

Annexure - 1

SCHEME OF AMALGAMATION AND SLUMP SALE UNDER SECTIONS 230 TO 232 OF THE
COMPANIES ACT, 2013 BETWEEN

GALLANTT ISPAT LIMITED (TRANSFEROR COMPANY NO. 1)

AND

AAR COMMERCIAL COMPANY LIMITED (TRANSFEROR COMPANY NO. 2)

AND

HIPOLINE COMMERCE PRIVATE LIMITED (TRANSFEROR COMPANY NO. 3)

AND

LEXI EXPORTS PRIVATE LIMITED (TRANSFEROR COMPANY NO. 4)

AND

RICHIE CREDIT AND FINANCE PRIVATE LIMITED (TRANSFEROR COMPANY NO. 5)

AND

GALLANTT METAL LIMITED (TRANSFEE COMPANY)

AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

This Scheme of Amalgamation ("Scheme") and transfer of undertaking is presented under Sections 230 to 232 of the Companies Act, 2013 and rules and regulations made thereunder, for the amalgamation of Gallantt Ispat Limited ("GIL" or "Transferor Company No. 1"), AAR Commercial Company Limited ("AAR" or "Transferor Company No. 2"), Hipoline Commerce Private Limited ("HIPOLINE" or "Transferor Company No. 3"), Lexi Exports Private Limited ("LEXI" or "Transferor Company No. 4") and Richie Credit and Finance Private Limited ("RICHIE" or "Transferor Company No. 5") with Gallantt Metal Limited ("GML" or "Transferee Company") and for the transfer of the specified power undertaking of the Transferor Company No. 1 to the Transferee Company.

A. DESCRIPTION OF COMPANIES AND THEIR BACKGROUND

- i. Gallantt Ispat Limited, (CIN: L27109DL2005PLC350523) is a listed public limited company incorporated under the Companies Act, 1956 having its registered office at "GALLANTT HOUSE", I-7, Jangpura Extension, New Delhi – 100014. The Company is primarily engaged in the business of Iron, Steel,



Power, Real Estate and Agro. GIL's production facilities are located at "GALLANTT ESTATE", Sector-23, Gorakhpur Industrial Development Authority, Sahjanwa, Gorakhpur, Uttar Pradesh – 273209. The equity shares of GIL are listed on BSE Limited and National Stock Exchange of India Limited.

- ii. AAR Commercial Company Limited, (CIN: L63090DL1982PLC354818) is a listed public limited company incorporated under the Companies Act, 1956 having its registered office at I-7, Jangpura Extension, New Delhi-110014, India. Presently the Company is engaged in the business of investing in Industrial Enterprises and advancing of loan and investments as permitted by the Memorandum of Association of the Company but not carrying out Banking activities. The equity shares of AAR are listed on BSE Limited and The Calcutta Stock Exchange Limited.
- iii. Hipoline Commerce Private Limited (CIN: U51909WB1995PTC076045) is a Non-Banking Finance Company engaged in the business of Investment, Financing, advancing loan and making inter-corporate loan and investments. The Company is Registered with the Reserve Bank of India as a Non-Banking Finance Company vide Registration No. B. 05. 03563. Company is a Non-listed Private Limited Company incorporated under the Companies Act, 1956. The Registered Office of the Company is located at 1, Crooked Lane, Second Floor, Room Nos. 222 & 223, Kolkata - 700069, West Bengal.
- iv. Lexi Exports Private Limited (CIN: U51909WB1993PTC058926) is a Non-Banking Finance Company engaged in the business of Investment, Financing, advancing loan and making inter-corporate loan and investments. The Company is Registered with the Reserve Bank of India as a Non-Banking Finance Company vide Registration No. B. 05. 04965. Company is a Non-listed Private Limited Company incorporated under the Companies Act, 1956. The Registered Office of the Company is located at 207, Maharshi Devendra Road, First Floor, Room No. 27, Kolkata – 700007, West Bengal.
- v. Richie Credit and Finance Private Limited (CIN: U65921WB1985PTC117558) is a Non-Banking Finance Company engaged in the business of Investment, Financing, advancing loan and making inter-corporate loan and investments. The Company is Registered with the Reserve Bank of India as a Non-Banking Finance Company vide Registration No. B. 05. 06989. Company is a Non-listed Private Limited Company incorporated under the Companies Act, 1956. The Registered Office of the Company is located at 207, Maharshi Devendra Road, First Floor, Room No. 27, Kolkata – 700007, West Bengal.
- vi. Gallantt Metal Limited, (CIN: L27109DL2005PLC350524) is a listed public limited company incorporated under the Companies Act, 1956 having its registered office at "GALLANTT HOUSE", I-7, Jangpura Extension, New Delhi –



100014. The Transferee Company is primarily engaged in the business of Iron & Steel and Power business. GML's production facilities is located at Samakhali, Taluka Bhachau, District Kutch, Bhachau, Gujarat, 370135, India. The equity shares of GML are listed on BSE Limited and National Stock Exchange of India Limited.

