008.  
  
Provided that to the extent that there are any loans, outstanding dues or balances due from the Transferor Company to the Transferee Company or vice versa, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company.
  - c. Without prejudice to the generality of the sub-clause (a) above, the undertaking of the Transferor Company shall include all the movable and immovable assets, both tangible and intangible properties, land, buildings, plant and machinery,

equipments, tools, components, spare parts, jigs, lathes, electrical fittings, generators, windmills, capital work in progress, furniture and fixtures, computers, vehicles, letters of intent, industrial and other licenses, leases, tenancy and other rights, approvals, consents, powers, entitlements, permits, authorizations, quotas, trademarks, copyrights, logos, symbols, trade descriptions, goodwill, patents, intellectual property rights, designs and drawings, trade secrets, industrial property rights, easements, advantages, benefits, approvals, rights and benefits of all agreements, schemes, consents and other interests, investments in shares and securities, authorised capital being right to issue shares for which valuable registration fee has been already paid to the Registrar of Companies, inventories, raw materials, stock in trade, work-in-progress, finished goods, equipments, goods in transit, advances of all kinds, deposits, book debts, receivable, outstanding monies, recoverable claims, agreements, arrangements, provisions and reserves, quotas, incentives, including without any limitation, privileges, liberties, rights and powers of all kinds, nature and description whatsoever in any manner owned by, in relation to or connected with the Transferor Company.

## **2. BACKGROUND**

2.1 The Scheme of Arrangement, inter alia, envisages Amalgamation of Transferor Company with Transferee Company and transfer and vesting the Undertaking of the Transferor Company in the Transferee Company.

2.2 The Transferor Company is carrying on the business of manufacturing of Sinter, Steel Billets and its Rolling. The Transferor Company has two Industrial Units with an annual capacity of 800000 MT of Sinter, 260000 MT of Steel Billets, 150000 MT of Bar Mill / Rolling Mill. Further the Transferor Company has also set up Vacuum Degassing (VD) facilities for production of High Value Added Alloy Steel Billets from the Steel Melt Shop. The Transferor Company is establishing 250000 Tons (annual capacity) of Wire Rod Mill.

2.3 The Transferee Company is engaged in the business of production of Pig Iron, Sponge Iron, Cast Iron and Steel Castings required for Automotive, Engineering, Construction and other applications. It gets manufactured Billets and rolled Steel Products from the assets owned by the Transferor Company and taken on Lease by it. The Transferee Company has an annual capacity of 550000 MT of Pig Iron, 205000 MT of Iron and Steel Castings of its own and 255000 MT of Sponge Iron and 260000 MT of Billets manufacturing capacities on leasing basis. Further, the Company also has Coal Mining blocks for captive use. The Company has 15.5 MW Blast Furnace Gas based power generation facilities for meeting a part of its own power requirements. In the immediately preceding Financial Year, the Transferee Company has shown very good prospects. However the Transferee Company has accumulated losses and unabsorbed depreciation arising from operations in the years previous to those Financial Years. Apart from physical resources the Transferee Company has valuable human resources and systems.

2.4 By virtue of sub-clause 1 of Clause III(A) of the Memorandum of Association, the Transferee Company is, inter alia, entitled to carry on the following industrial activities which are the present activities of the Transferor Company also:

"To manufacture, get manufactured from others, buy, sell, exchange, export, import, machine and generally deal in various items of Iron and Steel and its Products, iron and steel castings, forgings, of all kinds required by various Industries and to carry on the business of Iron-founders, Mechanical Engineers, Manufacturers of Machinery and implements of all kinds, Tool-makers, Brass founders, metal-workers, Boiler-makers, Mill-wrights, Iron & Steel converters, Smiths, and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in implements, machinery, rolling stock and hardware of all kinds."

2.5 Clause 25 of the Objects Clause III (B) of the Transferor Company enables Amalgamation and it reads as under:

"To sell, dispose off or transfer the business property and undertaking of the company or any part thereof for any consideration which the company may deem fit, to accept and in particular for shares, debentures, debenture stock, bonds, or securities of any

other company, or companies for the purpose of its or their acquiring all or any of the property, rights or liabilities of this company.”

### **3. SHARE CAPITAL AND FINANCIAL POSITION OF COMPANIES**

- 3.1 The Authorized Share Capital of the Transferor Company as per Audited Balance Sheet as at 31/03/2008 is Rs.16,00,00,000/- (Rupees Sixteen Crores Only) divided into 1,60,00,000 (One Crore Sixty Lakhs Only) Equity Shares of Rs.10/- each (Rupees Ten Only). The Issued, Subscribed and Paid-up Capital of the Transferor Company as at 31/03/2008 is Rs.15,78,90,400/- (Rupees Fifteen Crores Seventy Eight Lakhs Ninety Thousands and Four Hundred only) divided in to 1,57,89,040 (One Crore Fifty Seven Lakhs Eighty Nine Thousands and Forty) Equity Shares of Rs.10/- each.(Rupees Ten Only).
- 3.2 The Authorized Share Capital of the Transferee Company as per the Balance Sheet as at 31/03/2008 is Rs.175,00,00,000/- (Rupees One Hundred and Seventy Five Crores Only) comprising of Equity Share Capital of Rs.115,00,00,000/-(Rupees One Hundred and Fifteen Crores Only) divided into 11,50,00,000 (Eleven Crores and Fifty Lakhs) Equity Shares of Rs.10/- each and Preference Share Capital of Rs.60,00,00,000/- (Rupees Sixty Crores Only) divided into 60,00,000 (Sixty Lakhs) Preference Shares of Rs.100/- (Rupees One Hundred Only) each. The Issued and Subscribed Capital of the Transferee Company as per the Balance Sheet as at 31/03/2008 is Rs.162,38,77,480/- comprising of Equity Share Capital of Rs.112,88,40,480/- (Rupees One Hundred and Twelve Crores Eighty Eight Lakhs and Forty Thousand Four Hundred and Eighty Only) divided into 11,28,84,048 (Eleven Crores Twenty Eight Lakhs Eighty Four Thousand and Forty Eight) Equity Shares of Rs.10/- (Rupees Ten Only) each, 0.001% Cumulative Redeemable Preference Share Capital of Rs.20,63,38,500/- (Rupees Twenty Crores Sixty Three Lakhs Thirty Eight Thousand and Five Hundred only) divided into 20,63,385 (Twenty Lakhs Sixty Three Thousand Three Hundred and Eighty Five) 0.001% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each and 10% Optionally Convertible Cumulative Redeemable Preference Share Capital of Rs.28,86,98,500/- (Rupees Twenty Eight Crores Eighty Six Lakhs Ninety Eight Thousand and Five Hundred only) divided in to 28,86,985 (Twenty Eight Lakhs Eighty Six Thousand Nine Hundred and Eighty Five) 10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each. The Paid up Capital of the Transferee Company is Rs.162,38,04,980/- (Rupees One Hundred Sixty Two Crores Thirty Eight Lakhs Four Thousand Nine Hundred and Eighty only) comprising of Equity Share Capital of Rs.112,87,67,980 (Rupees One Hundred and Twelve Crores Eighty Seven Lakhs sixty Seven Thousand and Nine Hundred and Eighty only) net of calls in arrears amounting to Rs. 72,500 (Seventy Two thousand and Five Hundred) divided into 11,28,84,048 Equity Shares of Rs.10/-(Ten Only) each, 0.001% Cumulative Redeemable Preference Share Capital of Rs.20,63,38,500/- (Rupees Twenty Crores Sixty Three Lakhs Thirty Eight Thousand and Five Hundred Only) divided in to 20,63,385 (Twenty Lakhs Sixty Three Thousand and Three Hundred Eighty Five) 0.001% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each and 10% Optionally Convertible Cumulative Redeemable Preference Share Capital of Rs.28,86,98,500/- (Rupees Twenty Eight Crores Eighty Six Lakhs Ninety Eight Thousand Five Hundred Only) divided in to 28,86,985 (Twenty Eight Lakhs Eighty Six Thousand Nine Hundred and Eighty Five) 10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each.
- 3.3 The Turnover of the Transferor Company for the Financial Year ended 31/03/2008 was Rs. 3180.37 Lakhs. The Transferor Company has made a post tax profit of Rs.522.76 Lakhs in the year ended 31/03/2008.
- 3.4 The Turnover of the Transferee Company for the Financial Year ended 31/03/2008 was Rs. 170480.38 Lakhs. The Transferee Company has made a post tax profit of Rs. 8619.65 Lakhs in the year ended 31/03/2008.

### **4. SPECIFIC BENEFITS OF THE SCHEME OF ARRANGEMENT**

- 4.1 As regards the Amalgamation:

- a. The Amalgamation would enable Amalgamated Entity to position itself in a better way with improved size and impressive product range. The Amalgamation would make the Amalgamated Entity into a company with huge and valuable resources at its disposal and make it a huge integrated steel plant.
- b. The manufacturing operations presently carried on by the Transferor Company fall under the same segment of activities carried on by the Transferee Company and the Amalgamation will bring a lot of synergy in the operations. Operational synergy implies optimum utilization of valuable resources, cutting of costs and greater value for the enterprise, which would be more than a mere aggregation of values of the independent enterprises.
- c. The Amalgamation would enable proper positioning of technical and skilled manpower and manage the requirements in a better way at reduced cost.
- d. Operational integration, co-ordination, synchronization and planning will improve the overall performance. Operational synergy will lead to time and cost saving also.
- e. The Amalgamation would result in increased operational efficiency, better utilization of the pooled administrative, managerial and financial resources by one large company.
- f. The Amalgamation would enable the Amalgamated Entity to fulfil a substantial part of its commitment to the Government of Chattisgarh to make industrial investment under the Scheme of Incentives.
- g. As a whole, the Amalgamation will be in the best interests of all the stakeholders, Equity Shareholders, Preference Shareholders, Secured and other creditors, Employees and everyone having dealings in the course of trade with the Companies.

4.2 As regards other components of the Scheme:

- 4.2.1 The Scheme contains in-built provisions to restructure the financial position of the Transferee Company post sanction of the Scheme.
- 4.2.2 The Scheme intends to bring into force automatic increase in the authorized capital of the Transferee Company to the extent of the capital of the Transferor Company and to the extent possible create general reserves and to write off certain items in the asset side of the Balance Sheet against such reserves so that post sanction Balance Sheet of the Transferee Company removes all items that are not represented by tangible assets.

## **5. TRANSFER AND VESTING OF THE UNDERTAKINGS AND OTHER COMPONENTS OF THE SCHEME OF ARRANGEMENT**

### **SECTION I**

- 5.1 Upon the Coming into Force of the Scheme, the entire Undertaking of the Transferor Company shall, without any further act, deed or order be transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company in accordance with this scheme in pursuance of Section 394 of the Act. Consequently the Undertaking of the Transferor Company shall become as an integral and indivisible part of the Transferee Company.
- 5.2 Without prejudice to the above Clause, the movable assets forming part of Undertaking of the Transferor Company shall be transferred by it to the Transferee Company by physical delivery or by endorsement and delivery and the transfer and vesting of the movable assets in the Transferee Company shall be by virtue of the order of sanction of the High Court under the provisions of Section 394 of the Act.
- 5.3 All Assets other than movable assets comprised in the Undertaking of the Transferor Company shall, under the provisions of Section 394 of the Act, by virtue of the order of sanction of the High Court, subject to payment of applicable stamp duty, if any, without any further act, instrument or deed, be transferred to and vested in and / or be deemed to be transferred to and vested in the Transferee Company with effect from the Appointed Date.
- 5.4 Upon the Coming into Force of the Scheme, without any further act, deed or thing, all intellectual and intangible properties forming part of the Undertaking of the Transferor

Company shall, ipso facto, become transferred and vested in the Transferee Company and the Scheme shall operate as an Assignment in favour of the Transferee Company in all respects for all the goodwill, trademarks, copyrights, blue prints, lay outs, circuits, industrial designs, patents, patentable processes, product developments in various stages, technology, designs and drawings, manuals and all intangible properties.

- 5.5 All the liabilities comprised in the Undertaking of the Transferor Company shall also be and stand transferred to or be deemed to have been transferred, without any further act, instrument or deed, to the Transferee Company, pursuant to the provisions of Section 394 and other applicable provisions of the said Act so as to become as and from the Appointed Date, the debts, liabilities, duties, undertakings and obligations of the Transferee Company and further that it shall not be necessary to obtain any further 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.
- 5.6 Upon the Coming into Force of the Scheme, the entire Undertaking of the Transferor Company shall become part and parcel of the undertaking of the Transferee Company such that all assets, liabilities, advantages, benefits, incentives, rights and obligations pertaining to the Undertaking of the Transferor Company shall be the assets, liabilities, advantages, benefits, incentives, rights and obligations of the Transferee Company. Provided however merely by reason of the sanction of this Scheme, no claim or liability which has not been acknowledged or which has been in dispute shall be deemed to have been accepted or agreed upon by the Transferee Company. Thus the Scheme does not purport to alter the nature or status or enforceability or validity of claims of any third party against the Transferor Company.
- 5.7 Upon the Coming into Force of the Scheme, all claims, applications and petitions of the Transferor Company will continue to be pursued without any filing or recording whatsoever as if the Transferee Company were to be the claimant, applicant or petitioner as the case may be and wherever the Transferor Company are a party, without any further act, deed or thing, in pursuance of the Scheme, the Transferee Company shall, ipso facto, become the party in the same respect in which the Transferor Company were placed immediately before the coming into force of this Scheme.

## **SECTION II**

- 5.8 The Transferee Company is presently entitled to sales tax incentives under the Scheme of Incentives announced pursuant to the Notification No. A-3-14-92-ST-V(50) dated 3rd June, 1993, issued by the erstwhile Government of Madhya Pradesh under the Madhya Pradesh General Sales Tax Act, 1958, as amended from time to time by the erstwhile Government of Madhya Pradesh and / or Government of Chhattisgarh. The Scheme of Incentives confers upon the Transferee Company subject to the provisions contained in the said Notifications and the Act, the benefits of exemption from payment of sales tax, purchase tax, Entry Tax and other levies there under.
- 5.9 The Transferee Company has already acquired and is in the possession of the assets of Transferor Company on lease basis. Under the Scheme of Incentives notified under Notification No. (50) dated 3rd June 1993, specified investment period whereof has been extended from time to time, the lease rent paid during the period of eligibility of investment or the value of the assets so acquired by the Lessor (Transferor Company) which ever is less, is permissible for the purpose of computation of the cumulative investment under the said scheme. Accordingly, upon the Coming into Force of the Scheme, the value of leased assets shall be reduced by the lease rent paid by the Transferee Company to the Transferor Company until the Effective Date.
- 5.10 Upon the Coming into Force of the Scheme, the Transferee Company shall continue to be bound by and entitled to all obligations and benefits under the Scheme of Incentives as before with respect to the transfer of the undertaking(s) of the Transferor Company under this Scheme.
- 5.11 The transfer and vesting of the undertaking of the Transferor Company under this Scheme shall not in any way affect the entitlements of the Transferee Company under the said Scheme of Incentives and upon the Coming into Force of the Scheme, without

any further act, deed, thing, the investments in fixed assets made by the Transferor Company in its undertaking transferred and vested in the Transferee Company under this Scheme shall, ipso facto, form a part of the investment obligations the Transferee Company had undertaken under the said Scheme of Incentives and shall be treated accordingly. The Transferee Company shall be entitled to avail the incentives with respect to the investments made by the Transferor Company in its industrial undertakings transferred and vested in the Transferee Company under this Scheme as also the sales turnover attributable to such transferred investments in fixed assets.

### **SECTION III**

- 5.12 Upon the Coming into Force of the Scheme, any loans or other obligations due between or amongst the Transferor Company and the Transferee Company, if any, shall stand discharged and there shall be no liability in this behalf by or from one company to another company.
- 5.13 The Transferee Company may at any time after the coming into force of the Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmations in favour of Secured Creditors of the Transferor Company or in favour of any other party to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall be deemed to have been authorised by the Transferor Company to execute any such writings on behalf of those companies in order to implement effectively and to carry out all such formalities or compliances in order to secure fully and effectively the objectives of the Scheme.

### **SECTION IV**

- 5.14 Upon the Coming into Force of the Scheme, with effect from the Date of Coming into Force of the Scheme, the Authorized Share Capital of the Transferor Company shall stand merged with and added to the Authorized Share Capital of the Transferee Company without any further act, deed, thing or payment of fee for registration of such increase in the authorized capital in the name of Transferee Company.
- 5.15 Upon the coming into force of the Scheme, the Transferee Company shall issue to Eligible Shareholders its fully paid shares in accordance with the provisions of this Scheme for a value equal to the Consideration.
- 5.16 Upon the Coming into Force of the Scheme, the excess of Consideration over the Aggregate Face Value shall be credited to the General Reserves Account of the Transferee Company and such reserves shall be Free Reserves and shall be available for being used up accordingly.
- 5.17 Upon the Coming into Force of the Scheme, the Equity Shares liable to be issued by Transferee Company under the Scheme shall be, as early as may be possible, listed in all the recognized Stock Exchanges in which the Shares of the Transferee Company are listed as on the Effective Date.

### **SECTION V**

- 5.18 The Accumulated Losses and Unabsorbed Depreciation in the books of the Transferee Company as on the Date of Coming into Force of the Scheme shall, to the extent of the Amalgamation Reserves existing in the books of the Resulting Company, be adjusted against such reserve and balance if any shall be adjusted against the general reserves arising under the Scheme.
- 5.19 Upon Coming into Force of the Scheme, a sum equivalent to the amount required for redemption of (a) 20,63,385 (Twenty Lakhs Sixty Three Thousand and Three Hundred Eighty Five), 0.001% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each and (b) 28,86,985 (Twenty Eight Lakhs Eighty Six Thousand Nine Hundred and Eighty Five) 10% Optionally Convertible Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred only) each together with liability for paying the applicable accumulated dividend including redemption premium, if any, shall be drawn from the Free Reserves of the Transferee Company and utilized accordingly for the purpose of redemption of those shares in that manner.
- 5.20 A sum equivalent to the aggregate of all costs, charges, duties, taxes, legal and other fees and all expenses incidental and ancillary thereto in connection with the

preparation, sanction and implementation of the Scheme, upon Coming into Force of the Scheme, notwithstanding anything contained in the Companies Act, 1956, shall be drawn from the Free Reserves of the Transferee Company and credited to the profit and loss account of the year in which such cost has been charged to the profits of the Transferee Company.

- 5.21 A sum equivalent to the aggregate of all costs, charges and amounts spent towards payment of penal charges and compound interest, amount of recompense and other liabilities, levies and all such payables until Effective Date, in relation to exit of the Transferee Company from the CDR Scheme, whether provided for or not in the books of account of the Transferee Company as on the Appointed Date, upon Coming into Force of the Scheme, notwithstanding anything contained in the Companies Act, 1956, shall be drawn from the Free Reserves of the Transferee Company and credited to the profit and loss account of the year in which such cost has been charged to the profits of the Transferee Company.
- 5.22 Prior to Effective Date, if the Contingent Liability shall crystallize into an accepted liability of the Transferor Company and Transferee Company, a sum equal to such Contingent Liability, upon Coming into Force of the Scheme, notwithstanding anything contained in the Companies Act, 1956, shall be drawn from the Free Reserves of the Transferee Company and credited to the profit and loss account of the year in which such cost has been charged to the profits of the Transferee Company.

## **SECTION VI**

- 5.23 Without prejudice to the generality of the above and upon the coming into Force of the Scheme, all assets, properties, rights, entitlements, benefits, liabilities, contingent liabilities, and obligations pertaining to Undertaking hereby transferred to and vested in the Transferee Company, shall belong to and be owned, controlled and managed by the Transferee Company, together with charges and encumbrances, if any, thereon.
- 5.24 Where for any reasons any part of the Scheme is not sanctioned or gets sanctioned with modifications, if any, the Scheme shall be construed accordingly and only that part of the Scheme that is not sanctioned shall not apply and other parts shall be construed, given effect and implemented accordingly after giving due effect in all respects to the part that has not been sanctioned and to the part that has been modified.
- 5.25 The above provisions shall have effect notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

## **6. LEGAL PROCEEDINGS, CONTRACTS, DEEDS, BONDS, SCHEMES AND OTHER INSTRUMENTS**

- 6.1 No suit, writ, petition, appeal, revision or other proceedings of whatever nature other than in the ordinary course of business was or is pending adjudication by or against the Transferor Company or Transferee Company. Save as aforesaid, if there shall commence any such proceedings by or against the Transferor Company, upon coming into force of the scheme, such proceedings shall not in any way be prejudicially affected solely by reason of the transfer and vesting of the undertaking of the Transferor Company or of anything contained in the Scheme; such proceedings shall continue and be capable of being fully and effectively by or against the Transferee Company in the same manner and to the same extent as if such proceedings were by or against the Transferee Company.
- 6.2 All legal, taxation or other proceedings, whether civil or criminal (including proceedings before any statutory or quasi-judicial authority or Tribunal) by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, shall be continued and enforced by or against the Transferee Company after the Effective Date. Provided further for instituting or defending any suit by or against the Transferor Company after the date on which the Board of Directors of Transferee Company approves the Scheme, no action or filing or representation shall be made or done unless such action has the previous consent of the Transferee Company.



- 6.3 Subject to other provisions contained in this Scheme, all contracts, arrangements, deeds, bonds, agreements, instruments, writings and benefits of whatsoever nature to which the Transferor Company is a party subsisting or having effect immediately before the Effective Date, subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed to between the Transferee Company and other parties thereto, shall remain in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by and/or against the Transferee Company as fully and effectively as if the Transferee Company was party thereto instead of Transferor Company.
- 6.4 The effect of any contracts or arrangements if any between the Transferor Company and the Transferee Company shall stand cancelled. Any amount due from one company to other shall be adjusted accordingly.
- 6.5 Upon the coming into force of the Scheme, the Transferee Company alone shall be liable to perform all obligations including export obligations, guarantees and meet all valid legal and enforceable debts, liabilities and claims including contingent liabilities which have been transferred to and vested in the Transferee Company in terms of the Scheme, and the Transferor Company shall not have any obligations in respect of those liabilities and contingent liabilities.
- 6.6 Transferee Company shall, at all times, keep the Transferor Company harmless and indemnified in relation to any claim, at any time, which might arise against them.

## **7. POSITION AS TO CHARGES**

The transfer and vesting of the Undertaking of the Transferor Company under the Scheme shall be subject to existing subsisting charges, encumbrances, mortgages upon the respective properties comprised in the Undertaking of the Transferor Company.

Provided however, that any reference to the properties of the Transferor Company which they have offered or agreed to offer as security for any financial assistance or obligations, to any of their secured creditors, shall be construed as reference only to those properties pertaining to Undertaking of the Transferor Company as is vested in the Transferee Company by virtue of the Scheme, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend, to any other properties of the Transferee Company. Provided further that the holders of the subsisting charges upon the properties of the Transferee Company shall not be entitled to any charge upon the properties comprised in the Undertaking of the Transferor Company being transferred to and vested in the Transferee Company by virtue of the Scheme, merely by reason of such vesting. Save as aforesaid, the Scheme does not envisage any modification to the extent or operation or scope of any of the subsisting charges upon the properties of the undertaking whereby status quo gets maintained as a result of the Scheme.

## **8. ACCOUNTING POLICY RELATING TO AMALGAMATION**

- 8.1 The accounting of the Amalgamation under this scheme shall be carried out in accordance with the Generally Accepted Accounting Principles as are prevailing in India. Save as expressly stated in the Scheme, the Accounting of the Amalgamation shall be done as per Purchase Method prescribed in the Accounting Standard 14.
- 8.2 Fixed Assets, immovable properties and Intangible Properties of the Transferor Company forming part of the Undertaking of the Transferor Company shall be carried to the books of account of the Transferee Company at their fair market value duly arrived at in accordance with generally accepted methods of valuation on a going concern basis.
- 8.3 Upon Coming into Force of the Scheme, all other assets and liabilities forming part of the Undertaking of the Transferor Company shall stand transferred and vested in to the Transferee Company and carried to the books of the Transferee Company at the same values at which they appear in the books of the Transferor Company (at historical cost less depreciation) as at the Appointed Date.
- 8.4 Upon Coming into Force of the Scheme, the excess of Consideration over the Aggregate Face Value shall be credited to the General Reserves Account of the

Transferee Company and such reserves shall be Free Reserves and shall be available for being used up accordingly.

- 8.5 Accumulated Losses and Unabsorbed Depreciation in the books of the Transferee Company as at the Appointed Date shall be adjusted against the existing Amalgamation Reserves in the books of the Transferee Company and the balance if any shall be adjusted against the general reserves arising under the Scheme.
- 8.6 In case of any differences in the accounting policy between the Companies, the impact of the same will be quantified and adjusted in the revenue reserves to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 8.7 Notwithstanding anything stated above, in case of a need for clarification or adjustment, the Transferee Company, in consultation with its statutory auditors, resolve accounting issues, if any, in the best interests of the company.

**9. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES RELATING TO AMALGAMATION**

- 9.1 Immediately on the Scheme coming into force, the services of all the Employees workmen and staff of the Transferor Company shall be transferred to the Transferee Company and they shall be entitled to all the benefits and privileges from the Transferee Company as are admissible to the employees of the Transferee Company. It is declared that the coming into force of the scheme shall not be construed to affect the length of service of any person and the terms and conditions of service applicable to such employee and after coming into force of this Scheme, the terms offered to such employee by the Transferee Company shall not in any way be less favourable to him than those to which he was entitled immediately before the transfer.
- 9.2 It is expressly provided that as far as the Provident Fund, Gratuity Fund or any other Special Fund existing for the benefit of employees of the Transferor Company are concerned, upon the Scheme becoming finally effective, The Transferee Company shall stand substituted for the Transferor Company for all purposes related to administration or operation of such Schemes including obligations to make contributions to the said funds in accordance with the provisions of such schemes. It is the end and intent that all rights duties powers and obligations of the Transferor Company in relation to such funds shall become those of the Transferee Company. It is declared that the services of the employees of the Transferor Company shall be treated as having been continuous for the purpose of aforesaid funds or provisions.
- 9.3 Where an employee of the Transferor Company expresses in writing to the Board of Directors of the Transferee Company his unwillingness to continue in employment of the Transferee company within 60 days of upon the Coming into Force of the Scheme, he shall be entitled to such compensation and other benefits as may be applicable accordingly as per the applicable provisions of law as if his contract of service had come to an end pursuant to dissolution of the Transferor Company.

**10. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY TILL EFFECTIVE DATE**

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

- 10.1 The Transferor Company shall carry on and shall be deemed to carry on all its activities for and on account of and in trust for the Transferee Company. The "Transferee Company" is already possessed of and shall continue to be in possession of all the assets comprised in the Undertakings of the Transferor Company. The Transferor Company shall hold and stand possessed of all estates, assets, rights, licences, title, interest, authorities, contracts, investments and strategic decisions pertaining to the Undertakings for and on account of, and in trust for the Transferee Company.
- 10.2 All income or profit accruing to the Transferor Company and all expenses or losses incurred by it shall for all purposes be treated as income, profits, expenses and losses as the case may be of the Transferee Company.

- 10.3 The Transferor Company shall not, without the concurrence of the Board of Directors of the Transferee Company, alienate, charge, encumber or otherwise deal with the said undertaking or any part thereof except in the ordinary course of business.
- 10.4 Until the Effective Date, the Transferee Company shall not make any further issue of Shares or any other instrument convertible into Shares at a price or conversion price, as the case may be, which is below the price at which the Shares of the Transferee Company are intended to be issued to the Shareholders of the Transferor Company in pursuance of the Scheme.
- 10.5 The Transferor Company shall not without the written prior consent of the Transferee Company:
- i. undertake any new business;
  - ii. declare any dividend;
  - iii. issue any new shares by way of rights, bonus or otherwise.
  - iv. convert any options or other instruments convertible into shares.

## **11. POSITION OF AUTHORISED CAPITAL OF THE TRANSFEE COMPANY**

- 11.1 The Authorized Capital of the Transferee Company shall, upon the Scheme coming into force, ipso facto, without any further act, deed or thing or payment of any further filing fee or stamp duty for registration, stand increased by an amount equal to the authorized capital of the Transferor Company.
- 11.2 Upon the scheme becoming effective, the filing of the orders of the High Court together with the sanctioned scheme with the office of the Registrar shall be deemed to constitute all necessary compliances under various provisions of the Act in respect of the above increase in authorized capital of the Transferee Company.
- 11.3 The Transferee Company shall be entitled to mention at all appropriate places including all its financial statements and other papers, books, records, statements and all other records and wherever else required, the said increased authorized capital.

## **12. ISSUE OF SHARES BY THE TRANSFEE COMPANY TO ELIGIBLE SHAREHOLDERS OF TRANSFEROR COMPANY**

- 12.1 Upon the Coming into Force of the Scheme, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company, the Transferee Company shall, subject to the provisions of this Scheme and without any subscription, agreement, application, action or deed, issue and allot 64 (Sixty Four) fully paid Equity Shares of Rs.10/- each (Rupees Ten Only) to Eligible Shareholders of the Transferor Company credited as fully paid in the Capital of Transferee Company against every 10 (Ten) Equity Shares of Rs.10/- each held by them in Transferor Company.
- 12.2 For this purpose, the number of Shares of the Transferee Company ought to be issued to Eligible Shareholders has been arrived at by dividing the Consideration by the Fair Value of each Share in the Transferee Company.
- 12.3 For this purpose, the Fair Value of each Share in the capital of the Transferor Company and Transferee Company has been arrived at in accordance with prevailing norms for valuation of shares as a going concern.
- 12.4 In respect of fractional entitlements, the Board of Directors of the Transferee Company may nominate one of its Directors as the trustee to hold the fractional entitlements, who shall receive and hold all such shares in trust for those shareholders who are so entitled and shall sell those shares in the market and distribute proportionate amounts to them.
- 12.5 If necessary, the Transferee Company shall before allotment of Equity Shares in terms of the Scheme, increase its Authorised Share Capital by the creation of at least such number of Equity Shares of Rs. 10/- each as may be necessary to satisfy its obligations under the provisions of the Scheme.
- 12.6 The Equity Shares to be allotted as aforesaid, shall rank for dividend, voting and all other rights pari passu with the existing equity shares of the Transferee Company

provided that they shall not qualify for dividend declared in respect of the period prior to their allotment.

- 12.7 The Eligible Shareholders of Transferor Company shall surrender to the Transferee Company the share certificates for their shareholding in the Transferor Company for cancellation thereof and for issue of new shares in exchange by Transferee Company as per the Share Exchange Ratio. In case of default by the any of the Eligible Shareholders of the Transferor Company to surrender their shares as aforesaid, upon issue and allotment of new shares by the Transferee Company to the Eligible Shareholders of Transferor Company, the share certificates in relation to the shares held by them in the Transferor Company shall be deemed to have been cancelled.

### **13. DECLARATIONS**

- 13.1 The Companies are solvent with sufficient assets capable of meeting all their liabilities including contingent liabilities.
- 13.2 The Scheme does not include any Company or Undertaking that is not solvent.
- 13.3 No statement made in this Scheme shall merely as a result of the Scheme be construed to acknowledge any debt or liability of either of the Companies that has not already been acknowledged as debt.
- 13.4 The Scheme does not involve any compromise or arrangement with creditors of the Companies.
- 13.5 None of the Companies is under any investigation under any law for the time being in force.
- 13.6 The Scheme is subject to provisions of applicable laws and is further subject to consents, approvals and sanctions as stated hereunder.

### **14. APPLICATIONS TO HIGH COURT**

On this Scheme being approved by the respective Boards of the Companies, the Companies will, with reasonable dispatch, apply to the Judicature of High Court at Bombay, Nagpur Bench, Nagpur for sanctioning the Scheme, with modifications, if any, and for dissolution of the Transferor Company without winding up.

### **15. MODIFICATIONS / AMENDMENTS TO THE SCHEME**

- 15.1 The Board of Directors of respective Companies may agree to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court 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.
- 15.2 The Board of Directors of respective Companies is hereby authorized to do all acts, deeds and things to give such directions and/or to take such steps as may be necessary or desirable for the purpose of giving effect to this Scheme or to any modification thereof, including any directions for settling any question or doubt or difficulty whatsoever that may arise in relation to the Scheme.
- 15.3 No specific further approval of the shareholders of the respective Companies shall be needed, unless otherwise directed by the respective Judicature of High Court at Bombay, Nagpur Bench, Nagpur for giving effect to any technical or other such modifications that does not have any bearing to the scope, purpose and intent of the Scheme contained herein.

### **16. DISSOLUTION OF TRANSFEROR COMPANY WITHOUT WINDING-UP**

Upon this Scheme being sanctioned by the Judicature of High Court at Bombay, Nagpur Bench, Nagpur under Section 394 of the Act and on its becoming effective, the Transferor Company shall be dissolved without winding up with effect from the Appointed Date, or such other date as may be fixed by the High Court.

### **17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

The scheme is and shall be conditional upon and subject to:

- i. The pre-clearance of the Scheme by the Stock Exchanges.
- ii. The Scheme is subject to sanction by the Shareholders of respective Companies duly obtained in a general meeting of the Shareholders convened and conducted in accordance with the directions of the High Court of Bombay, Nagpur Bench, Nagpur.
- iii. The Scheme is subject to sanction and approval of the secured creditors of the respective Companies duly obtained in a meeting of the Secured Creditors convened and conducted in accordance with the directions of the High Court of Bombay, Nagpur Bench, Nagpur.
- iv. The sanction of the Scheme by the High Court of Bombay, Nagpur Bench, Nagpur under Sections 391 to 394 of the Companies Act, 1956 being obtained.
- v. Certified or authenticated copy of the Orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, Mumbai by the respective Companies.

**18. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the High Court at Bombay, Nagpur Bench, Nagpur and / or the Order or Orders not being passed as aforesaid, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

**19. EXPENSES CONNECTED WITH THE SCHEME**

All costs, charges, duties, taxes, legal and other fees and all expenses incidental and ancillary thereto of the Transferor Company and the Transferee Company incurred or liable to be incurred in relation to or in connection with or for giving effect to the Scheme and for ensuring complete implementation of the Scheme shall be borne and paid solely by the Transferee Company. For removal of doubts, it is hereby expressly declared that stamp duty and registration charges if applicable for anything in relation to Scheme or issue or transfer of shares thereof shall be borne solely by the Transferee Company only.

\* \* \*

**COPY OF THE ORDER OF THE HIGH COURT OF JUDICATURE AT BOMBAY**  
**NAGPUR BENCH : NAGPUR**  
**Company Application No. 1041 of 2009**  
**IN**  
**Company Petition No. 9 of 2009**  
**IN**  
**Company Application No. 57 of 2009**  
**(Jayaswal Neco Industries Ltd.)**

Mr. Anjan De, Adv., for the petitioner.

CORAM : A. H. JOSHI, J.

DATE : 13<sup>th</sup> November, 2009.

1. Heard learned Adv. Mr. Anjan De for the petitioner.
2. Application is allowed
3. Instead of effecting corrections at many places, the order dated 6<sup>th</sup> November, 2009 passed by this court is recalled, and instead, another order is passed today.

Judge

**COPY OF THE ORDER OF THE HIGH COURT OF JUDICATURE AT BOMBAY**  
**NAGPUR BENCH : NAGPUR**  
**Company Petition No. 9 of 2009**  
**IN**  
**Company Application No. 57 of 2009**  
**In the matter of Scheme of Arrangement**  
**Between**  
**Abhijeet Infrastructures Ltd.**  
**And**  
**Jayaswal Neco Industries Ltd.**  
**And**  
**Their respective shareholders and creditors.**

Mr. Anjan De, Adv., for the petitioner.

Mr. S.K. Mishra, Asstt. Solicitor General for  
Regional Director, Western Region, Ministry of  
Corporate Affairs, Govt. of India.

CORAM : A. H. JOSHI, J.

DATE : 13<sup>th</sup> November, 2009.

1. This is a petition by Jayaswal Neco Industries Ltd., praying for sanction of the scheme of arrangement for merger annexed to the petition as Annexure 4, whereby the demerged undertaking will be merged along with its assets & liabilities with that of Jayaswal Neco Industries Limited.
2. Heard. Perused the petition and annexures thereto, so also the affidavit filed by Shri Arbind Jayaswal, Managing Director of the transferee company.
3. It is seen that the Regional Director, Western Region, Ministry of Corporate Affairs, Govt. of India, has no objection to merger.
4. It is also seen that the statutory requirements for amalgamation have been carried out. The creditors or shareholders have no objection to the merger. This court is satisfied

that the merger would be in the interest of the transferee and transferor companies and all concerned.

5. The certified copy of this order be filed with the Registrar of Companies within 14 days from the date of receipt of copy of this order.
6. This court hereby sanctions the arrangement. The Company Petition is, therefore, allowed in terms of Prayer Clause (a) of para 26.
7. A copy of Scheme of arrangement as sanctioned by the Court and duly signed by Adv. Mr. Anjan De, is annexed to this order, which is marked as 'X' for identification.

Judge

“X”

**SCHEME OF ARRANGEMENT BETWEEN  
ABHIJEET INFRASTRUCTURE LIMITED  
(DEMERGED COMPANY)  
WITH  
JAYASWAL NECO INDUSTRIES LIMITED  
(RESULTING COMPANY)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**1. DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context

- 1.1 “Act” or “The Act” means the Companies Act, 1956 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.2 “Aggregate Face Value” is the product of (a) total number of fully paid up equity Shares proposed to be issued by the Resulting Company to the Shareholders of the Demerged Company and (b) face value of each Share.
- 1.3 “Appointed Date” means 01/04/2008 (First day of April Two thousand and Eight).
- 1.4 “Coming into Force of the Scheme” shall mean the Coming into Force of the Scheme in all respects on the Effective Date with effect from the Appointed Date.
- 1.5 “Consideration” for the Demerger of the Demerged Undertaking for being transferred to and vested in the Resulting Company shall be equal to the Net Asset Value and also the value obtained by multiplying the (a) Number of Shares ought to be issued by the Resulting Company to Eligible Shareholders and (b) the Fair Value of each Share in the Resulting Company determined for the purpose of arriving at the Share Exchange Ratio.
- 1.6 “Current Financial Year” shall mean the Financial Year commencing from the 1st day of April 2008.
- 1.7 “Demerged Company” shall mean ABHIJEET INFRASTRUCTURE LIMITED, (Company Identification Number U27108MH1984PLC033473) a Company incorporated on 19/07/1984 (Nineteenth July Nineteen Eighty Four) under the Companies Act, 1956 having its Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur- 440016.
- 1.8 “Demerger” shall mean the transfer of the “Demerged Undertakings” from the “Demerged Company” and vesting them in the Resulting Company in accordance with the Scheme.
- 1.9 “Demerged Undertakings” shall mean the “Sponge Iron Plant and Power Plant” of the “Demerged Company” and include all its industrial undertaking, business, activities, operations and infrastructure, tangible and intangible assets, rights, properties, all

movable and immovable assets, obligations, liabilities including contingent liabilities pertaining to its “Demerged Undertakings” on a going concern basis, and without prejudice to the generality of the foregoing, specifically includes the following:

- a. The whole of the fixed assets pertaining to the “Demerged Undertakings shown in the statement of assets and liabilities of “Demerged Company” as at 01/04/2008 which is enclosed as Schedule A.
  - b. All intangible properties, licences, approvals, benefits, incentives and rights pertaining to Demerged Undertakings, more fully described in Schedule - A1.
  - c. All that piece and parcel of the immovable properties being the land pertaining to the “Demerged Undertakings”, more specifically described in the enclosed Schedules A2, .
  - d. All records, files, papers, discs, data storing devices, data and documents pertaining to the “Demerged Undertakings”.
  - e. All stocks of present and future goods such as raw materials, semi finished goods, finished goods, stock in process including documents of title to the goods, outstanding moneys, receivables arising from sale of goods, receivables by way of cash assistance and / or incentives under various Incentive Schemes, claims including claims by way of refund of customs/excise duties under the duty drawback credit Scheme or any other Scheme, bills, invoices, documents, insurance policies, guarantees, engagements and rights pertaining to “Demerged Undertakings” as on the effective date; and
  - f. All employees engaged in or relating to “Demerged Undertakings” and its business, activities and operations as on the Effective Date.
- 1.10 “Effective Date” means the last of the dates on which certified copies of the order(s) of the High Court sanctioning the Scheme are filed with the Registrar by the respective Companies.
- 1.11 “Eligible Shareholders” shall mean the Shareholders of the Demerged Company whose names are found on the Register of Members of the Demerged Company on the Record Date or their duly constituted attorneys who are entitled to receive Shares of Resulting Company under this Scheme.
- 1.12 “High Court” shall mean the Judicature of High Court at Bombay, Nagpur Bench, Nagpur.
- 1.13 “Listing Agreement” shall mean either of or both the Agreements signed by the Resulting Company with the Stock Exchanges containing the terms and conditions subject to which the Shares and other Securities of the Resulting Company have been listed.
- 1.14 “Net Asset Value” shall mean the value of all the fixed assets, whether movable, immovable or intangible comprised in the Demerged Undertakings of the Demerged Company and of all the current assets duly deducting from there, the value of all indebtedness including current liabilities of the Demerged Undertakings of the Demerged Company at their respective values as appearing in the books of account of the Demerged Company at the commencement of the business hours on the Appointed Date, at which the said assets and indebtedness are carried to the books of account of the Resulting Company.
- 1.15 “Record Date” shall be the same as appointed Date as determined by the Board of Directors of the Resulting Company in its absolute discretion for the purpose of taking on record the names and particulars of the Eligible Shareholders.
- 1.16 “Registrar” shall mean the Registrar of Companies of the State in which the Registered Offices of the respective companies are situated.
- 1.17 “Shares”, unless otherwise referred to shall mean Equity Shares.
- 1.18 “Scheme” or “the Scheme” or “this Scheme” means this Scheme of Arrangement, subject to modifications, if any, approved or imposed or directed by the High Court.
- 1.19 “Scheme of Incentives” means sales tax incentives under the Scheme of Incentives announced pursuant to the Notification No. A-3-14-92-ST-V (50) dated 3rd June,



1993, issued by the erstwhile Government of Madhya Pradesh under the Madhya Pradesh General Sales Tax Act, 1958, as amended from time to time by the erstwhile Government of Madhya Pradesh and / or Government of Chhattisgarh.

- 1.20 “Stock Exchanges” when collectively referred to shall mean the two premier Stock Exchanges in India viz., Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
- 1.21 “Resulting Company” means JAYASWAL NECO INDUSTRIES LIMITED, (Company Identification Number L28920MH1972PLC016154) a Company incorporated on 28/11/1972 (Twenty Eighth November Nineteen Seventy Two) under the Companies Act, 1956 having its Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur- 440 016 and it shall be within the meaning of the said expression as understood under the provisions relating to Demerger under the Income Tax Act, 1961.

## **2. BACKGROUND**

- 2.1 The Scheme of Arrangement, inter alia, envisages Demerger of Demerged Undertakings of the “Demerged Company” and transfer and vesting the Demerged Undertakings in the Resulting Company.
- 2.2 The “Demerged Company” has set up a Sponge Iron Plant (DRI) of 350 TPD capacity and 15 MW Waste Heat Recovery based Power Plant established at Siltara Growth Centre, Raipur, Chhattisgarh.
- 2.3 The Resulting Company is engaged in the business of production of Pig Iron, Cast Iron and Steel Castings required for Automotive, Engineering, Construction and other applications. It gets manufactured sponge Iron, Billets and rolled Steel Products from the assets owned by the Demerged Company and taken on Lease by it. The Resulting Company has an annual capacity of 550000 MT of Pig Iron, 255000 MT of Sponge Iron, 205000 MT of Iron and Steel Castings and 260000 MT of Billets. Further, the Company also has Coal Mining blocks for captive use. The Company has 15.5 MW Blast Furnace Gas based power generation facilities for meeting a part of its own power requirements. In the immediately preceding Financial Year, the Resulting Company has shown very good prospects. However the Resulting Company has accumulated losses and unabsorbed depreciation arising from operations in the years previous to those Financial Years. Apart from physical resources the Resulting Company has valuable human resources and systems.
- 2.4 By virtue of Sub-clause 1 and 2 of Clause III (A) of the Memorandum of Association, the Resulting Company is, inter alia, entitled to carry on the following industrial activities:
1. To manufacture, get manufactured from others, buy , sell, exchange, export, import, machine and generally deal in various items of Iron and Steel and its Products, iron and steel castings, forgings, of all kinds required by various Industries and to carry on the business of Iron-founders, Mechanical Engineers, Manufacturers of Machinery and implements of all kinds, Tool-makers, Brass founders, metal-workers, Boiler-makers, Mill-wrights, Iron & Steel converters, Smiths, and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in implements, machinery, rolling stock and hardware of all kinds.
  2. To carry on in India or elsewhere the business of mining, exploring, extracting, generating, producing, processing, enriching, accumulating, recovering, selling, distributing and supplying all forms of conventional, non-conventional renewable and recoverable energy including but not related to electricity, coal, coke, fuels in any or every state for the purpose of lighting, heat, motive power and providing infrastructural facilities in the field of provision of power, transmission, transportation, communication, Irrigation, Housing, Rural and urban Development, in all its branches and types and for that purpose or otherwise, to undertake manufacturing, construction, erection, maintenance and operation of power plants, roads, bridges, jetties, harbours, airports, dams, canals, irrigation projects, housing colonies, industrial areas, communication facilities and rural and urban development programmes, on outright, lease or transfer basis and design, promote, develop, execute, carryout, improve, administer, manage, maintain, hold, build,

own, operate transfer, assign, let out, convert fabricate, and deal in all kinds of equipments, works, structures, installations, conveniences plants, machineries, and provision of all facilities, utilities, materials, and services in relation thereto.

2.5 Clause 10 & 31 of Clause III (B) of the Objects Clause of the Demerged Company enables hiving off / demerger and they read as under:

10. To amalgamate with any other company having objects all together or in part similar to those of this company or otherwise.