- vii. The equity shares of the Transferor Company GIL are listed with BSE Limited and National Stock Exchange of India Limited and the Equity Shares of Transferor Company AAR are listed with BSE Limited and The Calcutta Stock Exchange Limited and the equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited.
- viii. This Scheme of Slump Sale and Amalgamation provides for the Slump Sale of Power Plant Undertaking from Transferor Company No. 1 to the Transferee Company and amalgamation of the Transferor Companies with the Transferee Company both pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013.
- ix. The Transferor Company No. 1 is a promoter of the Transferee Company and holds 3,94,62,895 (Three Crore Ninety-Four Lacs Sixty-Two Thousand Eight Hundred and Ninety-Five only) Equity Shares of face value of Rs. 10/- each of the Transferee Company constituting 48.53% of the total paid up equity share capital of the Transferee Company.
- x. The Transferor Company No. 2 holds 4,97,48,760 (Four Crore Ninety-Seven Lacs Forty-Eight Thousand Seven Hundred and Sixty only) Equity Shares of face value of Re. 1/- each of the Transferor Company No. 1 constituting 17.62% of the total paid up equity share capital of the Transferor Company No. 1.
- xi. The Transferee Company holds 7,25,19,920 (Seven Crore Twenty-Five Lacs Nineteen Thousand Nine Hundred and Twenty only) Equity Shares of face value of Re. 1/- each of the Transferor Company No. 1 constituting 25.683% of the total paid up equity share capital of the Transferor Company No. 1.
- xii. The Transferor Company No. 3 holds 90,83,128 (Ninety Lacs Eighty-Three Thousand One Hundred and Twenty-Eight only) Equity Shares of face value of Rs. 10/- each of the Transferee Company constituting 11.17% of the total paid up equity share capital of the Transferee Company.
- xiii. The Transferor Company No. 4 holds 1,19,30,679 (One Crore Nineteen Lacs Thirty Thousand Six Hundred and Seventy-Nine only) Equity Shares of face



value of Rs. 10/- each of the Transferee Company constituting 14.671% of the total paid up equity share capital of the Transferee Company.

- xiv. The Transferor Company No. 5 holds 50,20,194 (Fifty Lacs Twenty Thousand One Hundred and Ninety-Four only) Equity Shares of face value of Rs. 10/- each of the Transferee Company constituting 6.173% of the total paid up equity share capital of the Transferee Company.
- xv. Inter-corporate cross shareholdings shall stand cancelled under this Scheme.
- xvi. The Board of Directors of the Transferor Company No. 1 and Transferee Company have decided to transfer by way of Slump Sale Power Plant Undertaking of Transferor Company No. 1 to Transferee Company and the Board of Directors of all the Transferor Companies and of the Transferee Company have decided to amalgamate the Transferor Companies with the Transferee Company in accordance with the terms and conditions of this Scheme and in accordance with the Act and in compliance with the applicable provisions of the Income Tax Act, 1961 including, in particular Section 50B and Section 2(1B).

B. RATIONALE FOR THE SCHEME

- i. The Transferee Company is a pioneer in the Steel and Power sector and is able to attract the best talents available in the industry. The Transferee Company is having its footprints spanning across Gujarat, Maharashtra and Rajasthan. In the same way, The Transferor Company 1 is a pioneer in the Steel, Power and Agro sector and has its presence in and is having its footprints spanning across Uttar Pradesh, Bihar, Jharkhand and Delhi NCR.
- ii. The Transferor Company No. 1 and Transferee Company are under same Promoter Group. Thus, the amalgamation of the two companies operating in similar sectors with strengths in different geographies will ensure focused management in a single combined entity thereby resulting in efficiency of management and maximising overall shareholder value.
- iii. The Transferor Company No. 2 has plan to enter new business and to develop and complete real estate project. It is exploring further opportunities in the real estate sector and has in the meantime deployed its funds in investment in securities of the Transferor Company No. 1. The Transferor Company No. 1 is also inter alia engaged in the business of real estate. The Transferor Company 2 holds significant portion (17.62%) of the equity share capital of the Transferor Company No. 1. The amalgamation into the Transferee Company of the Transferor Company No. 1 and the Transferor Company No. 2 will lead to consolidation of the real estate business.



- iv. Transferor Company No. 3 is forming part of the Promoter and Promoter Group of Transferee Company. Amalgamation of Transferor Company No. 3 with the Transferee Company would result in clarifying and making transparent the shareholding of the Transferee Company. Other Transferor Companies No. 4 and 5 are also holding shareholding of Transferee Company. The proposed amalgamation of Transferor Companies No. 4 and 5 will also bring in advantages of clarifying and making transparent shareholding of the Transferee Company.
- v. The amalgamation will bring in advantages of synergy in operations and economies of scale. The pooling of resources of companies will create strong financial structure and facilitate resource mobilisation and achieve better cash flows. The combined net worth in a single entity shall facilitate in attracting funds from strategic investors and/or financial institutions at competitive rates. Thus, the synergies created by the merger will increase the operational efficiency and integrate business functions of the amalgamated entity and help to pursue inorganic and organic growth opportunities of such business. It will also lead to more efficient utilisation of capital and create a consolidated base for future growth of the amalgamated entity.
- vi. The amalgamation particularly of the Transferor Company No. 1 and the Transferee Company will also result in administrative and operational rationalisation, organisational efficiencies, reduction in overheads and other expenses and optimal utilisation of various resources. It will prevent cost duplication, overlapping of administrative responsibilities and multiplicity of records, legal and regulatory compliances generally involved with running two separate entities and more particularly due to the listed status of both the companies involved. It will enable a dedicated management to focus and accelerate growth of the amalgamated entity.
- vii. The amalgamation will result in not only, pooling of efficient human resources and putting them to optimum utilisation for the growth of the merged entity but also attracting efficient manpower by the merged entity.
- viii. The amalgamation will enable greater realization of the potential of the businesses of the Transferor and Transferee Companies in the amalgamated entity and have beneficial results for all concerned.
- ix. The assets of the amalgamated entity will far exceed its liabilities and rights of the creditors of the Transferor Companies and the Transferee Company shall not in any way be prejudiced.
- x. The Scheme shall also be in the larger interest of the public shareholders of the Transferor Companies No. 1 and 2 and Transferee Company as amalgamation of the three companies and other companies forming part of this Scheme will lead to cancellation of inter-corporate cross shareholdings of



the Transferee Company and Transferor Companies as well. This will result into reduced combined paid-up capital leading to higher earnings per share.