31. To sell, dispose off or transfer the business property and undertaking of the Company or any part thereof for any consideration which the Company may deem fit to accept and in particular for Shares debentures stock, bonds, or securities of any other company or companies for the purpose of its or their acquiring all or any of the properties rights or liabilities of this Company or for any other purpose which may seem calculated to benefit this Company

### **3. SHARE CAPITAL AND FINANCIAL POSITION OF COMPANIES**

3.1 The Authorized Share Capital of “Demerged Company” as per Audited Balance Sheet as at 31/03/2008 is Rs.2,00,00,000/- (Rupees Two Crores Only) divided into 2,00,000 (Two Lakhs) Equity Shares of Rs.100/- (Rupees One Hundred Only) each. The Issued, Subscribed and Paid-up Capital of “Demerged Company” as per Audited Balance Sheet as at 31/03/2008 is Rs.,55,00,000/- (Rupees Fifty Five Lakhs Only) divided into 55,000 (Fifty Five Thousand) Equity Shares of Rs.100/- (Rupees One Hundred Only) each.

3.2 The Authorized Share Capital of the Resulting Company as per the Balance Sheet as at 31/03/2008 is Rs.175,00,00,000/- (Rupees One Hundred and Seventy Five Crores Only) comprising of Equity Share Capital of Rs.115,00,00,000/- (Rupees One Hundred and Fifteen Crores Only) divided into 11,50,00,000 (Eleven Crores and Fifty Lakhs) Equity Shares of Rs.10/- each and Preference Share Capital of Rs.60,00,00,000/- (Rupees Sixty Crores Only) divided into 60,00,000 (Sixty Lakhs) Preference Shares of Rs.100/- (Rupees One Hundred Only) each. The Issued and Subscribed Capital of the Resulting Company as per the Balance Sheet as at 31/03/2008 is Rs.162,38,77,480/- comprising of Equity Share Capital of Rs.112,88,40,480/- (Rupees One Hundred and Twelve Crores Eighty Eight Lakhs and Forty Thousand Four Hundred and Eighty Only) divided into 11,28,84,048 (Eleven Crores Twenty Eight Lakhs Eighty Four Thousand and Forty Eight) Shares of Rs.10/- (Rupees Ten Only) each, 0.001% Cumulative Redeemable Preference Share Capital of Rs.20,63,38,500/- (Rupees Twenty Crores Sixty Three Lakhs Thirty Eight Thousand and Five Hundred only) divided into 20,63,385 (Twenty Lakhs Sixty Three Thousand Three Hundred and Eighty Five) 0.001% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each and 10% Optionally Convertible Cumulative Redeemable Preference Share Capital of Rs.28,86,98,500/- (Rupees Twenty Eight Crores Eighty Six Lakhs Ninety Eight Thousand and Five Hundred only) divided in to 28,86,985 (Twenty Eight Lakhs Eighty Six Thousand Nine Hundred and Eighty Five) 10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each. The Paid up Capital of the Resulting Company is Rs.162,38,04,980/- (Rupees One Hundred Sixty Two Crores Thirty Eight Lakhs Four Thousand Nine Hundred and Eighty only) comprising of Equity Share Capital of Rs.112,87,67,980 (Rupees One Hundred and Twelve Crores Eighty Seven Lakhs sixty Seven Thousand and Nine Hundred and Eighty only) net of calls in arrears amounting to Rs. 72,500 (Seventy Two thousand and Five Hundred) divided into 11,28,84,048 Equity Shares of Rs.10/- (Ten Only) each, 0.001% Cumulative Redeemable Preference Share Capital of Rs.20,63,38,500/- (Rupees Twenty Crores Sixty Three Lakhs Thirty Eight Thousand and Five Hundred Only) divided in to 20,63,385 (Twenty Lakhs Sixty Three Thousand and Three Hundred Eighty Five) 0.001% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each and 10% Optionally Convertible Cumulative Redeemable Preference Share Capital of Rs.28,86,98,500/- (Rupees Twenty Eight Crores Eighty Six Lakhs Ninety Eight Thousand Five Hundred Only) divided in to 28,86,985 (Twenty Eight Lakhs Eighty Six Thousand Nine Hundred and Eighty Five)

10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each.

3.3 The Sales and Services income of the “Demerged Company” for the Financial Year ended 31/03/2008 was Rs. 11729.49 Lakhs (Rupees Eleven thousand Seven hundred Twenty Nine Lakhs and Forty Nine thousand Only). The “Demerged Company” has made a Profit After Tax of Rs. 701.80 Lakhs (Rupees Seven hundred one lakhs and eighty thousand only) in the year ended 31/03/2008.

3.4 The Turnover of the Resulting Company for the Financial Year ended 31/03/2008 was Rs. 170480.38 Lakhs (Rupees One Lakh Seventy Thousand Four Hundred Eighty Lakhs and Thirty Eight Thousand only). The Resulting Company has made a post tax profit of Rs. 8619. 65 Lakhs (Rupees Eight Thousand Six Hundred Nineteen Lakhs and Sixty Five Thousand only) in the year ended 31/03/2008.

#### **4. SPECIFIC BENEFITS OF THE SCHEME OF ARRANGEMENT**

4.1 Scheme intends to cause a Demerger of the “Demerged Undertakings” from “Demerged Company” and transfer and vest them in the Resulting Company.

4.2 The Scheme results in:

4.2.1 All the properties comprised in the “Demerged Undertakings” immediately before the Demerger shall become the properties of the Resulting Company by virtue of the Demerger;

4.2.2 All the liabilities including contingent liabilities relating to and forming part of the “Demerged Undertakings”, immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the Demerger;

4.2.3 The properties and the liabilities, if any, relating to and forming part of the “Demerged Undertakings” shall stand transferred to and vested with the Resulting Company at the values appearing in the books of account of the “Demerged Company” immediately before the Demerger;

4.2.4 The Resulting Company shall issue Shares to the Shareholders of the “Demerged Company” in consideration of the Demerger in accordance with the Scheme to all Eligible Shareholders as on a Record Date on a proportionate basis; and

4.2.5 The transfer and vesting of “Demerged Undertakings” to the Resulting Company is on a going concern basis.

4.3 The Demerger is in the interests of the Shareholders, creditors and all those who deal with the Demerged Undertakings and will not affect the status of any person in any manner.

4.4 The Demerger of the “Demerged Undertakings” will create enhanced value for all the stakeholders and the Board of both the companies would focus their whole attention at all times in achieving organizational goals effectively and efficiently in the best interests of the Shareholders, creditors and all persons connected with the Demerged Company and the Resulting Company.

4.5 The Demerger would naturally create larger scope for modernization, expansion and independent value addition.

#### **5. TRANSFER AND VESTING OF THE UNDERTAKINGS AND OTHER COMPONENTS OF THE SCHEME OF ARRANGEMENT**

##### **SECTION I**

5.1 Upon the Coming into Force of the Scheme, the “Demerged Undertakings” shall, without any further act, deed or order be transferred to and vested in or deemed to have been transferred to or vested in the Resulting Company in accordance with this Scheme in pursuance of Section 394 of the Act. Consequently the “Demerged Undertakings” shall become as an integral and indivisible part of the Resulting Company.

5.2 Without prejudice to the above Clause, all the movable assets forming part of “Demerged Undertakings” shall be transferred by the Demerged Company to the Resulting Company by physical delivery or by endorsement and delivery and the transfer and vesting of the movable assets in the Resulting Company shall be by virtue

of the order of sanction of the High Court under the provisions of Section 394 of the Act.

- 5.3 All Assets other than movable Assets comprised in the “Demerged Undertakings” shall, under the provisions of Section 394 of the Act, by virtue of the order of sanction of the High Court, subject to payment of applicable stamp duty, if any, without any further act, instrument or deed, be transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company with effect from the Appointed Date.
- 5.4 Upon the Coming into Force of the Scheme, without any further act, deed or thing, all intellectual and intangible properties forming part of the “Demerged Undertakings” shall, ipso facto, become transferred and vested in the Resulting Company and the Scheme shall operate as an Assignment in favour of the Resulting Company in all respects for all the goodwill, trademarks, copyrights, blue prints, lay outs, circuits, industrial designs, patents, patentable processes, product developments in various stages, technology, designs and drawings, manuals and all intangible properties pertaining to the Demerged Undertaking.
- 5.5 All the liabilities comprised in and all liabilities relatable to and forming part of the “Demerged Undertakings” shall also be and stand transferred to or be deemed to have been transferred, without any further act, instrument or deed, to the Resulting Company, pursuant to the provisions of Section 394 and other applicable provisions of the said Act so as to become as and from the Appointed Date, the debts, liabilities, duties, undertakings and obligations of the Resulting Company and further that it shall not be necessary to obtain any further 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.
- 5.6 Upon the Coming into Force of the Scheme, the “Demerged Undertakings” shall become part and parcel of the undertaking of the Resulting Company such that all assets and liabilities, advantages and benefits, rights and obligations pertaining to the “Demerged Undertakings” shall be the assets and liabilities, advantages and benefits, rights and obligations of the Resulting Company. Provided however merely by reason of the sanction of the Scheme, no claim or liability which has not been acknowledged or which has been in dispute shall be deemed to have been accepted or agreed upon by the Resulting Company. Thus the Scheme does not purport to alter the nature or status or enforceability or validity or otherwise of claims of any third party against the Demerged Company.
- 5.7 All claims, applications and petitions of and pertaining to the “Demerged Company” so far as it pertains to “Demerged Undertakings” will continue to be pursued without any filing or recording whatsoever as if the Resulting Company were to be the claimant, applicant or petitioner as the case may be and wherever the “Demerged Company” (so far as it pertains to “Demerged Undertakings”) is a party, without any further act, deed or thing, in pursuance of the Scheme, the Resulting Company shall, ipso facto, become the party in the same respect in which the “Demerged Company” (so far as it pertains to “Demerged Undertakings”) were placed immediately before the coming into force of this Scheme.
- 5.8 Upon the Coming into Force of the Scheme, all permissions, approvals, consents, sanctions, remissions, special reservations, tax holidays, benefits, incentives, concessions, mineral concessional rights and other authorizations already obtained / issued or under process pertaining to the Demerged Undertakings of the Demerged Company, shall stand transferred to and vested in the Resulting Company and the Resulting Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the Court as if such actions have been duly carried out by the Demerged Company.

## **SECTION II**

- 5.9 The Resulting Company is presently entitled to sales tax incentives under the Scheme of Incentives announced pursuant to the Notification No. A-3-14-92-ST-V(50) dated 3rd June, 1993, issued by the erstwhile Government of Madhya Pradesh under the Madhya Pradesh General Sales Tax Act, 1958, as amended from time to time by the erstwhile Government of Madhya Pradesh and / or Government of Chhattisgarh. The

Scheme of Incentives confers upon the Resulting Company subject to the provisions contained in the said Notifications and the Act, the benefits of exemption from payment of sales tax, purchase tax, Entry Tax and other levies there under.

- 5.10 Upon the Coming into Force of the Scheme, the Resulting Company shall continue to be entitled to the incentives as before with respect to the transfer of the undertaking(s) of the Demerged Company under this Scheme.
- 5.11 The transfer and vesting of the respective undertakings of the Demerged Company under this Scheme shall not in any way affect the entitlements of the Resulting Company under the said Scheme of Incentives and upon the Coming into Force of the Scheme, without any further act, deed, thing, the investments in fixed assets made by the Demerged Company in the Demerged Undertakings hereby transferred to and vested in the Resulting Company under this Scheme shall, ipso facto, form a part of the investment obligations the Resulting Company had undertaken under the said Scheme of Incentives and shall be treated accordingly. As such, the Resulting Company shall be fully entitled to avail the incentives with respect to those investments as also the sales turnover attributable to such transferred investments in fixed assets.
- 5.12 To the extent the “Demerged Company” is entitled to various benefits under incentive Schemes and policies applicable to “Demerged Undertakings”, such benefits under all such Schemes and policies shall, upon Coming into Force of the Scheme, be transferred to and vested in the Resulting Company and the Resulting Company shall be entitled to claim in full all those benefits, entitlements and incentives of any nature whatsoever, including sales tax concessions and incentives, as if the Resulting Company were originally entitled to all such benefits and concomitantly the Resulting Company shall be liable to fulfil all obligations and other terms and conditions subject to which such benefits were granted to the “Demerged Company” in relation to its “Demerged Undertakings”.

### **SECTION III**

- 5.13 Upon the Coming into Force of the Scheme, any loans or other obligations due between the Demerged Company and the Resulting Company, if any, so far as such things are relatable to or pertaining to the Demerged Undertakings, shall stand discharged and there shall be no liability in this behalf by or from one company to another company.
- 5.14 The Resulting Company may, at any time after the Coming into Force of the Scheme, in accordance with the provisions hereof, if so required, under any law or otherwise, so far as anything is relatable to or pertaining to the Demerged Undertakings, execute deeds of confirmations in favour of Secured Creditors of the Demerged Company or in favour of any other party to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall be deemed to have been authorised by the Demerged Company to execute any such writings on behalf of that company in order to implement effectively and to carry out all such formalities or compliances in order to secure fully and effectively the objectives of the Scheme.

### **SECTION IV**

- 5.15 Upon the coming into force of the Scheme, the Resulting Company shall issue to Eligible Shareholders its fully paid Shares in accordance with the provisions of this Scheme for a value equal to the Consideration.
- 5.16 Upon the Coming into Force of the Scheme, the excess of Consideration over the Aggregate Face Value shall be credited to the General Reserves Account of the Resulting Company and such reserves shall be Free Reserves and shall be available for being used up accordingly.
- 5.17 Upon the Coming into Force of the Scheme, the Equity Shares liable to be issued by Resulting Company under the Scheme shall be, as early as may be possible, listed in all the recognized Stock Exchanges in which the Shares of the Resulting Company are listed as on the Effective Date.

## **SECTION V**

- 5.18 Until the Effective Date, no charge or any other encumbrance shall be created upon the properties comprised in the Demerged Undertakings unless the Board of Directors of the Resulting Company grants prior consent.
- 5.19 Any question or dispute as to whether any asset or liability pertains to the Demerged Undertakings or not, shall be decided jointly by the Board of Directors of the Demerged Company and the Resulting Company either by themselves or through a Committee appointed by them in this behalf on the basis of evidence they may deem relevant (including the books and records of the Demerged Company).
- 5.20 For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Act in respect of this Scheme, the Resulting Company shall at any time pursuant to the orders on this Scheme be entitled to get the recording of the change in the title and appurtenant legal right(s) upon the vesting of such assets of Demerged Company in relation to “Demerged Undertakings” in the Resulting Company in accordance with the provisions of Sections 391 and 394 of the Act.
- 5.21 Upon the Scheme becoming effective and with effect from the Appointed Date, the filing of certified copies of the order of Court sanctioning this Scheme shall constitute a creation / modification of charge in the name of the Resulting Company in accordance with the provisions of Section 127 of the Act and satisfaction of charge in respect of the Demerged Company in accordance with Section 138 of the Act, in relation to existing charges attaching to the properties of Demerged Undertakings.

## **SECTION VI**

- 5.22 Without prejudice to the generality of the above and upon the coming into Force of the Scheme, all assets, properties, rights, entitlements, benefits, liabilities, contingent liabilities, and obligations pertaining to Demerged Undertakings hereby transferred to and vested in the Resulting Company, shall belong to and be owned, controlled and managed by the Resulting Company, together with charges and encumbrances, if any, thereon.
- 5.23 Where for any reasons any part of the Scheme is not sanctioned or gets sanctioned with modifications, if any, the Scheme shall be construed accordingly and only that part of the Scheme that is not sanctioned shall not apply and other parts shall be construed, given effect and implemented accordingly after giving due effect in all respects to the part that has been sanctioned and to the part that has been modified.
- 5.24 The above provisions shall have effect notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

## **6. LEGAL PROCEEDINGS, CONTRACTS, DEEDS, BONDS, SCHEMES AND OTHER INSTRUMENTS**

- 6.1 No suit, writ, petition, appeal, revision or other proceedings of whatever nature other than in the ordinary course of business is or was pending adjudication by or against the Demerged Company in relation to its Demerged Undertakings or Resulting Company. Save as aforesaid, if there shall commence any such proceedings by or against the Demerged Company, so far as such proceedings pertain to Demerged Undertakings, upon Coming into Force of the Scheme, such proceedings shall not in any way be prejudicially affected solely by reason of the transfer and vesting of the undertaking of the Demerged Company (so far as those proceedings pertain to its Demerged Undertakings) or of anything contained in the Scheme; such proceedings shall continue and be capable of being fully and effectively carried on by or against the Resulting Company in the same manner and to the same extent as if such proceedings were by or against the Resulting Company.
- 6.2 All legal, taxation or other proceedings, (including proceedings before any statutory or quasi-judicial authority or Tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. Provided further for instituting or defending any suit by or against

the Demerged Company after the date on which the Board of Directors of Resulting Company approves the Scheme, no action or filing or representation shall be made or done unless such action has the previous consent of the Resulting Company. Provided that this clause and the above proviso shall apply in relation to Demerged Company, only to the extent of claims relatable and forming part of the Demerged Undertakings.

- 6.3 The Demerged Company shall not in any event be responsible or liable for any adverse outcome in respect of any such legal, taxation or other proceedings against the Resulting Company, in respect of any such proceedings relating to the Demerged Undertakings. Where the outcome of any such proceeding is composite i.e., not relatable to Demerged Undertakings alone, nor relatable exclusively to Remaining Undertakings alone, but to the Demerged Company as a whole, whether adverse or positive, shall accrue to Demerged Company and Resulting Company in proportion to the Book value of the undertakings retained / transferred pursuant to the Scheme.
- 6.4 Subject to other provisions contained in this Scheme, all contracts, arrangements, deeds, bonds, agreements, instruments, writings and benefits of whatsoever nature to which the Demerged Company is a party subsisting or having effect immediately before the Effective Date, subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed to between the Resulting Company and other parties thereto, shall remain in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced by and/or against the Resulting Company as fully and effectively as if the Resulting Company was party thereto instead of Demerged Company. Provided that this clause shall apply in relation to the Demerged Company only to the extent of contracts and arrangements relatable and forming part of the Demerged Undertakings.
- 6.5 The effect of contracts or arrangements, if any, between the Demerged Company (in relation to or connected with Demerged Undertakings) and the Resulting Company shall stand cancelled and accordingly any amount due from one company to other shall be fully adjusted and nullified so far as such accounts pertain to Demerged Undertakings and are in contra in the books of account of the Demerged Company and the Resulting Company.
- 6.6 Upon the Coming into Force of the Scheme, the Resulting Company alone shall be liable to perform all obligations including export obligations, guarantees and meet all valid legal and enforceable debts, liabilities and claims including contingent liabilities pertaining to the Demerged Undertakings which have been transferred to and vested in the Resulting Company under the Scheme, and the Demerged Company shall not have any obligations in respect of those liabilities and contingent liabilities. Provided that this clause shall apply only to the extent of obligations, liabilities and contingent liabilities relatable and forming part of the Demerged Undertakings.
- 6.7 Resulting Company shall, at all times, keep the Demerged Company harmless and indemnified in relation to any claim, at any time, which might arise against them. Provided that this clause shall apply in relation to the Demerged Company only to the extent of claims relatable and forming part of the Demerged Undertakings.

## **7. POSITION AS TO CHARGES**

The transfer of the Demerged Undertakings and their vesting in the Resulting Company under the Scheme shall be subject to subsisting charges, encumbrances and mortgages over the properties forming part of the Demerged Undertakings of the Demerged Company.

Provided however, that any reference to the properties of the Demerged Company which they have offered or agreed to offer as security for any financial assistance or obligations, to any of their secured creditors, shall be construed as reference only to the properties pertaining to the Demerged Undertakings as is vested in the Resulting Company by virtue of the Scheme, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend, to any other properties of the Resulting Company. Provided further that the holders of the subsisting charges upon the properties of the Resulting Company shall not be entitled to any charge upon the properties comprised in the Demerged Undertakings as is vested in the Resulting Company by virtue of the Scheme merely by reason of such vesting. Provided further the lenders who have lent loans and facilities to the Demerged Company for meeting

the financial needs of Remaining Undertakings shall not be entitled to any charge on any properties of the Demerged Undertakings as is vested in the Resulting Company by virtue of the Scheme. Similarly Lenders of the Demerged Undertakings shall not be entitled to charge over the assets of the Remaining Undertakings by virtue of the Scheme and that the same shall stand satisfied on Coming into force of the Scheme. Save as aforesaid, the Scheme does not envisage any modification to the extent or operation or scope of any of the subsisting charges upon the properties of the Demerged Undertakings.

## **8. ACCOUNTING POLICY RELATING TO DEMERGER**

- 8.1 The accounting of the Demerger transaction under the Scheme shall be carried out in accordance with the Generally Accepted Accounting Principles and Accounting Standard 14 as prescribed by The Institute of Chartered Accountants of India .
- 8.2 Upon the Coming into Force of the Scheme, all assets, properties and liabilities of the “Demerged Company” forming part of the Demerged Undertaking shall stand transferred and vested in to the Resulting Company and carried to the books of the Resulting Company at their respective book values as appearing in the books of account of Demerged Company at the commencement of business hours on the Appointed Date and accounted in accordance with the Generally Accepted Accounting Principles.
- 8.3 Accumulated Losses and Unabsorbed Depreciation if any pertaining to Demerged Undertakings as at the Appointed Date shall be fully adjusted against the General Reserves in the books of the Resulting Company.
- 8.4 In case of any differences in the accounting policy between the Companies, the impact of the same will be quantified and adjusted in the revenue reserves to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.
- 8.5 Notwithstanding anything stated above, in case of a need for clarification or adjustment, the Resulting Company in consultation with its statutory auditors, resolve accounting issues, if any, in the best interests of the company.

## **9. COMING INTO FORCE OF THE SCHEME**

Upon sanction of the Scheme and filing of the order of the High Court with the Registrar of Companies by the Demerged and Resulting Companies , the Scheme shall be deemed to have come into force with effect from the Appointed Date.

## **10. DEMERGED COMPANY'S STAFF, WORKMEN AND EMPLOYEES RELATING TO DE-MERGER.**

Upon the Coming into Force of the Scheme, all employees, officers and staff employed in relation to the Demerged Undertakings who are in the employment of the “Demerged Company” as on the Effective Date shall become the employees, officers and staff, as the case may be, of the Resulting Company, and, subject to the provisions of this Scheme, on terms and conditions not in any way less favourable than those subject to which they have been engaged by the “Demerged Company” and without any interruption of or break in service as a result of the transfer and vesting of the Demerged Undertakings upon the Resulting Company. The Resulting Company shall be obliged to keep and maintain any Gratuity Fund or any other statutory or non-statutory welfare funds or Schemes that may have been brought about or may be introduced by the “Demerged Company” between the Appointed Date and Effective Date for the benefit of the employees pertaining to the Demerged Undertakings and all such obligations of the “Demerged Company” to the extent they pertain to the employees of the Demerged Undertakings shall, upon the coming into force of the Scheme, automatically stand transferred to and vested in the Resulting Company without any further act, deed or thing. Where any employee of the Demerged Undertakings expresses in writing to the Board of Directors of the Resulting Company his unwillingness to continue in employment of the Resulting Company within 60 days of upon the Coming into Force of the Scheme, he shall be entitled to such compensation and other benefits as may be applicable accordingly as per the applicable provisions of law as if his contract of service had come to an end pursuant to dissolution of the Demerged Company.



## **11. REMAINING UNDERTAKINGS OF “DEMERGED COMPANY”**

All and everything other than the Demerged Undertaking shall form part of the Remaining Undertakings of the “Demerged Company”. Remaining Undertakings shall continue to be with the “Demerged Company in all respects and intents as if there had not been this Demerger at all. All legal, taxation or other proceedings whether civil or criminal (including proceedings before any statutory or quasi-judicial authority or tribunal) by or against the “Demerged Company” under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Undertakings (including those relating to any property, right, power, liability, obligation or duties of the “Demerged Company” in respect of their Remaining Undertakings) shall be continued and enforced by or against the “Demerged Company” after the Effective Date. The Resulting Company shall not in any event be responsible or liable in relation to any such legal, taxation or other proceeding against the “Demerged Company”, which relate to the Remaining Undertakings. Until the Effective Date and also thereafter, the “Demerged Company” shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Undertakings or and on its own behalf and all profits and income accruing to the “Demerged Company” thereon or losses and expenditure arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Undertakings shall, for all purposes, be treated as the profits and income or losses and expenditure, as the case may be, of the “Demerged Company”; and all assets and properties acquired or which may be acquired or created by the “Demerged Company” in relation to its Remaining Undertakings on and after the Appointed Date shall belong to and continue to remain vested in the “Demerged Company”.

## **12. CONDUCT OF BUSINESS BY DEMERGED COMPANY TILL EFFECTIVE DATE**

- 12.1 From the Appointed Date and until the Effective Date, the “Demerged Company” shall carry on and shall be deemed to be carrying on all business and activities relating to its Demerged Undertakings in trust for and on behalf of and for benefit of Resulting Company. The “Resulting Company” is already possessed of and shall continue to be in possession of all the assets comprised in the Demerged Undertakings. The Demerged Company shall hold and stand possessed of all estates, assets, rights, licences, title, interest, authorities, contracts, investments and strategic decisions pertaining to the Demerged Undertakings for and on account of, and in trust for the Resulting Company. And all profits and income accruing to or arising from the Demerged Undertakings and losses and expenditure arising or incurred by and all benefits, incentives, achievements, concessions, subsidies, executions, contracts, performance, fulfillment of obligations relating to the Demerged Undertakings (including taxes, if any, accruing or paid in relation to any profits or income) of the “Demerged Company”, shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Resulting Company.
- 12.2 With effect from the Appointed Date and until the Effective Date, the Board of Directors of “Demerged Company” shall not undertake any material financial commitments or sell, transfer, alienate, charge, mortgage, or encumber any of the assets or properties comprised in the Demerged Undertakings or any part thereof, save and except with the prior written consent of the Board of Directors of the Resulting Company.
- 12.3 Until the Effective Date, the Resulting Company shall not make any further issue of Shares or any other instrument convertible into Shares at a price or conversion price, as the case may be, which is below the price at which the Shares of the Resulting Company are intended to be issued to the Shareholders of the Demerged Company in pursuance of the Scheme.
- 12.4 The Demerged Company shall not do or cause anything to be done so as to prejudicially affect the arrangement comprised in the Scheme in any manner whatsoever nor shall do anything which may or is likely to jeopardize or is capable of jeopardizing the objective of the Scheme. The decision with regard to any question whether any action proposed to be taken by the Demerged Company should be

considered as prejudicial to anything contained in the Scheme shall be taken with mutual agreement between the Boards of Directors of Demerged and Resulting Companies and shall be binding on the Demerged Company.

### **13. ISSUE OF SHARES BY THE RESULTING COMPANY TO ELIGIBLE SHAREHOLDERS**

- 13.1 Upon Coming into Force of the Scheme, in consideration of the Demerger of the Demerged Undertakings of the Demerged Company for being transferred to and vested in the Resulting Company, the Resulting Company shall settle the Consideration by issue of its fully paid-up Equity Shares of Rs.10/- each in its Paid-up Capital to the Eligible Shareholders; and the Resulting Company shall, subject to the provisions of this Scheme and without any subscription, agreement, application, action or deed, issue and allot 257 (Two Hundred and Fifty Seven) fully paid Equity Shares of Rs.10/- each (Rupees Ten Only) to Eligible Shareholders of the Demerged Company credited as fully paid in the Capital of Resulting Company against every 1 (One) Equity Shares of Rs.100/- each held by them in the Demerged Company. The Shares allotted if any, by the Demerged Company after the Appointed Date shall not be taken into account for the purpose of issue of Shares by the Resulting Company as abovesaid.
- 13.2 For this purpose, the total number of Shares of the Resulting Company ought to be issued to Eligible Shareholders has been arrived at by dividing the Consideration by the Fair Value of each Share in the Resulting Company.
- 13.3 For this purpose, the Fair Value of each Share in the capital of the Resulting Company has been arrived at in accordance with prevailing norms for valuation of Shares as a going concern.
- 13.4 Shares to be issued by the Resulting Company, in consideration of the Demerger, shall be issued to the Eligible Shareholders in the same proportion in which they hold Shares in the paid up capital of the “Demerged Company”.
- 13.5 The authorized Share capital of the Resulting Company shall, if necessary, be increased to the extent required to enable the issue of Shares under this Scheme.
- 13.6 In respect of fractional entitlements, the Board of Directors of the Resulting Company may nominate one of its Directors as the trustee to hold the fractional entitlements, who shall receive and hold all such Shares in trust for those Shareholders who are so entitled and shall sell those Shares in the market and distribute proportionate amounts to them.
- 13.7 The Equity Shares to be allotted as aforesaid, shall rank for dividend, voting and all other rights pari passu with the existing equity Shares of the Resulting Company provided that they shall not qualify for dividend declared in respect of the period prior to their allotment.

### **14. DECLARATIONS**

- 14.1 The Companies are solvent with sufficient assets capable of meeting all their liabilities including contingent liabilities.
- 14.2 The Scheme does not purport to result in dissolution of “Demerged Company”.
- 14.3 The Demerged Company will continue to be going concern carrying on industrial and other activities owning its Remaining Undertaking.
- 14.4 The Scheme does not include any Company or Undertaking that is not solvent.
- 14.5 No statement made in this Scheme shall merely as a result of the Scheme be construed to acknowledge any debt or liability of either of the Companies that has not already been acknowledged as debt.
- 14.6 The Scheme does not involve any compromise or arrangement with creditors of the Companies.
- 14.7 None of the Companies is under any investigation under any law for the time being in force.
- 14.8 The Scheme is subject to provisions of applicable laws and is further subject to consents, approvals and sanctions as stated hereunder.

## **15. APPLICATIONS TO HIGH COURT**

On this Scheme being approved by the respective Boards of the Companies the companies will, with reasonable despatch, apply to the Judicature of High Court at Bombay, Nagpur Bench, Nagpur) for sanctioning the Scheme, with modifications, if any.

## **16. MODIFICATIONS / AMENDMENTS TO THE SCHEME**

- 16.1 The Board of Directors of respective Companies may agree to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court 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.
- 16.2 The Board of Directors of respective Companies is hereby authorised to do all acts, deeds and things to give such directions and/or to take such steps as may be necessary or desirable for the purpose of giving effect to this Scheme or to any modification thereof, including any directions for settling any question or doubt or difficulty whatsoever that may arise in relation to the Scheme.
- 16.3 No specific further approval of the Shareholders of the respective Companies shall be needed, unless otherwise directed by the respective Judicature of High Court at Bombay, Nagpur Bench, Nagpur for giving effect to any technical or other such modifications that does not have any bearing to the scope, purpose and intent of the Scheme contained herein.

## **17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

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

- i. The pre-clearance of the Scheme by the Stock Exchanges.
- ii. The Scheme is subject to sanction by the Shareholders of respective Companies duly obtained in a general meeting of the Shareholders convened and conducted in accordance with the directions of the High Court of Bombay, Nagpur Bench, Nagpur.
- iii. The Scheme is subject to sanction and approval of the secured creditors of the respective Companies duly obtained in a meeting of the Secured Creditors convened and conducted in accordance with the directions of the High Court of Bombay, Nagpur Bench, Nagpur.
- iv. The sanction of the Scheme by the High Court of Bombay, Nagpur Bench, Nagpur under Sections 391 to 394 of the Companies Act, 1956 being obtained.
- v. Certified or authenticated copy of the Orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, Mumbai by the respective Companies.

## **18. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the High Court at Bombay, Nagpur Bench, Nagpur and / or the Order or Orders not being passed as aforesaid, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme and that none of the Parties shall be required to reimburse the other on account of the same.

## **19. EXPENSES CONNECTED WITH THE SCHEME**

All costs, charges, duties, taxes, legal and other fees and all expenses incidental and ancillary thereto of the Demerged Company and the Resulting Company incurred or liable to be incurred in relation to or in connection with or for giving effect to the Scheme and for ensuring complete implementation of the Scheme shall be borne and paid solely by the Resulting Company. For removal of doubts, it is hereby expressly declared that stamp duty and registration charges if applicable for anything in relation to Scheme or issue or transfer of Shares thereof shall be borne solely by the Resulting Company only.

### SCHEDULE A

Fixed Assets and Liabilities pertaining to the Demerged Undertakings of the “Demerged Company” as shown in its audited Balance Sheet as at the commencement of business hours on 01/04/2008, being -

1. 350 TPD DRI Plant together with all lands described in Schedule A2, buildings, structures, infrastructure, utilities and auxiliaries, situated at Village Siltara, Raipur.
2. 15 MW Waste Heat Recovery Based Power Plant together with all lands described in Schedule A2, buildings, structures, infrastructure, utilities and auxiliaries, situated at Village Siltara, Raipur.

### SCHEDULE A1

All intangible properties, licences, consents, approvals, clearances, certificates, authorizations, benefits, incentives, rights, agreements, contracts, permits, entitlements, engagements, concessions, privileges, subsidies, trademarks, systems, data, designs, drawings, specifications, resources, modules and assets of every kind, nature and description pertaining to Demerged Undertakings.

### SCHEDULE A2

Land situated in Siltara Growth Centre, Siltara, District, Raipur admeasuring 11.888 Hectares, together with right to walk, ply vehicles etc. as per the details appearing hereinbelow:

SR NO.	KHASRA NO.	AREA IN HECTARES	SR NO.	KHASRA NO.	AREA IN HECTARES
1	122/5	0.126	21	124/9	0.118
2	122/6	0.324	22	124/10	0.113
3	122/34	0.405	23	175/65	0.43
4	122/39	0.506	24	122/22.23/	0.336
5	122/36	0.126	25	5	0.259
6	122/47	0.505	26	154/2	0.186
7	124/2	0.405	27	154/3	0.132
8	124/4	0.081	28	142/1	0.131
9	124/5	0.081	29	142/3	0.429
10	124/7	0.408	30	122/9.118	0.279
11	125/12	0.142	31	122/32	0.279
12	122/31	0.639	32	122/33	0.214
13	127/10	0.178	33	122/35	0.113
14	122/54	0.076	34	124/1	0.332
15	122/28,125/1	0.781	35	122/8	0.486
16	1	0.162	36	122/3	0.798
17	122/53	0.219	37	123/1	0.405
18	1124/3	0.453	38	122/46	0.308
19	124/6	0.012	39	122/4	0.798
20	125/8 124/8	0.113		123/2	
				<b>Total Area</b>	<b>11.888</b>

### **SCHEDULE A3**

Liabilities relatable to the Demerged Undertakings.

**Secured Loans: -**

UCO Bank	-	Rs. 1212.37 lacs
United Bank of India	-	Rs. 1328.10 lacs
Allahabad Bank	-	Rs. 1718.05 lacs
State Bank of India, Bhilai	-	Rs. 279.59 lacs

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**COPY OF THE ORDER OF THE HIGH COURT OF JUDICATURE AT BOMBAY  
NAGPUR BENCH : NAGPUR  
Company Application No. 1043 of 2009  
IN  
Company Petition No. 10 of 2009  
IN  
Company Application No. 56 of 2009  
(Jayaswal Neco Industries Ltd.)**

Mr. Anjan De, Adv., for the petitioner.

CORAM : A. H. JOSHI, J.

DATE : 13<sup>th</sup> November, 2009.

1. Heard learned Adv. Mr. Anjan De for the petitioner.
2. Application is allowed
3. Instead of effecting corrections at many places, the order dated 6<sup>th</sup> November, 2009 passed by this court is recalled, and instead, another order is passed today.

Judge

**COPY OF THE ORDER OF THE HIGH COURT OF JUDICATURE AT BOMBAY**  
**NAGPUR BENCH : NAGPUR**  
**Company Petition No. 10 of 2009**  
**IN**  
**Company Application No. 56 of 2009**  
**In the matter of Scheme of Arrangement**  
**Between**  
**Corporate Ispat Alloys Ltd.**  
**And**  
**Jayaswal Neco Industries Ltd.**  
**And**  
**Their respective shareholders and creditors.**

Mr. Anjan De, Adv., for the petitioner.

Mr. S.K. Mishra, Asstt. Solicitor General for  
Regional Director, Western Region, Ministry of  
Corporate Affairs, Govt. of India.

CORAM : A. H. JOSHI, J.

DATE : 13<sup>th</sup> November, 2009.

1. This is a petition by Jayaswal Neco Industries Ltd., praying for sanction of the scheme of arrangement for merger annexed to the petition as Annexure 4, whereby the demerged undertaking will be merged along with its assets and liabilities with that of Jayaswal Neco Industries Ltd.
2. Heard. Perused the petition and annexures thereto, so also the affidavit filed by Shri Arbind Jayaswal, Managing Director of the transferee company.
3. It is seen that the Regional Director, Western Region, Ministry of Corporate Affairs, Govt. of India, has no objection to merger.
4. It is also seen that the statutory requirements for amalgamation have been carried out. The creditors or shareholders have no objection to the merger. This court is satisfied that the merger would be in the interest of the transferee and transferor companies and all concerned.
5. The certified copy of this order be filed with the Registrar of Companies within 14 days from the date of receipt of copy of this order.
6. This court hereby sanctions the arrangement. The Company Petition is, therefore, allowed in terms of Prayer Clause (a) of para 26.
7. A copy of Scheme of arrangement as sanctioned by the Court and duly signed by Adv. Mr. Anjan De, is annexed to this order, which is marked as 'X' for identification.

Judge

**SCHEME OF ARRANGEMENT BETWEEN  
CORPORATE ISPAT ALLOYS LIMITED  
(DEMERGED COMPANY)  
WITH  
JAYASWAL NECO INDUSTRIES LIMITED  
(RESULTING COMPANY)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**1. DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context

- 1.1 “Act” or “The Act” means the Companies Act, 1956 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.2 “Aggregate Face Value” is the product of (a) total number of fully paid up equity Shares proposed to be issued by the Resulting Company to the Shareholders of the Demerged Company and (b) face value of each Share.
- 1.3 “Appointed Date” means 01/04/2008 (First day of April Two thousand and Eight).
- 1.4 “Coming into Force of the Scheme” shall mean the Coming into Force of the Scheme in all respects on the Effective Date with effect from the Appointed Date.
- 1.5 “Consideration” for the Demerger of the Demerged Undertaking for being transferred to and vested in the Resulting Company shall be equal to the Net Asset Value and also the value obtained by multiplying the (a) Number of Shares ought to be issued by the Resulting Company to Eligible Shareholders and (b) the Fair Value of each Share in the Resulting Company determined for the purpose of arriving at the Share Exchange Ratio.
- 1.6 “Current Financial Year” shall mean the Financial Year commencing from the 1st day of April 2008.
- 1.7 “Demerged Company” shall mean CORPORATE ISPAT ALLOYS LIMITED, (Company Identification Number U27110MH1988PLC046343) a Company incorporated on 26/02/1988 (Twenty Sixth February Nineteen Eighty Eight) under the Companies Act, 1956 having its Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur- 440 016.
- 1.8 “Demerger” shall mean the transfer of the “Demerged Undertakings” from the “Demerged Company” and vesting them in the Resulting Company in accordance with the Scheme.
- 1.9 “Demerged Undertakings” shall mean the “Sponge Iron Plant and Power Plant” of the “Demerged Company” and include all its industrial undertaking, business, activities, operations and infrastructure, tangible and intangible assets, rights, properties, all movable and immovable assets, obligations, liabilities including contingent liabilities pertaining to its “Demerged Undertakings” on a going concern basis, and without prejudice to the generality of the foregoing, specifically includes the following:
  - a. The whole of the fixed assets pertaining to the “Demerged Undertakings shown in the statement of assets and liabilities of “Demerged Company” as at 01/04/2008 which is enclosed as Schedule A.
  - b. All intangible properties, licences, approvals, benefits, incentives and rights pertaining to Demerged Undertakings, more fully described in Schedule - A1.
  - c. All that piece and parcel of the immovable properties being the land pertaining to the “Demerged Undertakings”, more specifically described in the enclosed Schedules A2, .
  - d. All records, files, papers, discs, data storing devices, data and documents pertaining to the “Demerged Undertakings”.

- e. All stocks of present and future goods such as raw materials, semi finished goods, finished goods, stock in process including documents of title to the goods, outstanding moneys, receivables arising from sale of goods, receivables by way of cash assistance and / or incentives under various Incentive Schemes, claims including claims by way of refund of customs/excise duties under the duty drawback credit Scheme or any other Scheme, bills, invoices, documents, insurance policies, guarantees, engagements and rights pertaining to “Demerged Undertakings” as on the effective date; and
  - f. All employees engaged in or relating to “Demerged Undertakings” and its business, activities and operations as on the Effective Date.
- 1.10 “Effective Date” means the last of the dates on which certified copies of the order(s) of the High Court sanctioning the Scheme are filed with the Registrar by the respective Companies.
  - 1.11 “Eligible Shareholders” shall mean the Shareholders of the Demerged Company whose names are found on the Register of Members of the Demerged Company on the Record Date or their duly constituted attorneys who are entitled to receive Shares of Resulting Company under this Scheme.
  - 1.12 “High Court” shall mean the Judicature of High Court at Bombay, Nagpur Bench, Nagpur.
  - 1.13 “Listing Agreement” shall mean either of or both the Agreements signed by the Resulting Company with the Stock Exchanges containing the terms and conditions subject to which the Shares and other Securities of the Resulting Company have been listed.
  - 1.14 “Net Asset Value” shall mean the value of all the fixed assets, whether movable, immovable or intangible comprised in the Demerged Undertakings of the Demerged Company and of all the current assets duly deducting from there, the value of all indebtedness including current liabilities of the Demerged Undertakings of the Demerged Company at their respective values as appearing in the books of account of the Demerged Company at the commencement of the business hours on the Appointed Date, at which the said assets and indebtedness are carried to the books of account of the Resulting Company.
  - 1.15 “Record Date” shall be the same as appointed Date as determined by the Board of Directors of the Resulting Company in its absolute discretion for the purpose of taking on record the names and particulars of the Eligible Shareholders.
  - 1.16 “Registrar” shall mean the Registrar of Companies of the State in which the Registered Offices of the respective companies are situated.
  - 1.17 “Shares”, unless otherwise referred to shall mean Equity Shares.
  - 1.18 “Scheme” or “the Scheme” or “this Scheme” means this Scheme of Arrangement, subject to modifications, if any, approved or imposed or directed by the High Court.
  - 1.19 “Scheme of Incentives” means sales tax incentives under the Scheme of Incentives announced pursuant to the Notification No. A-3-14-92-ST-V (50) dated 3rd June, 1993, issued by the erstwhile Government of Madhya Pradesh under the Madhya Pradesh General Sales Tax Act, 1958, as amended from time to time by the erstwhile Government of Madhya Pradesh and / or Government of Chhattisgarh.
  - 1.20 “Stock Exchanges” when collectively referred to shall mean the two premier Stock Exchanges in India viz., Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
  - 1.21 “Resulting Company” means JAYASWAL NECO INDUSTRIES LIMITED, (Company Identification Number L28920MH1972PLC016154) a Company incorporated on 28/11/1972 (Twenty Eighth November Nineteen Seventy Two) under the Companies Act, 1956 having its Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur- 440 016 and it shall be within the meaning of the said expression as understood under the provisions relating to Demerger under the Income Tax Act, 1961.



## 2. BACKGROUND

- 2.1 The Scheme of Arrangement, inter alia, envisages Demerger of Demerged Undertakings of the “Demerged Company” and transfer and vesting the Demerged Undertakings in the Resulting Company.
- 2.2 The “Demerged Company” has set up a Sponge Iron Plant (DRI) of 1.65 Lac T.P.A capacity and 12 MW Waste Heat Recovery based Power Plant established at Siltara Growth Centre, Raipur, Chhattisgarh.
- 2.3 The Resulting Company is engaged in the business of production of Pig Iron, Cast Iron and Steel Castings required for Automotive, Engineering, Construction and other applications. It gets manufactured sponge Iron, Billets and rolled Steel Products from the assets owned by the Demerged Company and taken on Lease by it. The Resulting Company has an annual capacity of 550000 MT of Pig Iron, 255000 MT of Sponge Iron, 205000 MT of Iron and Steel Castings and 260000 MT of Billets. Further, the Company also has Coal Mining blocks for captive use. The Company has 15.5 MW Blast Furnace Gas based power generation facilities for meeting a part of its own power requirements. In the immediately preceding Financial Year, the Resulting Company has shown very good prospects. However the Resulting Company has accumulated losses and unabsorbed depreciation arising from of operations in the years previous to those Financial Years. Apart from physical resources the Resulting Company has valuable human resources and systems.
- 2.4 By virtue of Sub-clause 1 and 2 of Clause III (A) of the Memorandum of Association, the Resulting Company is, inter alia, entitled to carry on the following industrial activities:
1. To manufacture, get manufactured from others, buy , sell, exchange, export, import, machine and generally deal in various items of Iron and Steel and its Products, iron and steel castings, forgings, of all kinds required by various Industries and to carry on the business of Iron-founders, Mechanical Engineers, Manufacturers of Machinery and implements of all kinds, Tool-makers, Brass founders, metal-workers, Boiler-makers, Mill-wrights, Iron & Steel converters, Smiths, and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in implements, machinery, rolling stock and hardware of all kinds.
  2. To carry on in India or elsewhere the business of mining, exploring, extracting, generating, producing, processing, enriching, accumulating, recovering, selling, distributing and supplying all forms of conventional, non-conventional renewable and recoverable energy including but not related to electricity, coal, coke, fuels in any or every state for the purpose of lighting, heat, motive power and providing infrastructural facilities in the field of provision of power, transmission, transportation, communication, Irrigation, Housing, Rural and urban Development, in all its branches and types and for that purpose or otherwise, to undertake manufacturing, construction, erection, maintenance and operation of power plants, roads, bridges, jetties, harbours, airports, dams, canals, irrigation projects, housing colonies, industrial areas, communication facilities and rural and urban development programmes, on outright, lease or transfer basis and design, promote, develop, execute, carryout, improve, administer, manage, maintain, hold, build, own, operate transfer, assign, let out, convert fabricate, and deal in all kinds of equipments, works, structures, installations, conveniences plants, machineries, and provision of all facilities, utilities, materials, and services in relation thereto.
- 2.5 Clause 18 and 25 of the Objects Clause of the Demerged Company enables hiving off / demerger and it reads as under:
18. To act in conjunction with units or amalgamate with, create or constitute or assist in creating or constituting any other company or association of a kind similar wholly or partially to this company for the purpose of acquiring all or any of the properties, rights and liabilities of the Company and to buy or absorb all or any part of the business or property of any such company or association, and to acquire and secure membership seat or privilege in and any association, exchange, market or institutions in India or any part of the world.