- xi. The Scheme also envisages Slump Sale of entire Power Plant Undertaking of the Transferor Company No. 1 as a going concern to the Transferee Company and will thereby preserve the entitlement of the said Power Plant Undertaking to the tax holiday available to the said Undertaking for being engaged in an identified priority area.
- xii. In view of the aforesaid, the Board of Directors of the Transferor Companies and the Transferee Company have considered and proposed the Slump Sale of the Power Plant Undertaking of Transferor Company No. 1 to the Transferee Company and amalgamation of the entire undertaking and business of the Transferor Companies with the Transferee Company in order to benefit the stakeholders of all the companies. Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company have formulated this Scheme of Slump Sale and Amalgamation for the transfer and vesting of the Power Plant Undertaking of Transferor Company No. 1 and the entire undertaking and business of the Transferor Companies with and into the Transferee Company pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013.

C. PARTS OF THE SCHEME:

This Scheme is divided into the following parts:

- i. Part I deals with definitions of the terms used in this Scheme and sets out the share capital of the Transferor Companies and the Transferee Company;
- ii. Part II deals with the Slump Sale of the Power Plant Undertaking (as hereinafter defined) of Transferor Company No. 1 to the Transferee Company;
- iii. Part III deals with the merger and consequential transfer and vesting of the Undertaking (as hereinafter defined) of the Transferor Companies to and in the Transferee Company;
- iv. Part IV deals with the issue of new equity shares by the Transferee Company to the eligible shareholders of the Transferor Companies;
- v. Part V deals with the accounting treatment for the slump sale and the amalgamation in the books of the Transferee Company and applicability of Income Tax Act, 1961;
- vi. Part VI deals with the dissolution of the Transferor Companies and the general terms and conditions applicable to this Scheme and other matters consequential and integrally connected thereto.



PART – I
DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, the following expressions unless repugnant to the context shall have the meaning assigned thereto:

- 1.1 "**Act**" means the Company Act, 2013, the rules and regulations made thereunder and will include any statutory re-enactment or amendment(s) thereto, from time to time;
- 1.2 "**Appointed Date of Merger**" means the open of business hours on 1st April 2019 after the completion of the slump sale referred to in Part II of the Scheme;
- 1.3 "**Appointed Date of Slump Sale**" means the open of business hours on 1st April 2019;
- 1.4 "**Board of Directors**" or "**Board**" means the board of directors of the Transferor Companies or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof;
- 1.5 "**Effective Date**" means the last of the dates on which the certified or authenticated copies of the orders of the National Company Law Tribunal sanctioning the Scheme are filed with the Registrar of Companies by the Transferor Companies and by the Transferee Company. Any references in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme taking effect" shall mean the Effective Date;
- 1.6 "**Goodwill**" which shall in accordance with this Scheme be recorded in books of the Transferee Company would *inter alia* represent intangibles like trademarks, logos, brands, accounting adjustments etc.
- 1.7 "**Governmental Authority**" means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India including but not limited to Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies, Competition Commission of India, and the NCLT;
- 1.8 "**NCLT**" means the National Company Law Tribunal, Delhi Bench having jurisdiction in relation to the Transferee Company and Transferor Companies No. 1 and 2;
- 1.9 "**Power Plant Undertaking**" means the 18 MW power plant undertaking of the Transferor Company No. 1 as a going concern together with all its assets, rights, licenses and powers and all its debts, outstanding, liabilities, duties and obligations as on the Appointed Date of Slump Sale. Clause 1.17(a) to Clause 1.17(j) shall mutatis mutandis apply to the definition of Power Plant Undertaking.



- 1.10 **"Proceedings"** include any suit, appeal or any legal proceeding of whatsoever nature in any Court of law, or tribunal or any other judicial or quasi-judicial body or any assessment proceeding before any authority under any law and also arbitration proceedings;
- 1.11 **"Record Date"** means the date as may be fixed by the Board of Directors of the Transferee Company for ascertaining the equity shareholders of the Transferor Companies who shall be eligible to obtain allotment of shares in the Transferee Company;
- 1.12 **"Registrar of Companies"** means the Registrar of Companies, Delhi and Haryana (for the purpose of Transferee Company and Transferor Companies No. 1 & 2) and Registrar of Companies, West Bengal (for the purposes of Transferor Companies No. 3, 4 & 5).
- 1.13 **"Scheme"** means this Scheme of Slump Sale and Amalgamation between the Transferor Companies and the Transferee Company and their respective shareholders as submitted to the NCLT together with any modification(s) approved or directed by the NCLT;
- 1.14 **"Stock Exchanges"** means BSE Limited ('BSE'), National Stock Exchange of India Limited ('NSE') and The Calcutta Stock Exchange Limited ('CSE') where the shares of Transferee and Transferor Companies are listed;
- 1.15 **"Transferee Company"** means Gallantt Metal Limited, a company incorporated under the Companies Act, 1956 and having its registered office at "GALLANTT HOUSE", I-7, Jangpura Extension, New Delhi - 110014;
- 1.16 **"Transferor Companies"** means Gallantt Ispat Limited, AAR Commercial Company Limited, Hipoline Commerce Private Limited, Lexi Exports Private Limited and Richie Credit and Finance Private Limited, companies incorporated under the Companies Act, 1956 and having its respective registered office at the addresses enunciated hereinabove;
- 1.17 **"Undertaking of Transferor Companies" or "Undertaking"** means the entire business and the whole of the undertaking of the Transferor Companies, remaining after the transfer of the Power Plant Undertaking of Transferor Company No. 1, as a going concern together with all its assets, rights including tenancy rights, licenses and powers and all its debts, outstanding, liabilities, duties and obligations as on the Appointed Date of Merger and without prejudice to the generality of the foregoing clause the said undertaking includes:
- a) all assets, properties, moveable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible of whatsoever nature, wheresoever situated including land, buildings, vehicles, equipment, furniture, fixtures, investments, sundry debtors, inventories, cash and bank balances, bills of exchange, deposits, loans and advances of the Transferor Companies;



- b) all rights and benefits of the Transferor Companies;
- c) Trademarks, brands, goodwill, and all other intellectual rights and properties of the Transferor Companies;
- d) all permissions, approvals, consents, sanctions, privileges whether present or to be available in future from the statutory authorities;
- e) all permits, quotas, rights including mining rights, licenses including mining licenses, approvals, consents, privileges, all other rights, benefits and entitlements and facilities of every kind, nature and description whatsoever, right to use and avail of telephones, telexes, facsimile connections, e-mail connections, communication facilities and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with the Transferor Companies;
- f) all agreements, rights, contracts, entitlements, licenses, permits, permissions, incentives, approvals, registrations, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases including mining leases, tenancy rights, liberties, special status and other benefits or privileges and claims to any patents, trademarks, design, quota rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the business activities and operations of the Transferor Companies;
- g) all records, files, papers, designs, and process information, computer programmes, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form of the Transferor Companies;
- h) Amounts claimed by the Transferor Companies whether or not so recorded in the books of account of the Transferor Companies from any Government Authority under any law, act or rule in force, as refund of any tax, duty, cess or of any excess payment;
- i) all debts (secured and unsecured), present and future liabilities including contingent liabilities, obligations and duties of the Transferor Companies of whatsoever kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized;
- j) all employees of the Transferor Companies and all other obligations of whatsoever kind, including liabilities in respect of employees of the Transferor Companies with regard to payment of gratuity, provident fund or compensation, if any, etc.



Terms not defined but used in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations and bye laws, as the case may be, or any statutory amendment(s) or re-enactment thereof, for the time being in force.

2. CAPITAL STRUCTURE

2.1 Transferor Company No. 1:

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Company No. 1 as on March 31, 2019 was as under:

Particulars	Amount in Rs.
Authorised Share Capital	
49,88,50,000 equity shares of Re. 1/- each all fully paid up	49,88,50,000/-
Issued, Subscribed and Paid-up Capital	
28,23,60,720 equity shares of Re.1/- each all fully paid up	28,23,60,720/-

2.2 Transferor Company No. 2:

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Company No. 2 as on March 31, 2019 was as under:

Particulars	Amount in Rs.
Authorised Share Capital	
1,24,50,000 equity shares of Rs. 10/- each all fully paid up	12,45,00,000/-
Issued, Subscribed and Paid-up Capital	
1,00,14,000 equity shares of Rs.10/- each all fully paid up	10,01,40,000/-

2.3 Transferor Company No. 3:

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Company No. 3 as on March 31, 2019 was as under:

Particulars	Amount in Rs.
Authorised Share Capital	
47,28,300 equity shares of Rs. 10/- each all fully paid up	4,72,83,000/-
Issued, Subscribed and Paid-up Capital	
21,26,310 equity shares of Rs.10/- each all fully paid up	2,12,63,100/-

2.4 Transferor Company No. 4:

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Company No. 4 as on March 31, 2019 was as under:

Particulars	Amount in Rs.
Authorised Share Capital	
34,30,000 equity shares of Rs. 10/- each all fully paid up	3,43,00,000/-



Issued, Subscribed and Paid-up Capital	
1,42,967 equity shares of Rs.10/- each all fully paid up	14,29,670/-

2.5 Transferor Company No. 5:

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Company No. 5 as on March 31, 2019 was as under:

Particulars	Amount in Rs.
Authorised Share Capital	
35,10,000 equity shares of Rs. 10/- each all fully paid up	3,51,00,000/-
Issued, Subscribed and Paid-up Capital	
1,02,000 equity shares of Rs.10/- each all fully paid up	10,20,000/-

2.6 Transferee Company:

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferee Company as on March 31, 2019 was as under:

Particulars	Amount in Rs.
Authorised Share Capital	
8,30,00,000 equity shares of Rs. 10/- each all fully paid up	83,00,00,000/-
Issued, Subscribed and Paid-up Capital	
8,13,22,324 equity shares of Rs. 10/- each all fully paid up.	81,32,23,240/-

2.7 Subsequent to above, there is no change in the Capital Structure of Transferee or Transferor Companies.

Part II Slump Sale of Power Plant Undertaking

3. Slump Sale of Power Plant Undertaking

3.1 Upon the Scheme becoming effective and with effect from Appointed Date of Slump Sale, the Power Plant Undertaking of the Transferor Company No. 1 shall pursuant to section 230 and other applicable provisions of the Act and without any further act or deed be transferred to and be vested or deemed to be vested in the Transferee Company as a going concern, pursuant to a slump sale and for this purpose the approval of the Scheme shall be deemed to be the approval of the shareholders and creditors of Transferor Company No. 1.

3.2 The Transferee Company for acquisition of the Power Plant Undertaking would be liable to pay cash consideration of Rs. 35 crores. The payment of Rs. 35 crores shall be made within a period of one month from the date the Scheme approval order of Honorable National Company Law Tribunal is filed with the Central Government.



3.3 The rights, obligation, terms, conditions etc. prescribed in Part III of the Scheme in the context of amalgamation would mutatis mutandis apply to the transfer by way of slump sale of Power Plant Undertaking by the Transferor Company No. 1 to the Transferee Company.

PART III

TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANIES TO AND IN THE TRANSFEE COMPANY

4 TRANSFER AND VESTING OF UNDERTAKING

4.1 Upon the Scheme becoming effective and with effect from the Appointed Date of Merger, the Undertaking of each of the Transferor Companies including the Undertaking of Transferor Company No. 1 remaining after the transfer of the Power Plant Undertaking of Transferor Companies No. 1 shall, without any further act or deed be transferred to and be vested or deemed to be vested in the Transferee Company as a going concern, pursuant to Sections 230 to 232 of the Act but subject to all charges, liens, mortgages, lispendens, if any, then affecting the same or any part thereof and all the creditors of the Transferor Companies shall become the creditors of the Transferee Company on the same terms and conditions.