25 To sell, dispose off or transfer the business properties and undertaking of the company or any part thereof for any consideration which the company may deem fit, to accept and in particulars for Shares, debentures, debenture stock, bonds or securities of any other company or companies for the purpose of its acquiring or their acquiring all or any of the properties, rights or liabilities of this company.

### **3. SHARE CAPITAL AND FINANCIAL POSITION OF COMPANIES**

- 3.1 The Authorized Share Capital of “Demerged Company” as per Audited Balance Sheet as at 31/03/2008 is Rs.7,00,00,000/- (Rupees Seven Crores Only) divided into 70,00,000 (Seventy Lakhs) Equity Shares of Rs.10/- (Rupees Ten Only) each. The Issued, Subscribed and Paid-up Capital of “Demerged Company” as per Audited Balance Sheet as at 31/03/2008 is Rs. 2,86,40,000/- (Rupees Two Crores Eighty Six Lakhs Forty Thousand Only) divided into 28,64,000 (Twenty Eight Lakhs Sixty Four Thousand) Equity Shares of Rs.10/- (Rupees Ten Only) each.
- 3.2 The Authorized Share Capital of the Resulting Company as per the Balance Sheet as at 31/03/2008 is Rs.175,00,00,000/- (Rupees One Hundred and Seventy Five Crores Only) comprising of Equity Share Capital of Rs.115,00,00,000/- (Rupees One Hundred and Fifteen Crores Only) divided into 11,50,00,000 (Eleven Crores and Fifty Lakhs) Equity Shares of Rs.10/- each and Preference Share Capital of Rs.60,00,00,000/- (Rupees Sixty Crores Only) divided into 60,00,000 (Sixty Lakhs) Preference Shares of Rs.100/- (Rupees One Hundred Only) each. The Issued and Subscribed Capital of the Resulting Company as per the Balance Sheet as at 31/03/2008 is Rs.162,38,77,480/- comprising of Equity Share Capital of Rs.112,88,40,480/- (Rupees One Hundred and Twelve Crores Eighty Eight Lakhs and Forty Thousand Four Hundred and Eighty Only) divided into 11,28,84,048 (Eleven Crores Twenty Eight Lakhs Eighty Four Thousand and Forty Eight) Shares of Rs.10/- (Rupees Ten Only) each, 0.001% Cumulative Redeemable Preference Share Capital of Rs.20,63,38,500/- (Rupees Twenty Crores Sixty Three Lakhs Thirty Eight Thousand and Five Hundred only) divided into 20,63,385 (Twenty Lakhs Sixty Three Thousand Three Hundred and Eighty Five) 0.001% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each and 10% Optionally Convertible Cumulative Redeemable Preference Share Capital of Rs.28,86,98,500/- (Rupees Twenty Eight Crores Eighty Six Lakhs Ninety Eight Thousand and Five Hundred only) divided in to 28,86,985 (Twenty Eight Lakhs Eighty Six Thousand Nine Hundred and Eighty Five) 10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each. The Paid up Capital of the Resulting Company is Rs.162,38,04,980/- (Rupees One Hundred Sixty Two Crores Thirty Eight Lakhs Four Thousand Nine Hundred and Eighty only) comprising of Equity Share Capital of Rs.112,87,67,980 (Rupees One Hundred and Twelve Crores Eighty Seven Lakhs sixty Seven Thousand and Nine Hundred and Eighty only) net of calls in arrears amounting to Rs. 72,500 (Seventy Two thousand and Five Hundred) divided into 11,28,84,048 Equity Shares of Rs.10/- (Ten Only) each, 0.001% Cumulative Redeemable Preference Share Capital of Rs.20,63,38,500/- (Rupees Twenty Crores Sixty Three Lakhs Thirty Eight Thousand and Five Hundred Only) divided in to 20,63,385 (Twenty Lakhs Sixty Three Thousand and Three Hundred Eighty Five) 0.001% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each and 10% Optionally Convertible Cumulative Redeemable Preference Share Capital of Rs.28,86,98,500/- (Rupees Twenty Eight Crores Eighty Six Lakhs Ninety Eight Thousand Five Hundred Only) divided in to 28,86,985 (Twenty Eight Lakhs Eighty Six Thousand Nine Hundred and Eighty Five) 10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each.
- 3.3 The Sales and Services income of the “Demerged Company” for the Financial Year ended 31/03/2008 was Rs. 31243.91 Lakhs (Rupees Three hundred and twelve Crores forty three Lakhs and Ninety one Thousand Only). The “Demerged Company” has made a Profit After Tax of Rs. 3329.53 Lakhs (Rupees Thirty three Crores Twenty Nine Lakhs and Fifty three Thousand Only) in the year ended 31/03/2008.
- 3.4 The Turnover of the Resulting Company for the Financial Year ended 31/03/2008 was Rs. 170480.38 Lakhs (Rupees One Lakh Seventy Thousand Four Hundred Eighty Lakhs and Thirty Eight Thousand only). The Resulting Company has made a post tax

profit of Rs. 8619. 65 Lakhs (Rupees Eight Thousand Six Hundred Nineteen Lakhs and Sixty Five Thousand only) in the year ended 31/03/2008.

#### **4. SPECIFIC BENEFITS OF THE SCHEME OF ARRANGEMENT**

- 4.1 Scheme intends to cause a Demerger of the “Demerged Undertakings” from “Demerged Company” and transfer and vest them in the Resulting Company.
- 4.2 The Scheme results in:
  - 4.2.1 All the properties comprised in the “Demerged Undertakings” immediately before the Demerger shall become the properties of the Resulting Company by virtue of the Demerger;
  - 4.2.2 All the liabilities including contingent liabilities relating to and forming part of the “Demerged Undertakings”, immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the Demerger;
  - 4.2.3 The properties and the liabilities, if any, relating to and forming part of the “Demerged Undertakings” shall stand transferred to and vested with the Resulting Company at the values appearing in the books of account of the “Demerged Company” immediately before the Demerger;
  - 4.2.4 The Resulting Company shall issue Shares to the Shareholders of the “Demerged Company” in consideration of the Demerger in accordance with the Scheme to all Eligible Shareholders as on a Record Date on a proportionate basis; and
  - 4.2.5 The transfer and vesting of “Demerged Undertakings” to the Resulting Company is on a going concern basis.
- 4.3 The Demerger is in the interests of the Shareholders, creditors and all those who deal with the Demerged Undertakings and will not affect the status of any person in any manner.
- 4.4 The Demerger of the “Demerged Undertakings” will create enhanced value for all the stakeholders and the Board of both the companies would focus their whole attention at all times in achieving organizational goals effectively and efficiently in the best interests of the Shareholders, creditors and all persons connected with the Demerged Company and the Resulting Company.
- 4.5 The Demerger would naturally create larger scope for modernization, expansion and independent value addition.

#### **5. TRANSFER AND VESTING OF THE UNDERTAKINGS AND OTHER COMPONENTS OF THE SCHEME OF ARRANGEMENT**

##### **SECTION I**

- 5.1 Upon the Coming into Force of the Scheme, the “Demerged Undertakings” shall, without any further act, deed or order be transferred to and vested in or deemed to have been transferred to or vested in the Resulting Company in accordance with this Scheme in pursuance of Section 394 of the Act. Consequently the “Demerged Undertakings” shall become as an integral and indivisible part of the Resulting Company.
- 5.2 Without prejudice to the above Clause, all the movable assets forming part of “Demerged Undertakings” shall be transferred by the Demerged Company to the Resulting Company by physical delivery or by endorsement and delivery and the transfer and vesting of the movable assets in the Resulting Company shall be by virtue of the order of sanction of the High Court under the provisions of Section 394 of the Act.
- 5.3 All Assets other than movable Assets comprised in the “Demerged Undertakings” shall, under the provisions of Section 394 of the Act, by virtue of the order of sanction of the High Court, subject to payment of applicable stamp duty, if any, without any further act, instrument or deed, be transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company with effect from the Appointed Date.
- 5.4 Upon the Coming into Force of the Scheme, without any further act, deed or thing, all intellectual and intangible properties forming part of the “Demerged Undertakings”

shall, ipso facto, become transferred and vested in the Resulting Company and the Scheme shall operate as an Assignment in favour of the Resulting Company in all respects for all the goodwill, trademarks, copyrights, blue prints, lay outs, circuits, industrial designs, patents, patentable processes, product developments in various stages, technology, designs and drawings, manuals and all intangible properties pertaining to the Demerged Undertaking.

- 5.5 All the liabilities comprised in and all liabilities relatable to and forming part of the “Demerged Undertakings” shall also be and stand transferred to or be deemed to have been transferred, without any further act, instrument or deed, to the Resulting Company, pursuant to the provisions of Section 394 and other applicable provisions of the said Act so as to become as and from the Appointed Date, the debts, liabilities, duties, undertakings and obligations of the Resulting Company and further that it shall not be necessary to obtain any further 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.
- 5.6 Upon the Coming into Force of the Scheme, the “Demerged Undertakings” shall become part and parcel of the undertaking of the Resulting Company such that all assets and liabilities, advantages and benefits, rights and obligations pertaining to the “Demerged Undertakings” shall be the assets and liabilities, advantages and benefits, rights and obligations of the Resulting Company. Provided however merely by reason of the sanction of the Scheme, no claim or liability which has not been acknowledged or which has been in dispute shall be deemed to have been accepted or agreed upon by the Resulting Company. Thus the Scheme does not purport to alter the nature or status or enforceability or validity or otherwise of claims of any third party against the Demerged Company.
- 5.7 All claims, applications and petitions of and pertaining to the “Demerged Company” so far as it pertains to “Demerged Undertakings” will continue to be pursued without any filing or recording whatsoever as if the Resulting Company were to be the claimant, applicant or petitioner as the case may be and wherever the “Demerged Company” (so far as it pertains to “Demerged Undertakings”) is a party, without any further act, deed or thing, in pursuance of the Scheme, the Resulting Company shall, ipso facto, become the party in the same respect in which the “Demerged Company” (so far as it pertains to “Demerged Undertakings”) were placed immediately before the coming into force of this Scheme.
- 5.8 Upon the Coming into Force of the Scheme, all permissions, approvals, consents, sanctions, remissions, special reservations, tax holidays, benefits, incentives, concessions and other authorizations already obtained / issued or under process pertaining to the Demerged Undertakings of the Demerged Company, shall stand transferred to and vested in the Resulting Company and the Resulting Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the Court as if such actions have been duly carried out by the Demerged Company.

## **SECTION II**

- 5.9 The Resulting Company is presently entitled to sales tax incentives under the Scheme of Incentives announced pursuant to the Notification No. A-3-14-92-ST-V(50) dated 3rd June, 1993, issued by the erstwhile Government of Madhya Pradesh under the Madhya Pradesh General Sales Tax Act, 1958, as amended from time to time by the erstwhile Government of Madhya Pradesh and / or Government of Chhattisgarh. The Scheme of Incentives confers upon the Resulting Company subject to the provisions contained in the said Notifications and the Act, the benefits of exemption from payment of sales tax, purchase tax, Entry Tax and other levies there under.
- 5.10 Upon the Coming into Force of the Scheme, the Resulting Company shall continue to be entitled to the incentives as before with respect to the transfer of the undertaking(s) of the Demerged Company under this Scheme.
- 5.11 The transfer and vesting of the respective undertakings of the Demerged Company under this Scheme shall not in any way affect the entitlements of the Resulting Company under the said Scheme of Incentives and upon the Coming into Force of the Scheme, without any further act, deed, thing, the investments in fixed assets made by

the Demerged Company in the Demerged Undertakings hereby transferred to and vested in the Resulting Company under this Scheme shall, ipso facto, form a part of the investment obligations the Resulting Company had undertaken under the said Scheme of Incentives and shall be treated accordingly. As such, the Resulting Company shall be fully entitled to avail the incentives with respect to those investments as also the sales turnover attributable to such transferred investments in fixed assets.

- 5.12 To the extent the “Demerged Company” is entitled to various benefits under incentive Schemes and policies applicable to “Demerged Undertakings”, such benefits under all such Schemes and policies shall, upon Coming into Force of the Scheme, be transferred to and vested in the Resulting Company and the Resulting Company shall be entitled to claim in full all those benefits, entitlements and incentives of any nature whatsoever, including sales tax concessions and incentives, as if the Resulting Company were originally entitled to all such benefits and concomitantly the Resulting Company shall be liable to fulfil all obligations and other terms and conditions subject to which such benefits were granted to the “Demerged Company” in relation to its “Demerged Undertakings”.

### **SECTION III**

- 5.13 Upon the Coming into Force of the Scheme, any loans or other obligations due between the Demerged Company and the Resulting Company, if any, so far as such things are relatable to or pertaining to the Demerged Undertakings, shall stand discharged and there shall be no liability in this behalf by or from one company to another company.
- 5.14 The Resulting Company may, at any time after the Coming into Force of the Scheme, in accordance with the provisions hereof, if so required, under any law or otherwise, so far as anything is relatable to or pertaining to the Demerged Undertakings, execute deeds of confirmations in favour of Secured Creditors of the Demerged Company or in favour of any other party to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall be deemed to have been authorised by the Demerged Company to execute any such writings on behalf of that company in order to implement effectively and to carry out all such formalities or compliances in order to secure fully and effectively the objectives of the Scheme.

### **SECTION IV**

- 5.15 Upon the coming into force of the Scheme, the Resulting Company shall issue to Eligible Shareholders its fully paid Shares in accordance with the provisions of this Scheme for a value equal to the Consideration.
- 5.16 Upon the Coming into Force of the Scheme, the excess of Consideration over the Aggregate Face Value shall be credited to the General Reserves Account of the Resulting Company and such reserves shall be Free Reserves and shall be available for being used up accordingly.
- 5.17 Upon the Coming into Force of the Scheme, the Equity Shares liable to be issued by Resulting Company under the Scheme shall be, as early as may be possible, listed in all the recognized Stock Exchanges in which the Shares of the Resulting Company are listed as on the Effective Date.

### **SECTION V**

- 5.18 Until the Effective Date, no charge or any other encumbrance shall be created upon the properties comprised in the Demerged Undertakings unless the Board of Directors of the Resulting Company grants prior consent.
- 5.19 Any question or dispute as to whether any asset or liability pertains to the Demerged Undertakings or not, shall be decided jointly by the Board of Directors of the Demerged Company and the Resulting Company either by themselves or through a Committee appointed by them in this behalf on the basis of evidence they may deem relevant (including the books and records of the Demerged Company).
- 5.20 For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Act in respect of this Scheme, the Resulting Company shall at any time

pursuant to the orders on this Scheme be entitled to get the recording of the change in the title and appurtenant legal right(s) upon the vesting of such assets of Demerged Company in relation to “Demerged Undertakings” in the Resulting Company in accordance with the provisions of Sections 391 and 394 of the Act.

- 5.21 Upon the Scheme becoming effective and with effect from the Appointed Date, the filing of certified copies of the order of Court sanctioning this Scheme shall constitute a creation / modification of charge in the name of the Resulting Company in accordance with the provisions of Section 127 of the Act and satisfaction of charge in respect of the Demerged Company in accordance with Section 138 of the Act, in relation to existing charges attaching to the properties of Demerged Undertakings.

## **SECTION VI**

- 5.22 Without prejudice to the generality of the above and upon the coming into Force of the Scheme, all assets, properties, rights, entitlements, benefits, liabilities, contingent liabilities, and obligations pertaining to Demerged Undertakings hereby transferred to and vested in the Resulting Company, shall belong to and be owned, controlled and managed by the Resulting Company, together with charges and encumbrances, if any, thereon.
- 5.23 Where for any reasons any part of the Scheme is not sanctioned or gets sanctioned with modifications, if any, the Scheme shall be construed accordingly and only that part of the Scheme that is not sanctioned shall not apply and other parts shall be construed, given effect and implemented accordingly after giving due effect in all respects to the part that has been sanctioned and to the part that has been modified.
- 5.24 The above provisions shall have effect notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

## **6. LEGAL PROCEEDINGS, CONTRACTS, DEEDS, BONDS, SCHEMES AND OTHER INSTRUMENTS**

- 6.1 No suit, writ, petition, appeal, revision or other proceedings of whatever nature other than in the ordinary course of business is or was pending adjudication by or against the Demerged Company in relation to its Demerged Undertakings or Resulting Company. Save as aforesaid, if there shall commence any such proceedings by or against the Demerged Company, so far as such proceedings pertain to Demerged Undertakings, upon Coming into Force of the Scheme, such proceedings shall not in any way be prejudicially affected solely by reason of the transfer and vesting of the undertaking of the Demerged Company (so far as those proceedings pertain to its Demerged Undertakings) or of anything contained in the Scheme; such proceedings shall continue and be capable of being fully and effectively carried on by or against the Resulting Company in the same manner and to the same extent as if such proceedings were by or against the Resulting Company.
- 6.2 All legal, taxation or other proceedings, (including proceedings before any statutory or quasi-judicial authority or Tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. Provided further for instituting or defending any suit by or against the Demerged Company after the date on which the Board of Directors of Resulting Company approves the Scheme, no action or filing or representation shall be made or done unless such action has the previous consent of the Resulting Company. Provided that this clause and the above proviso shall apply in relation to Demerged Company, only to the extent of claims relatable and forming part of the Demerged Undertakings.
- 6.3 The Demerged Company shall not in any event be responsible or liable for any adverse outcome in respect of any such legal, taxation or other proceedings against the Resulting Company, in respect of any such proceedings relating to the Demerged Undertakings. Where the outcome of any such proceeding is composite i.e., not relatable to Demerged Undertakings alone, nor relatable exclusively to Remaining Undertakings alone, but to the Demerged Company as a whole, whether adverse or

positive, shall accrue to Demerged Company and Resulting Company in proportion to the Book value of the undertakings retained / transferred pursuant to the Scheme.

- 6.4 Subject to other provisions contained in this Scheme, all contracts, arrangements, deeds, bonds, agreements, instruments, writings and benefits of whatsoever nature to which the Demerged Company is a party subsisting or having effect immediately before the Effective Date, subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed to between the Resulting Company and other parties thereto, shall remain in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced by and/or against the Resulting Company as fully and effectively as if the Resulting Company was party thereto instead of Demerged Company. Provided that this clause shall apply in relation to the Demerged Company only to the extent of contracts and arrangements relating and forming part of the Demerged Undertakings.
- 6.5 The effect of contracts or arrangements, if any, between the Demerged Company (in relation to or connected with Demerged Undertakings) and the Resulting Company shall stand cancelled and accordingly any amount due from one company to other shall be fully adjusted and nullified so far as such accounts pertain to Demerged Undertakings and are in contra in the books of account of the Demerged Company and the Resulting Company.
- 6.6 Upon the Coming into Force of the Scheme, the Resulting Company alone shall be liable to perform all obligations including export obligations, guarantees and meet all valid legal and enforceable debts, liabilities and claims including contingent liabilities pertaining to the Demerged Undertakings which have been transferred to and vested in the Resulting Company under the Scheme, and the Demerged Company shall not have any obligations in respect of those liabilities and contingent liabilities. Provided that this clause shall apply only to the extent of obligations, liabilities and contingent liabilities relating and forming part of the Demerged Undertakings.
- 6.7 Resulting Company shall, at all times, keep the Demerged Company harmless and indemnified in relation to any claim, at any time, which might arise against them. Provided that this clause shall apply in relation to the Demerged Company only to the extent of claims relating and forming part of the Demerged Undertakings.

## **7. POSITION AS TO CHARGES**

The transfer of the Demerged Undertakings and their vesting in the Resulting Company under the Scheme shall be subject to subsisting charges, encumbrances and mortgages over the properties forming part of the Demerged Undertakings of the Demerged Company.

Provided however, that any reference to the properties of the Demerged Company which they have offered or agreed to offer as security for any financial assistance or obligations, to any of their secured creditors, shall be construed as reference only to the properties pertaining to the Demerged Undertakings as is vested in the Resulting Company by virtue of the Scheme, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend, to any other properties of the Resulting Company. Provided further that the holders of the subsisting charges upon the properties of the Resulting Company shall not be entitled to any charge upon the properties comprised in the Demerged Undertakings as is vested in the Resulting Company by virtue of the Scheme merely by reason of such vesting. Provided further the lenders who have lent loans and facilities to the Demerged Company for meeting the financial needs of Remaining Undertakings shall not be entitled to any charge on any properties of the Demerged Undertakings as is vested in the Resulting Company by virtue of the Scheme. Similarly Lenders of the Demerged Undertakings shall not be entitled to charge over the assets of the Remaining Undertakings by virtue of the Scheme and that the same shall stand satisfied on Coming into force of the Scheme. Save as aforesaid, the Scheme does not envisage any modification to the extent or operation or scope of any of the subsisting charges upon the properties of the Demerged Undertakings.

## **8. ACCOUNTING POLICY RELATING TO DEMERGER**

- 8.1 The accounting of the Demerger transaction under the Scheme shall be carried out in accordance with the Generally Accepted Accounting Principles and Accounting Standard 14 as prescribed by The Institute of Chartered Accountants of India.
- 8.2 Upon the Coming into Force of the Scheme, all assets, properties and liabilities of the “Demerged Company” forming part of the Demerged Undertaking shall stand transferred and vested in to the Resulting Company and carried to the books of the Resulting Company at their respective book values as appearing in the books of account of Demerged Company at the commencement of business hours on the Appointed Date and accounted in accordance with the Generally Accepted Accounting Principles.
- 8.3 Accumulated Losses and Unabsorbed Depreciation if any pertaining to Demerged Undertakings as at the Appointed Date shall be fully adjusted against the General Reserves in the books of the Resulting Company.
- 8.4 In case of any differences in the accounting policy between the Companies, the impact of the same will be quantified and adjusted in the revenue reserves to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.
- 8.5 Notwithstanding anything stated above, in case of a need for clarification or adjustment, the Resulting Company in consultation with its statutory auditors, resolve accounting issues, if any, in the best interests of the company.

## **9. COMING INTO FORCE OF THE SCHEME**

Upon sanction of the Scheme and filing of the order of the High Court with the Registrar of Companies by the Demerged and Resulting Companies, the Scheme shall be deemed to have come into force with effect from the Appointed Date.