4.2 Without prejudice to the generality of Clause 4.1 above, upon the coming into effect of this Scheme and with effect from the Appointed Date of Merger all the assets and properties comprised in the Undertaking of whatsoever nature and wheresoever situated, shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the assets and properties of the Transferee Company.

4.3 In respect of such of the assets and properties of the Undertaking of Transferor Companies as are immovable in nature, whether held as fixed assets and/or inventory, the same shall be so transferred by the Transferor Companies and shall, upon such transfer, become as and from the Appointed Date of Merger, the immovable assets of Transferee Company, and it shall not be necessary to obtain the consent of any third party or other person in order to give effect to the provisions of this clause. The Transferee Company shall under the provisions of this Scheme be deemed to be authorized to execute any such instruments, deeds and writings on behalf of the Transferor Companies and to implement or carry out all such formalities or compliances on the part of Transferor Companies to be carried out or performed in order to give effect to the provisions of this clause.

4.4 In respect of such of the assets and properties of the Undertaking of Transferor Companies as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Companies and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking, without requiring any separate deed or instrument or conveyance for the same.



4.5 In respect of movables other than those dealt with in Clause 4.4 above including sundry debts, receivables, actionable claims, bills, credits, loans and advances of the Undertaking, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority or with any company or other person, the same shall on and from the Appointed Date of Merger stand transferred to and vested in the Transferee Company.

4.6 All the licenses including mining licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits including subsidies, concessions and benefits accruing and available to the Transferor Company No. 1 from the State Government of Uttar Pradesh ("the Govt.") under the various Industrial Policies (policies of the years 2006, 2012 and 2017) of the Govt., grants, rights, claims, leases including mining leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Companies and all rights and benefits that have accrued or which may accrue to the Transferor Companies, whether before or after the Appointed Date of Merger, shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date of Merger licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

4.7 The Transferor Companies shall, if so required, also give notice in such form as it may deem fit and proper to the debtors, that pursuant to the sanction of this Scheme by NCLT under and in accordance with Sections 230 to 232 and all other applicable provisions, if any, of the Act, the said debtors should pay to the Transferee Company the debt, loan or advance or make the same on account of the Transferor Companies and the right of the Transferor Companies to recover or realize the same stands extinguished.

4.8 All assets and properties of the Transferor Companies as on the Appointed Date of Merger, whether or not included in the books of the Transferor Companies, and all assets and properties which are acquired by the Transferor Companies on or after the Appointed Date of Merger but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme.

4.9 Upon the coming into effect of this Scheme and with effect from the Appointed Date of Merger, all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor



Companies of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the "Liabilities"), shall, pursuant to the sanction of this Scheme by the NCLT under and in accordance with the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become as and from the Appointed Date of Merger the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

4.10 All debts, liabilities, duties and obligations of the Undertaking as on the Appointed Date of Merger, whether or not provided in the books of the Transferor Companies, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Undertaking on or after the Appointed Date of Merger till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.

4.11 Where any such debts, loans raised, liabilities, duties and obligations of the Undertaking as on the Appointed Date of Merger have been discharged or satisfied by the Transferor Companies after the Appointed Date of Merger and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.

4.12 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Undertaking and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company.

4.13 All taxes (including but not limited to income tax, sales tax, excise duty, service tax, VAT, etc.) paid or payable by the Transferor Companies in respect of the operations and/or the profits of the business before the Appointed Date of Merger, on account of the Transferor Companies and, in so far as it relates to the tax payment whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies in respect of the operations and/or the profits of the business after the Appointed Date of Merger shall be deemed to be the corresponding item paid by the Transferee Company and shall in proceedings, be dealt with accordingly.

4.14 All the profits, income, taxes (including advance tax, tax deducted at source and MAT Credit) or any costs, charges, expenditure accruing or arising to the Transferor Companies or



expenditure or losses arising or incurred or suffered by the Transferor Companies shall for all purposes be treated and deemed to be and accrue from the Appointed Date of Merger as the profits or income, taxes (including tax, losses, MAT Credit) costs, charges, expenditure or losses of the Transferee Company, as the case may be.

4.15 For avoidance of doubts and without prejudice to the generality of the foregoing, it is clarified that upon coming effect of the Scheme and with effect of the Appointed Date of Merger, in accordance with the relevant laws, consents, permissions, licenses registration, certificates, authorities (including operation of bank accounts), power of attorneys given by, issued to or executed in favour of the Transferor Companies, and rights and privileges under the same, in so far as they relate to the Transferor Companies and all domain names, brands, trade secrets, product registration and other intellectual property, if any, and all other interests relating to the goods or services being dealt by the Transferor Companies, shall without any further act or deed be transferred to and vested in the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies immediately prior to the coming into effect of this Scheme.

5 ENCUMBRANCES

5.1 The transfer and vesting of the assets comprised in the Undertaking to and in the Transferee Company under Clauses 4 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.

5.2 All the existing securities, mortgages, charges, encumbrances or liens (the "Encumbrances"), if any, as on the Appointed Date of Merger and created by the Transferor Companies after the Appointed Date of Merger, over the assets comprised in the Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Transferor Companies, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no Encumbrances shall have been created by the Transferor Companies over its assets after the Appointed Date of Merger without the consent of the Transferee Company as provided for in this Scheme.

5.3 The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Undertaking transferred to and vested in the Transferee Company by virtue of this Scheme.

5.4 Any reference in any security documents or arrangements (to which the Transferor Companies is a party) to the Transferor Companies and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Companies transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferor Companies and the Transferee



Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the Registrar of Companies to give formal effect to the above provisions, if required.

5.5 Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of this Scheme.

5.6 It is expressly provided that, no other term or condition of the Liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

5.7 The provisions of this Clause 5 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

6 INTER - SE TRANSACTIONS

Without prejudice to the provisions contained in this Scheme, with effect from the Appointed Date of Merger, all inter-party transactions between the Transferor Companies and the Transferee Company shall be considered as intra-party transactions for all purposes.

7 CONTRACTS, DEEDS, ETC.

7.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments of whatsoever nature to which the Transferor Companies are parties or to the benefit of which the Transferor Companies may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect by, for or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder.

7.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Companies are parties or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Companies.



7.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses including mining licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Companies shall without any further act or deed, stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

8 LEGAL PROCEEDINGS

On and from the Appointed Date of Merger, all suits, actions, claims and legal proceedings by or against the Transferor Companies pending and/or arising on or before the Effective Date shall be continued and / or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company. On and from the Effective Date, the Transferee Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings relating to the Undertaking, in the same manner and to the same extent as would or might have been initiated by the Transferor Companies as the case may be, had the Scheme not been made; If any suit, appeal or other proceedings relating to the Undertaking, of whatever nature by or against the Transferor Companies be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation of the Undertaking or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies as if this Scheme had not been made.

9 CONDUCT OF BUSINESS

9.1 With effect from the Appointed Date of Merger and up to and including the Effective Date, the Transferor Companies shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.

9.2 All the profits or income accruing or arising to the Transferor Companies, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Companies shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company.



9.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Companies shall be deemed to have been exercised by the Transferor Companies for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Companies shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.

9.4 With effect from the date of filing of this Scheme with the NCLT and up to and including the Effective Date:

9.4.1 the Transferor Companies shall preserve and carry on their business and activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its group Company or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking or any part thereof save and except in each case in the following circumstances:

- a. If the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with NCLT; or
- b. If the same is permitted by this Scheme; or
- c. If consent of the Board of Directors of the Transferee Company has been obtained.

9.4.2 The Transferor Companies shall not take, enter into, perform or undertake, as applicable (i) any material decision in relation to its business and operations other than decisions already taken prior to approval of the Scheme by the respective Board of Directors (ii) any new business, or discontinue any existing business or change the capacity off facilities; and (iii) such other matters as the Transferee Company may notify from time to time save and except in each case in the following circumstances:

- a. If the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with NCLT; or
- b. If the same is permitted by this Scheme; or
- c. If consent of the Board of Directors of the Transferee Company has been obtained.

10 TREATMENT OF TAXES

10.1 Any tax liabilities under the Income-tax Act, 1961, Wealth Tax Act, 1957, Sales Tax /Value Added Tax laws, service tax, GST, stamp laws or other applicable laws/ regulations (hereinafter in this Clause referred to as "Tax Laws") dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Companies to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date of Merger shall be transferred to Transferee Company.



10.2 All taxes (including income tax, wealth tax, sales tax, service tax, VAT, GST etc.) paid or payable by the Transferor Companies in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, in so far as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, service tax, VAT, GST etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies in respect of the profits or activities or operation of the business on and from the Appointed Date of Merger, the same shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.

10.3 Any refund under the Tax Laws due to Transferor Companies consequent to the assessments made on Transferor Companies and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date of Merger shall also belong to and be received by the Transferee Company.

10.4 Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other tax laws, and to claim refunds and/or credit for taxes paid/ (including minimum alternate tax, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required to give effect to the provisions of this Scheme.

10.5 All tax assessment proceedings/appeals of whatsoever nature by or against the Transferor Companies pending and/or arising at the Appointed Date of Merger and relating to the Transferor Companies shall be continued and/or enforced until the Effective Date by the Transferor Companies. In the event of the Transferor Companies failing to continue or enforce the proceedings/appeal, the same may be continued or enforced by the Transferee Company, at the cost of Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued or enforced by the Transferor Companies.

10.6 Without prejudice to the generality of the above, all benefits, entitlements, incentives, losses, credits (including, without limitation income tax, minimum alternate tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, GST, applicable state value added tax, CENVAT, registrations etc.) to which the Transferor Companies is entitled to in terms of applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company, upon the Scheme coming into effect.

11 STAFF, WORKMEN AND EMPLOYEES

Upon the coming into effect of this Scheme:

11.1 All the permanent employees of the Transferor Companies including KMPs, who are in its employment as on the Effective Date shall become the permanent employees of the Transferee Company with effect from the Effective Date without any break or interruption



in service and on terms and conditions as to employment and remuneration not less favourable than those on which they are engaged or employed by the Transferor Companies, except that the KMPs of the Transferor Companies shall not be entitled to continue with the same designation as that in the Transferor Companies unless otherwise determined by the Board of Directors of the Transferee Company. It is clarified that the employees of the Transferor Companies who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the employees of the Transferee Company), unless otherwise determined by the Transferee Company. After the Effective Date, the Transferee Company shall be entitled to vary the terms and conditions as to employment and remuneration of the employees of the Transferor Companies on the same basis as it may do for the employees of the Transferee Company.

11.2 The existing provident fund, gratuity fund and pension and/or superannuation fund or trusts or retirement funds or benefits, if any, created by the Transferor Companies or any other special funds, if any, created or existing for the benefit of the concerned permanent employees of the Transferor Companies (collectively referred to as the "Funds") and the investments made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees. The Funds, if any, shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Companies or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute thereto, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Companies shall be transferred to such funds of the Transferee Company.

12 SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Undertaking of the Transferor Companies under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date of Merger or concluded after the Appointed Date of Merger till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.



13 CREDITORS

13.1 The Scheme does not involve any compromise or composition with the creditors of the Transferor Companies or the Transferee Company and the rights of the creditors of the Transferor Companies and the Transferee Company are not be affected in any manner.

13.2 The charge and/or security of the secured creditors, if any, of the Transferor Companies and the Transferee Company shall remain unaffected by this Scheme.

PART – IV

ISSUE OF SHARES BY THE TRANSFEE COMPANY

14.1 On the Effective Date, Inter-corporate shareholding as described hereinabove held by the Transferor Companies in the Transferee Company and vice versa shall stand cancelled without any further act or deed.