## **10. DEMERGED COMPANY'S STAFF, WORKMEN AND EMPLOYEES RELATING TO DE-MERGER.**

Upon the Coming into Force of the Scheme, all employees, officers and staff employed in relation to the Demerged Undertakings who are in the employment of the “Demerged Company” as on the Effective Date shall become the employees, officers and staff, as the case may be, of the Resulting Company, and, subject to the provisions of this Scheme, on terms and conditions not in any way less favourable than those subject to which they have been engaged by the “Demerged Company” and without any interruption of or break in service as a result of the transfer and vesting of the Demerged Undertakings upon the Resulting Company. The Resulting Company shall be obliged to keep and maintain any Gratuity Fund or any other statutory or non-statutory welfare funds or Schemes that may have been brought about or may be introduced by the “Demerged Company” between the Appointed Date and Effective Date for the benefit of the employees pertaining to the Demerged Undertakings and all such obligations of the “Demerged Company” to the extent they pertain to the employees of the Demerged Undertakings shall, upon the coming into force of the Scheme, automatically stand transferred to and vested in the Resulting Company without any further act, deed or thing. Where any employee of the Demerged Undertakings expresses in writing to the Board of Directors of the Resulting Company his unwillingness to continue in employment of the Resulting Company within 60 days of upon the Coming into Force of the Scheme, he shall be entitled to such compensation and other benefits as may be applicable accordingly as per the applicable provisions of law as if his contract of service had come to an end pursuant to dissolution of the Demerged Company.

## **11. REMAINING UNDERTAKINGS OF “DEMERGED COMPANY”**

All and everything other than the Demerged Undertaking shall form part of the Remaining Undertakings of the “Demerged Company”. Remaining Undertakings shall continue to be with the “Demerged Company in all respects and intents as if there had not been this Demerger at all. All legal, taxation or other proceedings (including proceedings before any statutory or quasi-judicial authority or tribunal) by or against the “Demerged Company” under any statute, whether pending on the Appointed Date



or which may be instituted at any time thereafter, and in each case relating to the Remaining Undertakings (including those relating to any property, right, power, liability, obligation or duties of the “Demerged Company” in respect of their Remaining Undertakings) shall be continued and enforced by or against the “Demerged Company” after the Effective Date. The Resulting Company shall not in any event be responsible or liable in relation to any such legal, taxation or other proceeding against the “Demerged Company”, which relate to the Remaining Undertakings. Until the Effective Date and also thereafter, the “Demerged Company” shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Undertakings or and on its own behalf and all profits and income accruing to the “Demerged Company” thereon or losses and expenditure arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Undertakings shall, for all purposes, be treated as the profits and income or losses and expenditure, as the case may be, of the “Demerged Company”; and all assets and properties acquired or which may be acquired or created by the “Demerged Company” in relation to its Remaining Undertakings on and after the Appointed Date shall belong to and continue to remain vested in the “Demerged Company”.

## **12. CONDUCT OF BUSINESS BY DEMERGED COMPANY TILL EFFECTIVE DATE**

- 12.1 From the Appointed Date and until the Effective Date, the “Demerged Company” shall carry on and shall be deemed to be carrying on all business and activities relating to its Demerged Undertakings in trust for and on behalf of and for benefit of Resulting Company. The “Resulting Company” is already possessed of and shall continue to be in possession of all the assets comprised in the Demerged Undertakings. The Demerged Company shall hold and stand possessed of all estates, assets, rights, licences, title, interest, authorities, contracts, investments and strategic decisions pertaining to the Demerged Undertakings for and on account of, and in trust for the Resulting Company. And all profits and income accruing to or arising from the Demerged Undertakings and losses and expenditure arising or incurred by and all benefits, incentives, achievements, concessions, subsidies, executions, contracts, performance, fulfillment of obligations relating to the Demerged Undertakings (including taxes, if any, accruing or paid in relation to any profits or income) of the “Demerged Company”, shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Resulting Company.
- 12.2 With effect from the Appointed Date and until the Effective Date, the Board of Directors of “Demerged Company” shall not undertake any material financial commitments or sell, transfer, alienate, charge, mortgage, or encumber any of the assets or properties comprised in the Demerged Undertakings or any part thereof, save and except with the prior written consent of the Board of Directors of the Resulting Company.
- 12.3 Until the Effective Date, the Resulting Company shall not make any further issue of Shares or any other instrument convertible into Shares at a price or conversion price, as the case may be, which is below the price at which the Shares of the Resulting Company are intended to be issued to the Shareholders of the Demerged Company in pursuance of the Scheme.
- 12.4 The Demerged Company shall not do or cause anything to be done so as to prejudicially affect the arrangement comprised in the Scheme in any manner whatsoever nor shall do anything which may or is likely to jeopardize or is capable of jeopardizing the objective of the Scheme. The decision with regard to any question whether any action proposed to be taken by the Demerged Company should be considered as prejudicial to anything contained in the Scheme shall be taken with mutual agreement between the Boards of Directors of Demerged and Resulting Companies and shall be binding on the Demerged Company.

## **13. ISSUE OF SHARES BY THE RESULTING COMPANY TO ELIGIBLE SHAREHOLDERS**

- 13.1 Upon Coming into Force of the Scheme, in consideration of the Demerger of the Demerged Undertakings of the Demerged Company for being transferred to and vested in the Resulting Company, the Resulting Company shall settle the

Consideration by issue of its fully paid-up Equity Shares of Rs.10/- each in its Paid-up Capital to the Eligible Shareholders; and the Resulting Company shall, subject to the provisions of this Scheme and without any subscription, agreement, application, action or deed, issue and allot 3 (Three) fully paid Equity Shares of Rs.10/- each (Rupees Ten Only) to Eligible Shareholders of the Demerged Company credited as fully paid in the Capital of Resulting Company against every 1 (One) Equity Shares of Rs.10/- each held by them in the Demerged Company. The Shares allotted if any, by the Demerged Company after the Appointed Date shall not be taken into account for the purpose of issue of Shares by the Resulting Company as abovesaid.

- 13.2 For this purpose, the total number of Shares of the Resulting Company ought to be issued to Eligible Shareholders has been arrived at by dividing the Consideration by the Fair Value of each Share in the Resulting Company.
- 13.3 For this purpose, the Fair Value of each Share in the capital of the Resulting Company has been arrived at in accordance with prevailing norms for valuation of Shares as a going concern.
- 13.4 Shares to be issued by the Resulting Company, in consideration of the Demerger, shall be issued to the Eligible Shareholders in the same proportion in which they hold Shares in the paid up capital of the “Demerged Company”.
- 13.5 The authorized Share capital of the Resulting Company shall, if necessary, be increased to the extent required to enable the issue of Shares under this Scheme.
- 13.6 In respect of fractional entitlements, the Board of Directors of the Resulting Company may nominate one of its Directors as the trustee to hold the fractional entitlements, who shall receive and hold all such Shares in trust for those Shareholders who are so entitled and shall sell those Shares in the market and distribute proportionate amounts to them.
- 13.7 The Equity Shares to be allotted as aforesaid, shall rank for dividend, voting and all other rights pari passu with the existing equity Shares of the Resulting Company provided that they shall not qualify for dividend declared in respect of the period prior to their allotment.

#### **14. DECLARATIONS**

- 14.1 The Companies are solvent with sufficient assets capable of meeting all their liabilities including contingent liabilities.
- 14.2 The Scheme does not purport to result in dissolution of “Demerged Company”.
- 14.3 The Demerged Company will continue to be going concern carrying on industrial and other activities owning its Remaining Undertaking.
- 14.4 The Scheme does not include any Company or Undertaking that is not solvent.
- 14.5 No statement made in this Scheme shall merely as a result of the Scheme be construed to acknowledge any debt or liability of either of the Companies that has not already been acknowledged as debt.
- 14.6 The Scheme does not involve any compromise or arrangement with creditors of the Companies.
- 14.7 None of the Companies is under any investigation under any law for the time being in force.
- 14.8 The Scheme is subject to provisions of applicable laws and is further subject to consents, approvals and sanctions as stated hereunder.

#### **15. APPLICATIONS TO HIGH COURT**

On this Scheme being approved by the respective Boards of the Companies the companies will, with reasonable despatch, apply to the Judicature of High Court at Bombay, Nagpur Bench, Nagpur) for sanctioning the Scheme, with modifications, if any.

#### **16. MODIFICATIONS / AMENDMENTS TO THE SCHEME**

- 16.1 The Board of Directors of respective Companies may agree to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court

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.

- 16.2 The Board of Directors of respective Companies is hereby authorised to do all acts, deeds and things to give such directions and/or to take such steps as may be necessary or desirable for the purpose of giving effect to this Scheme or to any modification thereof, including any directions for settling any question or doubt or difficulty whatsoever that may arise in relation to the Scheme.
- 16.3 No specific further approval of the Shareholders of the respective Companies shall be needed, unless otherwise directed by the respective Judicature of High Court at Bombay, Nagpur Bench, Nagpur for giving effect to any technical or other such modifications that does not have any bearing to the scope, purpose and intent of the Scheme contained herein.

#### **17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

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

- i. The pre-clearance of the Scheme by the Stock Exchanges.
- ii. The Scheme is subject to sanction by the Shareholders of respective Companies duly obtained in a general meeting of the Shareholders convened and conducted in accordance with the directions of the High Court of Bombay, Nagpur Bench, Nagpur.
- iii. The Scheme is subject to sanction and approval of the secured creditors of the respective Companies duly obtained in a meeting of the Secured Creditors convened and conducted in accordance with the directions of the High Court of Bombay, Nagpur Bench, Nagpur.
- iv. The sanction of the Scheme by the High Court of Bombay, Nagpur Bench, Nagpur under Sections 391 to 394 of the Companies Act, 1956 being obtained.
- v. Certified or authenticated copy of the Orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, Mumbai by the respective Companies.

#### **18. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the High Court at Bombay, Nagpur Bench, Nagpur and / or the Order or Orders not being passed as aforesaid, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme and that none of the Parties shall be required to reimburse the other on account of the same.

#### **19. EXPENSES CONNECTED WITH THE SCHEME**

All costs, charges, duties, taxes, legal and other fees and all expenses incidental and ancillary thereto of the Demerged Company and the Resulting Company incurred or liable to be incurred in relation to or in connection with or for giving effect to the Scheme and for ensuring complete implementation of the Scheme shall be borne and paid solely by the Resulting Company. For removal of doubts, it is hereby expressly declared that stamp duty and registration charges if applicable for anything in relation to Scheme or issue or transfer of Shares thereof shall be borne solely by the Resulting Company only.

### **SCHEDULE A**

Fixed Assets and Liabilities pertaining to the Demerged Undertakings of the "Demerged Company" as shown in its audited Balance Sheet as at the commencement of business hours on 01/04/2008, being -

1. 500 TPD DRI Plant together with all lands described in Schedule A2, buildings, structures, infrastructure, utilities and auxiliaries, situated at Village Siltara, Raipur.

2. 12 MW Waste Heat Recovery Based Power Plant together with all lands, buildings, structures, infrastructure, utilities and auxiliaries, situated at Village Siltara, Raipur.

#### SCHEDULE A1

All intangible properties, licences, consents, approvals, clearances, certificates, authorizations, benefits, incentives, rights, agreements, contracts, permits, entitlements, engagements, concessions, privileges, subsidies, trademarks, systems, data, designs, drawings, specifications, resources, modules and assets of every kind, nature and description pertaining to Demerged Undertakings.

#### SCHEDULE A2

Land situated in Siltara Growth Centre, Siltara, District, Raipur admeasuring 23.833 Hectares together with right to walk, ply vehicles etc. as per the details appearing hereinbelow:

SR NO.	KHASRA NO.	AREA IN HECTARES	SR NO.	KHASRA NO.	AREA IN HECTARES
1	122/40	0.356	28	130/3	0.809
2	127/4,5	0.927	29	153	0.829
3	125/13,14	1.619	30	152/2	0.251
4	126	0.672	31	129/3	0.101
5	127/2	1.457	32	129/2	0.161
6	127/3	1.315	33	148	0.454
7	128/1	0.263	34	154/5	0.559
8	128/2	0.089	35	153/29	0.101
9	128/3	0.202	36	154/24	0.364
10	128/4	0.36	37	154/23	0.243
11	129/1	0.051	38	154/25	0.263
12	129/4	0.19	39	153/11	0.101
13	122/27	1.619	40	154/12	0.304
14	127/6	1.214	41	154/8	0.101
15	127/8	0.405	42	154/11	0.028
16	127/1	1.157	43	154/33	0.102
17	127/9	0.405	44	154/35	0.029
18	127/7	0.101	45	154/32	0.202
19	125/1	1.477	46	154/34	0.064
20	125/5,149	0.999	47	156/6	0.173
21	125/7,151/3	0.028	48	154/28	0.405
22	125/1,151/4	0.028	49	154/29	0.105
23	151/1,151/5	0.162	50	154/30	0.126
24	151/2	0.421	51	154/7	0.405
25	152/1	0.251	52	154/27	0.404
26	150	0.433	53	153/6,154/4/1	0.494
27	154/5	0.162	54	154/18	0.292
				<b>Total</b>	<b>23.833</b>

#### SCHEDULE A3

##### Liabilities relatable to the Demerged Undertakings.

##### Secured Loans: -

- Canara Bank, Kolkata - Rs. 2136.21 lacs  
Allahabad Bank Kolkata - Rs. 4692.39 lacs

##### Other Liabilities: -

- (Including Bank overdraft from IDBI Bank Limited) - Rs. 821.41 lacs

\* \* \*

**COPY OF THE ORDER OF THE HIGH COURT OF JUDICATURE AT BOMBAY**

**NAGPUR BENCH : NAGPUR**

**Company Application No. 4 of 2011**

**In the matter of**

**Companies Act, 1956**

**And**

**In the matter of**

**Sections 391 and 394 of the Companies Act**

**And In the matter of**

**Scheme of Arrangement between Corporate Ispat Alloys Ltd.**

**And**

**Jayaswal Neco Industries Ltd.**

Mr. A.S. Jaiswal, Adv. For the Company Petitioner

CORAM : A. B. CHAUDHARI, J.

DATE : 16<sup>th</sup> September, 2013.

Heard Mr. Jaiswal, learned counsel for the Company Petitioner. Perused the record, so also the order made by the Calcutta High Court. Mr Jaiswal has tendered the Minutes of the Order which are taken on record.

Order is passed in terms of the Minutes produced on record and marked 'X' for identification, which shall form part of the record.

Company Petition is disposed of.

!Hedau!

“X”

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY,**

**NAGPUR BENCH. NAGPUR**

**(ORIGINAL JURISDICTION)**

**Company Petition No. 1288 of 2013**

**Connected with**

**Company Application No. 4 of 2011**

In the matter of Companies Act, 1956 (Act 1 of 1956)

And

In the matter of Scheme of Arrangement

Between

Corporate Ispat Alloys Limited (Demerged Company)  
And  
Jayaswal Neco Industries Limited (Resulting Company)

And their respective shareholders and creditors

**JayaswalNeco Industries Limited**

**F-8, MIDC Industrial Area,**

**Hingna Road, Nagpur - 440 016. .... Petitioner/Resulting Company**

ShriAnandJaiswal, Advocate, for the Petitioner Company.

Corum : Hon'ble Shri Justice A B Chaudhari.

Dated : 16-09-2013

1. This is a Petition by Jayaswal Neco Industries Limited, praying for sanction of the Scheme of Arrangement ("the Scheme") between it and the Demerged Company providing for demerger of Steel Division ("the Demerged Undertaking") of the Demerged Company for the purpose of merger with the Petitioner Company.
2. Heard. Perused the Petition and annexures thereto and affidavit of Shri Avinash D Karajgaonkar, Company Secretary of the Petitioner Company. The Scheme has been duly approved by Board of Directors of both the companies. The Petitioner Company made an application seeking directions of this court for convening separate meetings of its shareholders and secured creditors for considering and approving the Scheme and other matters connected with the meetings. The Court vide its order dated 23<sup>rd</sup> February, 2012, as amended by order dated 7<sup>th</sup> March, 2012, and 25<sup>th</sup> April, 2013 directed the Petitioner Company to convene the meetings/adjourned meetings and file reports thereof. Petitioner Company convened and held the meetings on 20<sup>th</sup> April, 2012 and 28<sup>th</sup> May, 2013 in pursuance of the orders of this Court. Chairmen of the meetings (including adjourned meeting of the secured creditors held on 28<sup>th</sup> May, 2013) have filed the reports thereof. The Scheme has been unanimously approved by the shareholders *and* secured creditors.
3. The Petitioner Company made a Petition for sanction of the Scheme. The Court vide its order dated 12<sup>th</sup> July, 2013 directed the Petitioner Company to publish an advertisement of hearing of the petition and serve notice of petition on the Central Government through Regional Director, Western Region, Mumbai. The Petitioner in compliance of the order published the newspaper advertisements on 18<sup>th</sup> July, 2013 and served the Notice of Petition on Regional Director on 19<sup>th</sup> July, 2013. The Regional Director vide his affidavit dated 22<sup>nd</sup> August, 2013, has given his report on the affairs of the Company. The Regional Director has submitted that the Scheme is not prejudicial to the interests of the shareholders and public and signified his no objection to the Scheme subject to a partial modification with respect to accounting treatment of reserves created under the Scheme.
4. The Court is satisfied that the statutory approvals in the matter of the Scheme have been obtained and the Scheme is not prejudicial to the interest of anybody concerned with the Demerged Company and the Petitioner Company. There is no objection from anybody; nor has anybody appeared to oppose the Petition.
5. Hon'ble High Court at Calcutta has vide its order dated 16<sup>th</sup> April, 2013 sanctioned the Scheme on a company petition no 639 of 2011 connected with company application no 955 of 2011 made before it by the Demerged Company; subject to a partial modification of clause 5.16 under section IV of the Scheme that the excess of consideration over the aggregate face value of shares issued by the Resulting Company shall be credited to the General Reserves of the Resulting Company and such reserve shall be treated as capital reserve and shall be dealt with in accordance with law.
6. The Regional Director in its affidavit 22<sup>nd</sup> August, 2013, has also brought out the same

point of view.

7. Accordingly, this Court hereby sanctions the Scheme submitted as Annexure 4 to the Petition subject to a partial modification of clause 5.16 under section IV thereof. Clause 5.16 shall read as under :

"5.16: Upon the coming into force of the scheme, the excess of consideration over the Aggregate Face Value shall be credited to the General Reserves Account of the resulting company and such reserves shall be treated as Capital Reserve and shall be dealt with in accordance with law."

A copy of the Scheme as hereby sanctioned by this Court is attached herewith as annexure "A" and forms a part of this order.

8. The Petitioner Company shall file for registration a certified copy of this order within 30 days of its receipt with registrar of companies and Upon filing of the certified copy of this order with the Registrar of companies, the Scheme shall come into force with effect from the Appointed Date namely, 1<sup>st</sup> day of April, 2008.
9. Upon the coming into force of the Scheme, all the assets, whether movable or immovable, including inventories, sundry debtors, loans and advances, cash and bank balances comprised in the Demerged Undertaking forming part of Demerged Undertaking of the Demerged Company as on the appointed date shall, without any further act, deed or order be transferred to and vested in or deemed to have been transferred to or vested in the Petitioner Company in accordance with the scheme in pursuance of Section 394 of the Act. Likewise, all intellectual and intangible properties, if any; forming part of the Demerged Undertaking shall, ipso facto, become transferred and vested in the Petitioner Company and the Scheme shall operate as an Assignment in favour of the Petitioner Company in all respects for all the goodwill, trademarks, copyrights, blue prints, lay outs, circuits, industrial designs, patents, patentable processes, product developments in various stages, technology, designs and drawings, manuals and all intangible properties pertaining to the Demerged Undertaking.
10. Upon the coming into force of the Scheme, all the liabilities including contingent liabilities, all debts, duties and obligations of any kind, nature and description pertaining to the Demerged Undertaking as on the appointed date shall also be and stand transferred to or be deemed to have been transferred, without any further act, instrument or deed, to the Petitioner Company, pursuant to the provisions of Section 394 and other applicable provisions of the said Act so as to become as and from the Appointed Date, the debts, liabilities, duties, undertakings and obligations of the Petitioner Company and further that it shall not be necessary to obtain any further 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.
11. Upon the coming into force of the Scheme, the Demerged Undertaking shall become part and parcel of the undertaking of the Petitioner Company such that all assets and liabilities, advantages and benefits, rights including mining rights and obligations pertaining to the Demerged Undertaking shall be the assets and liabilities, advantages and benefits, rights and obligations of the Petitioner Company. Provided however merely, by reason of the sanction of the Scheme, no claim or liability which has not been acknowledged or which has been in dispute shall be deemed to have been accepted or agreed upon by the Petitioner Company. Thus, the Scheme does not purport to alter the nature or status or enforceability or validity or otherwise of claims of any third party against the Demerged Company.
12. All claims, applications and petitions of and pertaining to the Demerged Company so far as it pertains to Demerged Undertaking will continue to be pursued without any further filing or recording whatsoever as if the Petitioner Company were to be the claimant, applicant or petitioner as the case may be and wherever the Demerged Company (so far as it pertains to Demerged Undertaking) is a party, without any further act, deed or thing, in pursuance of the Scheme, the Petitioner Company shall, ipso facto, become the party in the same respect in which the Demerged Company (so far as it pertains to Demerged Undertaking) were placed immediately before the coming into force of this Scheme.

13. Upon the Coming into Force of the Scheme, all permissions, approvals, consents, sanctions, remissions, special reservations, tax holidays, benefits, incentives, concessions and other authorizations already obtained / issued or under process pertaining to the Demerged Undertaking of the Demerged Company, shall stand transferred to and vested in the Petitioner Company and the Petitioner Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on record, pursuant to the vesting orders of the Court as if such actions have been duly carried out by the Demerged Company.
14. Upon Coming into Force of the Scheme, in consideration of the Demerger of the Demerged Undertaking of the Demerged Company for being transferred to and vested in the Petitioner Company, the Petitioner Company shall settle the Consideration by issue of its fully paid-up Equity Shares of Rs.10/- each in its Paid-up Capital to the Eligible Shareholders; and the Petitioner Company shall, subject to the provisions of this Scheme and without any subscription, agreement, application, action or deed, issue and allot 114 fully paid Equity Shares of Rs.10/- each to Eligible Shareholders of the Demerged Company credited as fully paid in the Capital of Petitioner Company against every 10 Equity Shares of Rs.10/- each held by them in the Demerged Company on the Appointed/Record Date. The shares allotted if any, by the Demerged Company after the Appointed Date shall not be taken into account for the purpose of issue of shares by the Petitioner Company as above said.
15. The scheme is thus sanctioned in terms of prayer clause 26 (a) of the Petition subject however to a partial modification referred to in (7) hereinabove. The arrangement embodied in the Scheme being sanctioned by this Court shall be binding on both the companies, its members, creditors and that the employees of the Demerged Undertaking of the Demerged Company in service on the date on which the copy of the order is delivered to the Registrar of Companies in compliance of this order shall become the employees of the Petitioner company without any break or interruption in their services on the terms and conditions of service being not less favourable than subsisting.