14.2 Upon the Scheme becoming effective in lieu of the amalgamation no consideration will be due to the Transferor Companies and in consideration of the amalgamation of the Transferor Companies with the Transferee Company pursuant to the Scheme including the consequential extinguishment of the shareholding in Transferor Companies, the Transferee Company shall without further application, issue and allot as given below equity shares in the Transferee Company to the equity shareholders of the Transferor Companies whose names appear in the Register of Members of the Transferor Companies on the Record Date:

- 13 (Thirteen) equity shares of the nominal value of Rs. 10/- fully paid up in the Transferee Company for every 14 (Fourteen) equity shares of Re. 1/- each fully paid up held by such member in the Transferor Company No. 1.
- 5 (Five) equity shares of the nominal value of Rs. 10/- fully paid up in the Transferee Company for every 1 (One) equity share of Rs. 10/- each fully paid up held by such member in the Transferor Company No. 2.
- 9 (Nine) equity shares of the nominal value of Rs. 10/- fully paid up in the Transferee Company for every 2 (Two) equity shares of Rs. 10/- each fully paid up held by such member in the Transferor Company No. 3.
- 84 (Eighty-Four) equity shares of the nominal value of Rs. 10/- fully paid up in the Transferee Company for every 1 (One) equity share of Rs. 10/- each fully paid up held by such member in the Transferor Company No. 4.
- 101 (One Hundred One) equity shares of the nominal value of Rs. 10/- fully paid up in the Transferee Company for every 2 (Two) equity shares of Rs. 10/- each fully paid up held by such member in the Transferor Company No. 5.



14.3 The shares to be issued by the Transferee Company to the shareholders of the Transferor Companies in pursuance of this Scheme are hereinafter referred to as "the New Shares".

14.4 No fractional shares shall arise out of the above allotment of the New Shares. No fractional certificates, entitlements or credits shall be issued or given by the Transferee Company in respect of the fractional entitlements, if any, to which the shareholders of the Transferor Companies are entitled on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme. If any members of the Transferor Companies have a shareholding such that such members become entitled to a fraction of a new equity share, the board of directors of the Transferee Company shall consolidate all such fractional entitlements to which the shareholders of the Transferor Companies may be entitled on issue and allotment of the equity shares of the Transferee Company as aforesaid and shall, without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to a nominee to be appointed by the board of directors of the Transferee Company who shall hold such fractional entitlements with all additions or accretions hereto in trust for the benefit of the respective shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the nominee may in its sole discretion decide and on such sale pay to the Transferee Company the net sale proceeds thereof and any additions and accretions, whereupon the Transferee Company shall, subject to withholding tax and expenses, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Companies in proportion to their respective fractional entitlements.

14.5 The issue and allotment of new equity shares by the Transferee Company to the shareholders of the Transferor Companies is an integral part of this Scheme and shall be deemed to have been carried out without any further act or deed and the approval of the shareholders of the Transferee Company to the Scheme shall be deemed to be due compliance of the provisions of Sections 42 and 62 and other relevant or applicable provisions of the Act.

14.6 The New Shares to be issued to the shareholders of the Transferor Companies, as above, shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank pari passu with the existing equity shares of the Transferee Company, in all respects.

14.7 The Transferee Company shall get the New Shares listed on the BSE and NSE where the existing equity shares of the Transferee Company are listed.

14.8 The Transferee Company shall issue the New Shares in dematerialised form unless otherwise notified in writing by the shareholders of the Transferor Companies on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof. If such notice has not been received by the Transferee Company, the equity shares shall be issued to such members in dematerialised form provided that the members of the Transferor Companies have an account with a depository participant and provide details thereof and such other confirmations as may be required. If the Transferee



Company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his account with a depository participant or other confirmation as may be required or if the details furnished by any member do not permit electronic credit of the New Shares, then the Transferee Company shall issue equity shares in physical form to such member or members.

15 MERGER OF AUTHORIZED SHARE CAPITAL OF TRANSFEE COMPANY

15.1 Upon the Scheme coming into effect and pursuant to Section 232(3) of the Act, the Authorised Share Capital of the Transferor Companies shall be deemed to be added to that of the Transferee Company without any further act, instrument or deed on the part of the Transferee Company.

15.2 Clause V of the Memorandum of Association of the Transferee Company shall stand amended to give effect to the relevant provisions of this Scheme and no further resolution(s) under sections 13, 14, 61, 64 of the Companies Act, 2013 or any other applicable provisions of the Act, would be required to be separately passed.

16 CHANGE OF NAME

16.1 Upon the Scheme coming into effect and pursuant to Section 232(3) of the Act, Name of the Transferee Company shall be "GALLANTT ISPAT LIMITED".

16.2 Clause I of the Memorandum of Association of the Transferee Company shall stand amended to give effect to the relevant provisions of this Scheme and no further resolution(s) under sections 13 of the Companies Act, 2013 or any other applicable provisions of the Act, would be required to be separately passed. Changing the Name of the Transferee Company to the name of the Transferor Company No. 1 would enable the Transferee Company to take benefit of goodwill in the form of familiarity/trust with the name of the Transferor Company No. 1, and consequently, would be beneficial for the overall business operations of the Amalgamated Company. The Transferee Company shall also comply with the requirements of change in name in the share certificates of the Transferee Company.