**SCHEME OF ARRANGEMENT BETWEEN**  
**CORPORATE ISPAT ALLOYS LIMITED (DEMERGED COMPANY)**  
**AND**  
**JAYASWAL NECO INDUSTRIES LIMITED**  
**(RESULTING COMPANY)**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**ARTICLE 1 – DEFINITIONS & INTERPRETATION**

In this Scheme, unless inconsistent with the subject or context –

- 1.1 “Act” or “The Act” means the Companies Act, 1956 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.2 “Aggregate Face Value” is the product of (a) total number of fully paid up equity shares proposed to be issued by the Resulting Company to the shareholders of the Demerged Company and (b) face value of each share.
- 1.3 “Appointed Date” shall be 01/04/2008 and it shall be reckoned from the beginning of business hours on the Appointed Date.
- 1.4 “Coming into Force of the Scheme” Upon sanction of the Scheme and filing of the order of the High Court with the Registrar of Companies by the Demerged and Resulting Companies, the Scheme shall be deemed to have come into force with effect from the Appointed Date.
- 1.5 “Consideration” for the Demerger of the Demerged Undertaking-for being transferred to and vested in the Resulting Company shall be equal to the Net Asset Value of Demerged Undertaking as shown in the Division wise Balance Sheet of the Demerged Company attached as Annexure to this Scheme, at closing of business hours on 31/03/2008, being equal to the Tangible Net worth shown in the Balance Sheet of Demerged Undertaking as at 31/03/2008 and it will also be equal to the value obtained by multiplying the (a) Number of shares ought to be issued by the Resulting Company to Eligible Shareholders and (b) the Fair Value of each Share in the Resulting Company determined for the purpose of arriving at the Share Exchange Ratio.
- 1.6 “Demerged Company” shall mean CORPORATE ISPAT ALLOYS LIMITED, a Company incorporated on 26/02/1988 (Twenty Sixth February Nineteen Eighty Eight) under the Companies Act, 1956 having its Registered Office at EN-1, Insignia Towers, Sector V, Saltlake City, Kolkata - 700091. And it is the Demerged Company within the meaning of the said expression as understood under Sub-Section 19AAA of Section 2 of the Income Tax Act, 1961 and it is the Transferor Company for the purposes of clause (b) of sub-section (1) of Section 394 of the Companies Act, 1956.
- 1.7 “Demerger” shall mean the transfer of the “Demerged Undertaking” from the “Demerged Company” and transferring and vesting the same in the Resulting Company as stipulated in the Scheme in accordance with Sub-Section 19AA of Section 2 of the Income Tax Act, 1961 and Sections 391 to 394 of the Companies Act, 1956.
- 1.8 Demerged Undertaking shall mean the Steel Division (Hot Strip Mill and Slab Caster) of the “Demerged Company” and include all its industrial undertaking, business, activities, operations and infrastructure, tangible and intangible assets, rights including mining rights, properties, all movable and immovable assets, obligations, liabilities including contingent liabilities pertaining to its Demerged Undertaking on a going concern basis, and without prejudice to the generality of the foregoing, specifically includes the following:
  - a. The whole of the fixed assets pertaining to the “Demerged Undertaking shown in

the statement of assets and liabilities of “Demerged Company” as at 31/03/2008 which is enclosed as Schedule – A.

- b. All intangible properties, licenses, approvals, benefits, incentives and rights including mining rights pertaining to Demerged Undertaking, more fully described in Schedule - B.
  - c. All that piece and parcel of the immovable properties pertaining to the “Demerged Undertaking”, more specifically described in the enclosed Schedules – C
  - d. All records, files, papers, discs, data storing devices, data and documents pertaining to the “Demerged Undertaking”.
  - e. All stocks of present and future goods such as raw materials, semi finished goods, finished goods, stock in process including documents of title to the goods, outstanding moneys, receivables arising from sale of goods, receivables by way of cash assistance and / or incentives under various Incentive Schemes, claims including claims by way of refund of customs/excise duties under the duty drawback credit scheme or any other scheme, bills, invoices, documents, insurance policies, guarantees, engagements and rights pertaining to Demerged Undertaking as on the effective date; and
  - f. All employees engaged in or relating to Demerged Undertaking and its business, activities and operations as on the Effective Date.
- 1.9 “Effective Date” means the last of the dates on which certified copies of the order(s) of the High Court sanctioning the Scheme are filed with the Registrar by the respective Companies.
- 1.10 “Eligible Shareholders” shall mean the Shareholders of the Demerged Company whose names are found on the Register of Members of the Demerged Company on the Record Date or their duly constituted attorneys who are entitled to receive Shares of Resulting Company under this Scheme.
- 1.11 “High Court” shall mean the Judicature of High Court at Bombay Nagpur Bench, Nagpur and High Court of Judicature at Kolkata as may apply depending upon the registered office of the Resulting Company and the Demerged Company.
- 1.12 “Net Asset Value” shall mean the aggregate value of all assets comprised in the Demerged Undertaking of the Demerged Company duly deducting from there, the value of indebtedness including current liabilities of the Demerged Undertaking of the Demerged Company at their respective values as appearing in the books of account of the Demerged Company at the commencement of the business hours on the Appointed Date, at which the assets and indebtedness are carried to the books of account of the Resulting Company.
- 1.13 “Record Date” shall be 01.04.2008 being the Appointed Date for the purpose of reckoning the eligible Shareholders of the Demerged Company who shall be entitled to receive Shares of the Resulting Company under this Scheme.
- 1.14 “Registrar” shall mean the Registrar of Companies of the State in which the Registered Offices of the respective companies are situated.
- 1.15 “Resulting Company” means JAYASWAL NECO INDUSTRIES LIMITED, a Company incorporated on 28/11/1972 (Twenty Eighth November Nineteen Seventy Two) under the Companies Act, 1956 having its Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur- 440 016 and it is the Resulting Company within the meaning of the said expression as understood under Sub-Section 41A of Section 2 of the Income Tax Act, 1961 and it shall be the Transferee Company for the purposes of clause (b) of sub-section (1) of Section 394 of the Companies Act, 1956.
- 1.16 “Shares”, unless otherwise referred to shall mean Equity Shares.
- 1.17 “Scheme” or “the Scheme” or “this Scheme” means this Scheme of Arrangement, subject to modifications, if any, approved or imposed or directed by the High Court.
- 1.18 “Scheme of Incentives” means sales tax incentives under the Scheme of Incentives announced pursuant to the Notification No. A-3-14-92-ST-V (50) dated 3rd June, 1993, issued by the erstwhile Government of Madhya Pradesh under the Madhya

Pradesh General Sales Tax Act, 1958, as amended from time to time by the erstwhile Government of Madhya Pradesh and / or Government of Chhattisgarh.

- 1.19 “Stock Exchanges” when collectively referred to shall mean the two premier Stock Exchanges in India viz., Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

## **ARTICLE 2 - BACKGROUND**

- 2.1 The Scheme of Arrangement, inter alia, envisages Demerger of Demerged Undertaking of the “Demerged Company” and transfer and vesting the Demerged Undertaking in the Resulting Company.
- 2.2 The “Demerged Company” is engaged in the business of the manufacture of Iron and Steel, Ferro Alloys and generation of Power with its 60000 TPA Ferro Alloys Plant located at Durgapur, 25 MW Thermal Power Plant located at Durgapur in the State of West Bengal and is also engaged in Mining of Coal and Iron Ore with its Mines located at Chittarpur in the State of Jharkhand. Further the Demerged Company is also engaged in processing of Iron and Steel Scrap with its operations located at Village Anjora in the State of Chhattisgarh.
- 2.3 The Resulting Company is engaged in the business of manufacture and sale of Pig Iron, Billets, Rolled Products, Sponge Iron and includes its captive Power Plants at its units located at Siltara, Raipur and Mining activities in the state of Chhattisgarh, Jharkhand and Maharashtra. It is also involved in manufacture and sale of engineering and Automotive castings with production facilities at Nagpur, Bhilai and Anjora. The Resulting Company has an annual capacity of 750000 MT of Pig Iron, 255000 MT of Sponge Iron, 205000 MT of Iron and Steel Casting, 260000 MT of Billets and 400000 MT of Long Rolled Products. The Company has coal mining blocks and iron ore blocks for captive use and 42.5 MW Gas based /thermal power generation facilities for meeting a part of its own power requirements. In the immediately preceding Financial Year, the Resulting Company has shown very good prospects. Apart from physical resources the Resulting Company has valuable human resources and systems.
- 2.4 By virtue of Sub-clause 1 and 2 of Clause III (A) of the Memorandum of Association, the Resulting Company is, inter alia, entitled to carry on the following industrial activities:
1. To manufacture, get manufactured from others, buy , sell, exchange, export, import, machine and generally deal in various items of Iron and Steel and its Products, iron and steel castings, forgings, of all kinds required by various Industries and to carry on the business of Iron-founders, Mechanical Engineers, Manufacturers of Machinery and implements of all kinds, Tool-makers, Brass founders, metal-workers, Boiler-makers, Mill-wrights, Iron & Steel converters, Smiths, and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in implements, machinery, rolling stock and hardware of all kinds.
  2. To carry on in India or elsewhere the business of mining, exploring, extracting, generating, producing, processing, enriching, accumulating, recovering, selling, distributing and supplying all forms of conventional, non-conventional renewable and recoverable energy including but not related to electricity, coal, coke, fuels in any or every state for the purpose of lighting, heat, motive power and providing infrastructural facilities in the field of provision of power, transmission, transportation, communication, Irrigation, Housing, Rural and urban Development, in all its branches and types and for that purpose or otherwise, to undertake manufacturing, construction, erection, maintenance and operation of power plants, roads, bridges, jetties, harbours, airports, dams, canals, irrigation projects, housing colonies, industrial areas, communication facilities and rural and urban development programmes, on outright, lease or transfer basis and design, promote, develop, execute, carryout, improve, administer, manage, maintain, hold, build, own, operate transfer, assign, let out, convert fabricate, and deal in all kinds of equipments, works, structures, installations, conveniences plants, machineries, and provision of all facilities, utilities, materials, and services in relation thereto.

2.5 Sub- clause 17 and 18 of Clause III (B) of the Objects Clause of the Memorandum of Association of the Demerged Company enables hiving off / demerger and it reads as under:

17 To enter into partnership or into any agreement for sharing profits, union of interest, co-operation, joint venture, reciprocal concession or otherwise, or collaborate with any person, or company, carrying on or engaged in any business or transaction either in India or abroad which this Company is authorized to carry on.

18. To act in conjunction with units or amalgamate with, create or constitute or assist in creating or constituting any other company or association of a kind similar wholly or partially to this company for the purpose of acquiring all or any of the properties, rights and liabilities of the Company and to buy or absorb all or any part of the business or property of any such company or association, and to acquire and secure membership seat or privilege in and any association, exchange, market or institutions in India or any part of the world.

### **ARTICLE 3 - SHARE CAPITAL AND FINANCIAL POSITION OF COMPANIES**

3.1 The Authorised Share Capital of “Demerged Company” as at 31/03/2010 is Rs.7,00,00,000/- (Rupees Seven Crores only) divided into 3,50,00,000 (Three Crores Fifty Lakhs Only) Equity Shares of Rs. 2/- (Rupees Two Only) each. The Issued, Subscribed and Paid-up Capital of “Demerged Company” as per Audited Balance Sheet as at 31/03/2010 is Rs. 4,05,25,656 (Rupees Four Crores Five Lakhs Twenty Five Thousand Six Hundred Fifty Six Only) divided into 2,02,62,828 (Rupees Two Crores Two Lakhs Sixty Two Eight Hundred Twenty Eight Only) of Rs.2/- (Rupees Two Only) each. As on 01.04.2008 being the Appointed Date and Record Date in terms of Clause 1.3 and 1.13 hereinabove the Authorised Share Capital was Rs. 7,00,00,000/- (Rupees Seven Crores only) divided into 70,00,000 (Seventy Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each. The issued, Subscribed and paid up capital of the “Demerged Company” was 2,86,40,000/- (Rupees Two crores Eighty Six Lakhs Forty Thousand only) divided into 28,64,000 (Twenty Eight Lakhs Sixty Four Thousand) Equity Shares of Rs. 10 (Rupees Ten only) each.

3.2 The Authorised Share Capital of the Resulting Company as per Audited Balance Sheet as at 31/03/2010 is Rs. 316,00,00,000/- [Rupees Three Hundred and Sixteen Crores] comprising of Rs.2,56,00,00,000/- [Two Hundred and Fifty Six Crores] of Equity Share Capital divided into 25,60,00,000 [Twenty Five Crores Sixty Lakhs] Equity Shares of Rs.10/- each) and Rs.60,00,00,000/- [Sixty Crores] of Redeemable Preference Share Capital divided into 60,00,000 [Sixty Lakhs] Redeemable Preference Shares of Rs.100/- each. The Issued, subscribed and paid up share capital of the Resulting Company as at 31/03/2010 is Rs.236,66,09,040/- [Two Hundred Thirty Six Crores, Sixty Six Lakhs Nine Thousand and Forty only] divided into 23,66,60,904 [Twenty Three Crores Sixty Six Lakhs Sixty Thousand Nine Hundred and Four] Equity Shares of Rs.10/- each with calls in arrears being Rs.72500/-.

3.3 The Net Sales and Services income of the “Demerged Company” for the Financial Year ended 31/03/2010 was Rs. 32719.27 Lakhs (Rupees Thirty Two Thousand Seven Hundred Nineteen Lakhs and Twenty Seven Thousand Only). The “Demerged Company” has made a post tax Profit of Rs. 1973.42Lakhs (Rupees One Thousand Nine Hundred Seventy Three Lakhs and Forty Two Thousand only) in the year ended 31/03/2010.

3.4 The Net Turnover of the Resulting Company for the Financial Year ended 31/03/2010 was Rs.178740.24 Lakhs (Rupees One Lakh Seventy Eight Thousand Seven Hundred Forty Lakhs and Twenty Four Thousand Only). The Resulting Company has made a post tax Profit of Rs. 6984.79 Lakhs (Rupees Six Thousand Nine Hundred Eighty Four Lakhs and Seventy Nine Thousand only) in the year ended 31/03/2010.

#### **ARTICLE 4 - SPECIFIC BENEFITS OF THE SCHEME OF ARRANGEMENT**

- 4.1 Scheme intends to cause a Demerger of the “Demerged Undertaking” from “Demerged Company” and transfer and vest the same in the Resulting Company.
- 4.2 The Scheme provides that:
- 4.2.1 all the properties comprised in the “Demerged Undertaking” immediately before the Demerger shall become the properties of the Resulting Company by virtue of the Demerger;
  - 4.2.2 all the liabilities including contingent liabilities relating to and forming part of the “Demerged Undertaking”, immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the Demerger;
  - 4.2.3 all the properties and the liabilities, if any, relating to and forming part of the “Demerged Undertaking” shall stand transferred to and vested with the Resulting Company at the values appearing in the books of account of the “Demerged Company” immediately before the Demerger;
  - 4.2.4 the Resulting Company shall issue shares to the shareholders of the “Demerged Company” in consideration of the Demerger in accordance with the Scheme to all Eligible Shareholders as on a Record Date on a proportionate basis; and
  - 4.2.5 the transfer and vesting of “Demerged Undertaking” to the Resulting Company is on a going concern basis.
- 4.3 The Demerger is in the interests of the shareholders, creditors and all those who deal with the Demerged Undertaking and will not affect the status of any person in any manner.
- 4.4 The Demerger of the “Demerged Undertaking” will create enhanced value for all the stakeholders and the Board of both the companies would focus their whole attention at all times in achieving organizational goals effectively and efficiently in the best interests of the shareholders, creditors and all persons connected with the Demerged Company and the Resulting Company.
- 4.5 The Demerger would naturally create larger scope for modernization, expansion and independent value addition.

#### **ARTICLE 5- TRANSFER AND VESTING OF THE UNDERTAKINGS AND OTHER ARRANGEMENTS**

##### **SECTION – I**

- 5.1 Upon the coming into force of the Scheme, the Demerged Undertaking shall, without any further act, deed or order be transferred to and vested in or deemed to have been transferred to or vested in the Resulting Company in accordance with this scheme in pursuance of Section 394 of the Act. Consequently the Demerged Undertaking shall become as an integral and indivisible part of the Resulting Company.
- 5.2 Without prejudice to the above Clause, all the assets, whether movable or immovables, forming part of Demerged Undertaking shall be transferred by the Demerged Company to the Resulting Company by physical delivery or by endorsement and delivery and the transfer and vesting of the assets in the Resulting Company by virtue of the order of sanction of the High Court under the provisions of Section 394 of the Act.
- 5.3 Upon the coming into force of the Scheme, All assets including inventories, sundry debtors, loans and advances, cash and bank balances comprised in the Demerged Undertaking shall, under the provisions of Section 394 of the Act, by virtue of the order of sanction of the High Court, subject to payment of applicable stamp duty, if any, without any further act, instrument or deed, be transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company with effect from the Appointed Date.

- 5.4 Upon the coming into force of the Scheme, without any further act, deed or thing, all intellectual and intangible properties, if any forming part of the Demerged Undertaking shall, ipso facto, become transferred and vested in the Resulting Company and the Scheme shall operate as an Assignment in favour of the Resulting Company in all respects for all the goodwill, trademarks, copyrights, blue prints, lay outs, circuits, industrial designs, patents, patentable processes, product developments in various stages, technology, designs and drawings, manuals and all intangible properties pertaining to the Demerged Undertaking.
- 5.5 Upon the coming into force of the Scheme, all the liabilities including contingent liabilities, all debts, duties and obligations of any kind, nature and description pertaining to the “Demerged Undertaking” shall also be and stand transferred to or be deemed to have been transferred, without any further act, instrument or deed, to the Resulting Company, pursuant to the provisions of Section 394 and other applicable provisions of the said Act so as to become as and from the Appointed Date, the debts, liabilities, duties, undertakings and obligations of the Resulting Company and further that it shall not be necessary to obtain any further 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.
- 5.6 Upon the coming into force of the Scheme, the Demerged Undertaking shall become part and parcel of the undertaking of the Resulting Company such that all assets and liabilities, advantages and benefits, rights including mining rights and obligations pertaining to the Demerged Undertaking shall be the assets and liabilities, advantages and benefits, rights and obligations of the Resulting Company. Provided however merely by reason of the sanction of the Scheme, no claim or liability which has not been acknowledged or which has been in dispute shall be deemed to have been accepted or agreed upon by the Resulting Company. Thus the Scheme does not purport to alter the nature or status or enforceability or validity or otherwise of claims of any third party against the Demerged Company.
- 5.7 All claims, applications and petitions of and pertaining to the Demerged Company so far as it pertains to Demerged Undertaking will continue to be pursued without any further filing or recording whatsoever as if the Resulting Company were to be the claimant, applicant or petitioner as the case may be and wherever the “Demerged Company” (so far as it pertains to Demerged Undertaking) is a party, without any further act, deed or thing, in pursuance of the Scheme, the Resulting Company shall, ipso facto, become the party in the same respect in which the Demerged Company (so far as it pertains to Demerged Undertaking) were placed immediately before the coming into force of this Scheme.
- 5.8 Upon the Coming into Force of the Scheme, all permissions, approvals, consents, sanctions, remissions, special reservations, tax holidays, benefits, incentives, concessions and other authorizations already obtained / issued or under process pertaining to the Demerged Undertaking of the Demerged Company, shall stand transferred to and vested in the Resulting Company and the Resulting Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on record, pursuant to the vesting orders of the Court as if such actions have been duly carried out by the Demerged Company.

## **SECTION – II**

- 5.9 The Resulting Company is presently entitled to sales tax incentives under the Scheme of Incentives announced pursuant to the Notification No. A-3-14-92-ST-V (50) dated 3<sup>rd</sup> June, 1993, issued by the erstwhile Government of Madhya Pradesh under the Madhya Pradesh General Sales Tax Act, 1958, as amended from time to time by the erstwhile Government of Madhya Pradesh and / or Government of Chhattisgarh. The Scheme of Incentives confers upon the Resulting Company subject to the provisions contained in the said Notifications and the Act, the benefits of exemption from payment of sales tax, purchase tax, entry Tax and other levies there under pertaining to the Demerged Undertaking of the Demerged Company.

- 5.10 Upon the coming into force of the Scheme, the Resulting Company shall continue to be entitled to the incentives as before with respect to the transfer of the undertaking(s) of the Demerged Company under this Scheme.
- 5.11 The transfer and vesting of the Demerged undertaking of the Demerged Company under this Scheme shall not in any way affect the entitlements of the Resulting Company under the said Scheme of Incentives and upon the coming into force of the Scheme, without any further act, deed, thing, the investments in fixed assets made by the Demerged Company in the Demerged Undertaking hereby transferred to and vested in the Resulting Company under this Scheme shall, ipso facto, form a part of the investment obligations of the Resulting Company had undertaken under the said Scheme of Incentives and shall be treated accordingly. As such, the Resulting Company shall be fully entitled to avail the incentives with respect to those investments as also the sales turnover attributable to such transferred investments in fixed assets.
- 5.12 To the extent the “Demerged Company” is entitled to various benefits under incentive schemes and policies applicable to “Demerged Undertaking”, such benefits under all such schemes and policies shall, upon coming into force of the Scheme, be transferred to and vested in the Resulting Company and the Resulting Company shall be entitled to claim in full all those benefits, entitlements and incentives of any nature whatsoever, including sales tax concessions and incentives, as if the Resulting Company were originally entitled to all such benefits and concomitantly the Resulting Company shall be liable to fulfil all obligations and other terms and conditions subject to which such benefits were granted to the “Demerged Company” in relation to its “Demerged Undertaking”.

### **SECTION – III**

- 5.13 Upon the coming into force of the Scheme, any loans or other obligations due between the Demerged Company and the Resulting Company, if any, so far as such things are relatable to or pertaining to the Demerged Undertaking, shall stand discharged and there shall be no liability in this behalf by or from one company to another company.
- 5.14 The Resulting Company may, at any time after the coming into force of the Scheme, in accordance with the provisions hereof, if so required, under any law or otherwise, so far as anything is relatable to or pertaining to the Demerged Undertaking, execute deeds of confirmations in favour of secured creditors of the Demerged Company or in favour of any other party to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall be deemed to have been authorised by the Demerged Company to execute any such writings on behalf of that Demerged Company in order to implement effectively and to carry out all such formalities or compliances in order to secure fully and effectively the objectives of the Scheme.

### **SECTION – IV**

- 5.15 Upon the coming into force of the Scheme, the Resulting Company shall issue to Eligible Shareholders its fully paid shares in accordance with the provisions of this Scheme for a value equal to the Purchase Consideration.
- 5.16 Upon the coming into force of the Scheme, the excess of Consideration over the Aggregate Face Value shall be credited to the General Reserves Account of the Resulting Company and such reserves shall be Free Reserves and shall be available for being used up accordingly.
- 5.17 Upon the coming into force of the Scheme, the Equity Shares liable to be issued by Resulting Company under the Scheme shall be, as early as may be possible, listed in all the recognized Stock Exchanges in which the Shares of the Resulting Company are listed as on the Effective Date.
- 5.18 The difference between the Book Value of the Assets and Liabilities pertaining to the Demerged Undertaking as on 31.03.2008, transferred to the Resulting Company by the

Demerged Company shall be adjusted against the General Reserves in the books of the Demerged Company.

#### **SECTION – V**

- 5.19 Without prejudice to the generality of the above and upon the coming into Force of the Scheme, all assets, properties, rights, entitlements, benefits, liabilities, contingent liabilities, and obligations pertaining to Demerged Undertaking hereby transferred to and vested in the Resulting Company, shall belong to and be owned, controlled and managed by the Resulting Company, together with charges and encumbrances, if any, thereon.
- 5.20 Where for any reasons any part of the Scheme is not sanctioned or gets sanctioned with modifications, if any, the Scheme shall be construed accordingly and only that part of the Scheme that is not sanctioned shall not apply and other parts shall be construed, given effect and implemented accordingly after giving due effect in all respects to the part that has been sanctioned and to the part that has been modified.
- 5.21 The above provisions shall have effect notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

#### **SECTION – VI**

- 5.22 Until the Effective Date, no charge or any other encumbrance shall be created upon the properties comprised in the Demerged Undertaking unless the Board of Directors of the Resulting Company grants prior consent except that the charges created on such properties of the Demerged Undertaking in favour of the banks for securing working capital facilities required for Demerged Undertaking, as on date of this Scheme, shall continue and that the Board of Directors of the Demerged Company shall have the right to take all actions to ensure such continuance without any reference to the Resulting Company.
- 5.23 For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Act in respect of this Scheme, the Resulting Company shall at any time pursuant to the order on this Scheme be entitled to get the recording of the change in the title and appurtenant legal right(s) upon the vesting of such assets of Demerged Company in relation to “Demerged Undertaking” in the Resulting Company in accordance with the provisions of Sections 391 and 394 of the Act.
- 5.24 Upon the Scheme becoming effective and with effect from the Appointed Date, the filing of certified copies of the order of Court sanctioning this Scheme shall constitute a creation / modification of charge in the name of the Resulting Company in accordance with the provisions of Section 127 of the Act and satisfaction of charge in respect of the Demerged Company in accordance with Section 138 of the Act, in relation to existing charges attaching to the properties of Demerged Undertaking.

#### **SECTION VII**

- 5.25 Upon coming into force of the Scheme, notwithstanding anything contained in any of the terms of sanction, agreements, contracts, documents, resolutions and correspondences between the Resulting Company, Demerged Company pertaining to the Demerged Undertaking, and their respective lenders with effect from the Effective Date, in matter of the charges affecting the properties of the Resulting Company, including the properties comprised in the Demerged Undertaking, which have been transferred to and vested in the Resulting Company in pursuance of the sanction accorded to this Scheme the existing charges shall operate, without any further act, deed or thing, but save as to the requirement for filing the modification to all subsisting charges covering the properties of the Resulting Company, as follows:
- 5.25.1 Upon coming into force of the Scheme, all the existing Term Debt Lenders of the Resulting Company and Demerged Undertaking of the Demerged Company shall,



(save and except the Moveable and Immoveable properties including all rights, titles and interests of the Resulting Company in all Project Documents/ Contracts/ Licenses created/to be created at Moitra Coking Coal Block including Washery near Hazaribagh in the state of Jharkhand which has been charged to the Term Debt Lenders who have lent Term Debts to the said Project of the Resulting Company), have on parri-pasu basis with other participating Term Debt Lenders

i) First charge on all the Moveable and Immoveable properties of the Resulting Company and Moveable and Immoveable properties of the Demerged Undertaking of the Demerged Company, to be transferred to and vested in the Resulting Company pursuant to the Scheme, both present and future and,

ii) First charge on all rights, titles and interests of the Resulting Company in all Project Documents/ contracts/ licenses including insurance contracts but excluding mining rights pertaining to the assets of the Resulting Company pertaining to all the Projects and;

iii) Second charge ranking next and subservient to the charge created/to be created in favour of the Working Capital Lenders of the Resulting company and Demerged Undertaking of the Demerged Company on all the current assets of the Resulting Company and Demerged Undertaking of the Demerged Company to be transferred to and vested in the Resulting Company, including book debts, receivables, raw materials, finished goods, stock-in-process, stocks-in-transit, consumables, stores and spares at the Company's premises or wherever else at such places as may be approved by the Banks from time to time, both present and future.

5.25.2 Upon coming into force of the Scheme, all the existing Working Capital Lenders of the Resulting Company and Demerged Undertaking of the Demerged Company shall have on parri-pasu basis with other participating Working Capital Lenders

i) First charge on all the current assets of the Resulting Company and Demerged Undertaking of the Demerged Company, to be transferred to and vested in the Resulting Company pursuant to the Scheme including book debts, receivables, raw materials, finished goods, stock-in-process, stocks-in-transit, consumables, stores and spares at the Company's premises or wherever else at such places as may be approved by the Banks from time to time, both present and future and,

ii) Second charge ranking next and subservient to the charge created/to be created in favour of the Term Debt Lenders of the Resulting Company and Demerged Undertaking of the Demerged Company, (save and except the Moveable and Immoveable properties including all rights, titles and interests of the Resulting Company in all Project Documents/ Contracts/ Licenses created/to be created at Moitra Coking Coal Block including Washery near Hazaribagh in the state of Jharkhand which has been charged to the Term Debt Lenders who have lent Term Debts to the said Project of the Resulting Company), on all the Moveable and Immoveable properties of the Resulting Company and Moveable and Immoveable properties of the Demerged Undertaking of the Demerged Company, to be transferred to and vested in the Resulting Company pursuant to the Scheme, both present and future.

5.26 Upon coming into force of the Scheme, the lenders who have lent loans and facilities to the Demerged Company for meeting the financial needs of Remaining Undertaking shall not be entitled to any charge on any properties of the Demerged Undertaking as is vested in the Resulting Company by virtue of the Scheme. Charges, if any, subsisting in favour of such lenders for their loans and facilities to Remaining Undertakings, upon the properties comprised in the Demerged Undertaking which have been transferred to and vested in the Resulting Company in pursuance of the sanction accorded to this Scheme shall, notwithstanding anything contained in the terms of respective sanction, agreements, contracts, deeds, documents, resolutions and correspondences between the Demerged Company and such lenders, stand satisfied with effect from the Effective Date without any further act, deed, instrument, writing or any other thing.

5.27 Upon coming into force of the Scheme, the lenders who have lent loans and facilities to the Demerged Company for meeting the financial needs of Demerged Undertaking

shall not be entitled to any charge on any properties comprised in the Demerged Company, which will be left over in the remaining undertaking after the vesting of the properties of the Demerged Undertaking in the Resulting Company by virtue of the Scheme except to the extent of subsisting charges operating on Demerged Undertaking to secure the due repayment of liabilities forming part of the Demerged Undertaking and such charges shall, notwithstanding anything contained in the terms of respective sanction, agreements, contracts, deeds, documents, resolutions and correspondences between the Demerged Company and such lenders, operate only to secure the due payment of loans and liabilities and any indebtedness arising there from forming part of the Demerged Undertaking and charges if any operating outside the extent of charges as stated above on Demerged Undertaking stand satisfied with effect from the Effective Date without any further act, deed, instrument, writing or any other thing.

## **ARTICLE 6 - LEGAL PROCEEDINGS, CONTRACTS, DEEDS, BONDS, SCHEMES AND OTHER INSTRUMENTS**

- 6.1 No suit, writ, petition, appeal, revision or other proceedings of whatever nature other than in the ordinary course of business is or was pending adjudication by or against the Demerged Company in relation to its Demerged Undertaking. Save as aforesaid, if there shall commence any such proceedings by or against the Demerged Company, so far as such proceedings pertain to Demerged Undertaking, upon coming into force of the Scheme, such proceedings shall not in any way be prejudicially affected solely by reason of the transfer and vesting of the undertaking of the Demerged Company (to the strict extent those proceedings pertain to its Demerged Undertaking) or of anything contained in the Scheme; such proceedings shall continue and be capable of being fully and effectively carried on by or against the Resulting Company in the same manner and to the same extent as if such proceedings were by or against the Resulting Company.
- 6.2 All legal, taxation or other proceedings, whether civil or criminal (including proceedings before any statutory or quasi-judicial authority or Tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. Provided further for instituting or defending any suit by or against the Demerged Company (to the strict extent those proceedings pertain to its Demerged Undertaking) after the date on which the Board of Directors of Resulting Company approves the Scheme, no action or filing or representation shall be made or done unless such action has the previous consent of the Resulting Company, however that the Demerged Company shall be entitled to take action or filing or representation to protect the assets or defend any liability of the Demerged Company including the Demerged Undertaking wherein such action or filing or representation is required to prevent irreparable and immediate loss to the Demerged Company.
- 6.3 Upon coming into force of the Scheme, the Demerged Company shall not in any event be responsible or liable for any adverse outcome in respect of any such legal, taxation or other proceedings against the Resulting Company, in respect of any such proceedings relating to the Demerged Undertaking. Where the outcome of any such proceeding is composite i.e., not relatable to Demerged Undertaking alone, nor relatable exclusively to Remaining Undertaking alone, but to the Demerged Company as a whole, whether adverse or positive, shall accrue to Demerged Company and Resulting Company in proportion to the value of the undertakings retained/transferred pursuant to the Scheme. In construing such values, only book values of those liabilities vested in both the Demerged Undertaking and the Remaining Undertaking shall be taken into account.
- 6.4 Subject to other provisions contained in this Scheme, all contracts, arrangements, deeds, bonds, agreements, instruments, writings and benefits of whatsoever nature to which the Demerged Undertaking is a party, subsisting or having effect immediately before the Effective Date, subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed to between the Resulting

Company and other parties thereto, after the Effective Date, shall remain in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced by and/or against the Resulting Company as fully and effectively as if the Resulting Company was party thereto instead of Demerged Undertaking. Provided that this clause shall apply only to the extent of contracts and arrangements relating to and forming part of the Demerged Undertaking.

- 6.5 Upon the coming into force of the Scheme, the effect of contracts or arrangements, if any, between the Demerged Company (in relation to or connected with Demerged Undertaking) and the Resulting Company shall stand cancelled and accordingly any amount due from one company to other shall be fully adjusted and nullified so far as such accounts pertain to Demerged Undertaking and are in contra in the books of account of the Demerged Company and the Resulting Company.
- 6.6 Upon the coming into force of the Scheme, the Resulting Company alone shall be liable to perform all obligations including export obligations, guarantees and meet all valid legal and enforceable debts, liabilities and claims including contingent liabilities pertaining to the Demerged Undertaking which have been transferred to and vested in the Resulting Company under the Scheme, and the Demerged Company shall not have any obligations in respect of those liabilities and contingent liabilities. Provided that this clause shall apply only to the extent of obligations, liabilities and contingent liabilities relating to and forming part of the Demerged Undertaking.
- 6.7 Resulting Company shall, at all times, after the effective date, keep the Demerged Company harmless and indemnified in relation to any claim, at any time, which might arise against them. Provided that this clause shall apply in relation to the Demerged Company only to the extent of claims relating to and forming part of the Demerged Undertaking.

#### **ARTICLE 7 - POSITION AS TO CHARGES**

Save and subject to what is stated in Section VII of Article 5 of the Scheme, the transfer of the Demerged Undertaking and their vesting in the Resulting Company under the Scheme shall be subject to subsisting charges, encumbrances and mortgages over the properties forming part of the Demerged Undertaking of the Demerged Company.

#### **ARTICLE 8 - ACCOUNTING POLICY RELATING TO DEMERGER**

- 8.1 The accounting of the transactions forming part of or arising from the Scheme shall be carried out in accordance with the Generally Accepted Accounting Principles as are prevailing in India unless specifically stated otherwise.
- 8.2 Upon the coming into force of the Scheme, all assets, properties and liabilities of the “Demerged Undertaking” forming part of the Demerged Company shall stand transferred and vested in to the Resulting Company and carried to the books of the Resulting Company at their respective book values and accounted in accordance with the Generally Accepted Accounting Principles.
- 8.3 In case of any differences in the accounting policy between the Companies, the impact of the same will be quantified and adjusted in the revenue reserves to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.
- 8.4 Notwithstanding anything stated above, in case of a need for clarification or adjustment in the books of Resulting Company, the Resulting Company in consultation with its statutory auditors, resolve accounting issues, if any, in its best interests.

#### **ARTICLE 9- DEMERGED COMPANY’S STAFF, WORKMEN AND EMPLOYEES RELATING TO DE-MERGER.**

Upon the coming into force of the Scheme, all employees, officers and staff employed in relation to the Demerged Undertaking who are in the employment of the “Demerged

Company” as on the Effective Date shall become the employees, officers and staff, as the case may be, of the Resulting Company, and, subject to the provisions of this Scheme, on terms and conditions not in any way less favourable than those, applicable terms, by subject to which they have been engaged by the “Demerged Company” and without any interruption of or break in service as a result of the transfer and vesting of the Demerged Undertaking upon the Resulting Company. The Resulting Company shall be obliged to keep and maintain any Gratuity Fund or any other statutory or non-statutory welfare funds or schemes that may have been brought about or may be introduced by the “Demerged Company” between the Appointed Date and Effective Date for the benefit of the employees pertaining to the Demerged Undertaking and all such obligations of the “Demerged Company” to the extent they pertain to the employees of the Demerged Undertaking shall, upon the coming into force of the Scheme, automatically stand transferred to and vested in the Resulting Company without any further act, deed or thing. Where any employee of the Demerged Undertaking expresses in writing to the Board of Directors of the Resulting Company his unwillingness to continue in employment of the Resulting Company within 60 days of upon the coming into force of the Scheme, the said employee shall be entitled to such compensation and other benefits as may be applicable accordingly as per the applicable provisions of law as per the contract of service of the said employee.

#### **ARTICLE 10 - REMAINING UNDERTAKING OF DEMERGED COMPANY**

All and everything other than the Demerged Undertaking shall form part of the Remaining Undertaking of the Demerged Company. Remaining Undertaking shall continue to be with the Demerged Company in all respects and intents as if there had not been this Demerger at all. All legal, taxation or other proceedings whether civil or criminal (including proceedings before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Demerged Company (relating to any property, right, power, liability, obligation or duties in respect of their Remaining Undertaking) shall be continued and enforced by or against the Demerged Company after the Effective Date. The Resulting Company shall not in any event be responsible or liable in relation to any such legal, taxation or other proceeding against the “Demerged Company”, which relate to the Remaining Undertaking. Until the Effective Date and also thereafter, the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Undertaking or and on its own behalf and all profits and income accruing to the Demerged Company thereon or losses and expenditure arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Undertaking shall, for all purposes, be treated as the profits and income or losses and expenditure, as the case may be, of the Demerged Company, and all assets and properties acquired or which may be acquired or created by the Demerged Company in relation to its Remaining Undertaking on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

#### **ARTICLE 11- CONDUCT OF BUSINESS OF DEMERGED UNDERTAKING BY DEMERGED COMPANY TILL EFFECTIVE DATE**

11.1 From the Appointed Date and until the Effective Date, the Demerged Company shall carry on and shall be deemed to be carrying on all business activities relating to its Demerged Undertaking in trust for and on behalf of and for benefit of “Resulting Company”. The Demerged Company shall hold and stand possessed of and keep preserving all assets, rights, licenses, title, interest, authorities, contracts, investments pertaining to the Demerged Undertaking for and on account of, and in trust for the Resulting Company. All profits and income accruing to or arising from the Demerged Undertaking and losses and expenditure arising or incurred by and all benefits, incentives, achievements, concessions, subsidies, executions, contracts, performance, fulfillment of obligations relating to the Demerged Undertaking including taxes, if any, accruing or paid in relation to any profits or income of the Demerged Undertaking, shall, for all purposes, accrue to and shall be treated as and shall be the profits, income, losses or expenditure, as the case may be, of the Resulting Company.

- 11.2 With effect from the Appointed Date and until the Effective Date, the Board of Directors of Demerged Company shall not undertake any material financial commitments or sell, transfer, alienate, charge, mortgage, or encumber any of the assets or properties comprised in the Demerged Undertaking or any part thereof, save and except with the prior written consent of the Board of Directors of the Resulting Company, provided that the Board of Directors of the Demerged Company shall be entitled to continue the existing charges created in favour of the lenders providing working capital facilities to the Demerged Undertaking without written consent of the Resulting Company.

## **ARTICLE 12 - ISSUE OF SHARES BY THE RESULTING COMPANY TO ELIGIBLE SHAREHOLDERS**

- 12.1 Upon Coming into Force of the Scheme, in consideration of the Demerger of the Demerged Undertaking of the Demerged Company for being transferred to and vested in the Resulting Company, the Resulting Company shall settle the Consideration by issue of its fully paid-up Equity Shares of Rs.10/- each in its Paid-up Capital to the Eligible Shareholders; and the Resulting Company shall, subject to the provisions of this Scheme and without any subscription, agreement, application, action or deed, issue and allot 114 (One hundred and Fourteen) fully paid Equity Shares of Rs.10/- each (Rupees Ten Only) to Eligible Shareholders of the Demerged Company credited as fully paid in the Capital of Resulting Company against every 10 (Ten) Equity Shares of Rs.10/- each held by them in the Demerged Company. The shares allotted if any, by the Demerged Company after the Appointed Date shall not be taken into account for the purpose of issue of shares by the Resulting Company as above said.
- 12.2 For this purpose, the total number of Shares of the Resulting Company ought to be issued to Eligible Shareholders has been arrived at by dividing the consideration by the fair value of each Share in the Resulting Company.
- 12.3 For this purpose, the fair value of each share in the capital of the Resulting Company has been arrived at in accordance with prevailing norms for valuation of shares as a going concern.
- 12.4 Upon coming into force of the Scheme, shares to be issued by the Resulting Company, in consideration of the Demerger, shall be issued to the Eligible Shareholders in the same proportion in which they hold shares in the paid up capital of the Demerged Company on the Appointed Date.
- 12.5 The authorized share capital of the Resulting Company shall, if necessary, be increased to the extent required to enable the issue of shares under this Scheme.
- 12.6 In respect of fractional entitlements, the Board of Directors of the Resulting Company may nominate one of its Directors as the trustee to hold the fractional entitlements, who shall receive and hold all such shares in trust for those shareholders who are so entitled and shall sell those shares in the market and distribute proportionate amounts to them.
- 12.7 The Equity Shares to be allotted as aforesaid, shall rank for dividend, voting and all other rights *pari passu* with the existing equity shares of the Resulting Company provided that they shall not qualify for dividend declared in respect of the period prior to their allotment.

## **ARTICLE 13 - DECLARATIONS**

- 13.1 The Companies are solvent with sufficient assets capable of meeting all their liabilities including contingent liabilities.
- 13.2 The Scheme does not purport to result in dissolution of "Demerged Company".
- 13.3 The Demerged Company will continue to be going concern carrying on industrial and other activities owning its Remaining Undertaking.
- 13.4 The Scheme does not include any Company or Undertaking that is not solvent.

- 13.5 No statement made in this Scheme shall merely as a result of the Scheme be construed to acknowledge any debt or liability of either of the Companies that has not already been acknowledged as debt.
- 13.6 The Scheme does not involve any compromise or arrangement with creditors of the Companies.
- 13.7 None of the Companies is under any investigation under any law for the time being in force.
- 13.8 The Scheme is subject to provisions of applicable laws and is further subject to consents, approvals and sanctions as stated hereunder.

#### **ARTICLE 14 - APPLICATIONS TO HIGH COURT**

On this Scheme being approved by the respective Boards of the Companies, the Companies will, with reasonable dispatch, apply to the Judicature of High Court at Bombay, and/or its Nagpur Bench, Nagpur and/or to the Judicature of High Court at Kolkata for sanctioning the Scheme, with modifications, if any.

#### **ARTICLE 15 - MODIFICATIONS / AMENDMENTS TO THE SCHEME**

- 15.1 The Board of Directors of respective Companies may agree to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court 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.
- 15.2 The Board of Directors of respective Companies is hereby authorised to do all acts, deeds and things to give such directions and/or to take such steps as may be necessary or desirable for the purpose of giving effect to this Scheme or to any modification thereof, including any directions for settling any question or doubt or difficulty whatsoever that may arise in relation to the Scheme.
- 15.3 No specific further approval of the shareholders of the respective Companies shall be needed, unless otherwise directed by the respective Judicature of High Court at Bombay and Nagpur Bench, Nagpur and/or to the Judicature of High Court at Kolkata, for giving effect to any technical or other such modifications that does not have any bearing to the scope, purpose and intent of the Scheme contained herein.

#### **ARTICLE 16 - SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

The scheme is and shall be conditional upon and subject to:

- i. The pre-clearance of the Scheme by the Stock Exchanges.
- ii. The Scheme is subject to sanction by the various classes of Shareholders of respective Companies duly obtained in a general meeting of the Shareholders convened and conducted in accordance with the directions of the High Court of Bombay, Nagpur Bench, Nagpur, and High Court of Judicature at Kolkata.
- iii. The Scheme is subject to sanction and approval of the various classes of Secured creditors of the respective Companies duly obtained in a meeting of the Secured Creditors convened and conducted in accordance with the directions of the High Court of Bombay, Nagpur Bench, Nagpur, and High Court of Judicature at Kolkata.
- iv. The sanction of the Scheme by the High Court of Judicature at Bombay, Bench at Nagpur, Nagpur and High Court of Judicature at Kolkata under Sections 391 to 394 of the Companies Act, 1956 being obtained.

## **ARTICLE 17 - EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the High Court of Judicature at Bombay, and High court of Judicature at Kolkata and / or the Order or Orders not being passed as aforesaid, the Scheme shall become null and void and Resulting Company shall bear and pay all costs, charges and expenses for and/or in connection with the Scheme.

## **ARTICLE 18 - EXPENSES CONNECTED WITH THE SCHEME**

All costs, charges, duties, taxes, legal and other fees and all expenses incidental and ancillary thereto of the Demerged Company and the Resulting Company incurred or liable to be incurred in relation to or in connection with or for giving effect to the Scheme and for ensuring complete implementation of the Scheme shall be borne and paid solely by the Resulting Company. For removal of doubts, it is hereby expressly declared that stamp duty and registration charges if applicable for anything in relation to Scheme or issue or transfer of shares thereof shall be borne solely by the Resulting Company only.

### **SCHEDULE – A**

Fixed Assets and Liabilities pertaining to the Demerged Undertaking of the “Demerged Company” as shown in its Audited Balance Sheet as at 31/03/2008, being –

Steel Plant having an installed capacity of 4,00,000MT p.a. together with all lands described in Scheduled C, Buildings, Structures, infrastructure, utilities and auxiliaries, situated at Siltara Growth Centre, Village Siltara, Raipur.

### **SCHEDULE - B**

All intangible properties, licenses, consents, approvals, clearances, certificates, authorizations, benefits, incentives, rights including mining rights, agreements, contracts, permits, entitlements, engagements, concessions, privileges, subsidies, trademarks, systems, data, designs, drawings, specifications, resources, modules and assets of every kind, nature and description pertaining to Demerged Undertaking.

### **SCHEDULE – C**

Land situated in Plot No. 61 in Siltara Growth Centre, Siltara, District Raipur admeasuring 52.640 Hectares, together with right to walk, ply vehicles etc. and Leasehold Land admeasuring 1.111 Hectares for the purpose of Railway Line.

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