17 ALTERATIONS IN THE OBJECT CLAUSE IN THE MEMORANDUM OF ASSOCIATION

Upon coming into effect of the Scheme, the Memorandum of Association of the Transferee Company shall stand altered and amended so as to insert the following sub-clauses after the existing Clause 4 in the objects clause of the Memorandum of Association of the Transferee Company without any further act, instrument or deed on the part of the Transferee Company:

Clause 5: To carry on the business of millers in all its branches and to set up mills for milling wheat, gram and other grains and cereals, dal, besan, maida, atta, suji and other allied products and to manufacture any bye-products, food products, such as biscuits, flakes, dalia and confectionery from flours of all kinds and set up factories or mills for the manufacture thereof and to carry on the business of producing, extracting, refining,



storing, exporting, importing, transporting and dealing in flours of all kinds whatsoever and to run flour mills of any kind including rice mills for separation of husk, bran for preparation of flours or other products therefrom, to carry on the business of manufacturing, buying, selling, importing, exporting and dealing in textiles, cotton, silk, art silk, rayon, nylon, viscos, synthetic fibers, staple fibers, polyester, worsted, wool, hemp and other fibre materials, yarn, cloth, linen, rayon and other goods or merchandise whether textile felted, netted or looped.

Clause 6: To carry on the business activities as developers of land, colonies, sheds, buildings, structures, residential plots, commercial plots, industrial plots and sheds, roads, bridges, channels, culverts and to act as architect, designers, contractors, sub-contractors, for all types of constructions and developments work for private sector, government departments, semi government departments, development authorities and to develop the sites and plots and to carry on the business activities of acquirer, purchaser, repurchase, let out, lease, sell, exchange, hire or otherwise all types of land, and properties of any tenure or any interest in the same or to erect and construct houses, building, multi-stories, or work for every descriptions on any land of the company or upon other land or property and to pull down re-build, enlarge, alter, and improve, existing houses, buildings, or work thereon and to purchasing and selling of houses and plots free hold or other house property, building, or lands or interest, household articles and other products of other companies in the installments, network scheme or otherwise.

Clause 7: To develop, produce, manufacture, treat, process, refine, export, import, purchase, sale and generally to deal in and to act as brokers, agents, stockiest, distributors, suppliers, commission agents of all kinds of cements (whether ordinary, white, coloured, Portland, pozzoolana, alumina, blast, furnaces, silica, sagol or otherwise) cement products of any description, such as asbestos cement, building pipes, irrigation pipes, reinforced cement, cement concrete spun pipes, asbestos cement pressure pipes, fittings, asbestos, cement sheets, poles, slabs, blocks, garden wears, cement boards, mosaic and terrazzo, tiles, ceramic products, allied products, goods, substances, material, articles, things, chemicals, compounds, accessories and appliances connected with the aforesaid product.

It is clarified that for the purposes of Clauses 5, 6 & 7 above, the consent of the shareholders of the Transferee Company to this Scheme shall be sufficient for the purposes of effecting the above amendment to the object clause in the Memorandum of Association of the Transferee Company, and no further resolution under Sections 4 & 13 or any other applicable provisions of the Act, would be required to be separately passed.

18 DIVIDENDS

(a) The Transferor Companies and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only consistent with the past practice or in the ordinary course as may be decided by the Board of Directors of the respective Companies.



(b) The shareholders of the Transferor Companies and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.

(c) For the avoidance of doubt, it is hereby clarified that nothing in this Scheme shall prevent Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of dividend and the shareholders of the Transferor Companies shall not be entitled to dividends, if any, declared by Transferee Company prior to the Effective Date.

(d) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Transferor Companies and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Companies and the Transferee Company respectively, and subject to the approval, if required, of the shareholders of the Transferor Companies and the Transferee Company respectively.

PART – V

ACCOUNTING TREATMENT

19 ACCOUNTING TREATMENT

19.1 On the Scheme becoming effective and with effect from the Appointed Date of Merger, the Transferee Company shall account for the amalgamation in its books of accounts as per applicable Accounting Standard, which is presently Indian Accounting Standard (AS) 103 on Accounting for Amalgamations and accordingly: as under:

19.1.1 All identifiable tangible assets, if any, whether or not recorded in books of the Transferor Companies and liabilities of the Transferor Companies, transferred to and vested in the Transferee Company pursuant to the Scheme shall be recorded by the Transferee Company on the basis of their fair values. Brand Value of Transferor Company No. 1 as valued by the IBBI Registered Independent Valuer Mr. Vikash Goel at Rs. 274.62 Crores, shall be recorded separately in the books of the Transferee Company as intangible assets.

19.1.2 The face value of the shares issued by the Transferee Company pursuant to the Scheme shall be credited to the Equity Share Capital Account of the Transferee Company.

19.1.3 The inter-company investments of the equity share capital of the Transferee Company and cancelled shall be reduced from the Equity Share Capital of the Transferee Company to the extent of face value of equity shares of the Transferee Company held by the Transferor Companies.

19.1.4 Any inter-company balance transactions between the Transferor Companies and the Transferee Company shall stand cancelled.



19.1.5 Excess, if any, of the consideration as recorded under Clause 19.1.2 over the value of net tangible assets of the Transferor Companies taken over and recorded in accordance with Clause 19.1.1, as adjusted for amounts mentioned in 19.1.3 above, will be recognized as Goodwill in the books of account of the Transferee Company. In the event the result is negative, it shall be credited as Capital Reserve in the books of account of the Transferee Company. Such Goodwill, if any, will also encompass all intangibles like trademarks, brand name, logo, know how, customer lists, etc.

19.1.6 If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Companies and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in an appropriate head in "Other Equity".

20 APPLICABILITY OF PROVISIONS OF INCOME TAX ACT, 1961

20.1 The Slump Sale of Power Plant Undertaking on a going concern basis proposed in this Scheme has been drawn up to comply with the conditions relating to 'slump sale' as specified under Section 50B and other relevant provisions of The Income Tax Act, 1961. If any term or provision of the Scheme is found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of The Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary, to comply with Section 50B and other relevant provisions of the Income Tax Act, 1961.

20.2 The Amalgamation of the Transferor Companies into the Transferee Company under this Scheme has been drawn up to comply with the conditions relating to 'amalgamation' as specified under Section 2(1B) and other relevant provisions of The Income Tax Act, 1961. If any term or provision of the Scheme is found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of The Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary, to comply with Section 2(1B) and other relevant provisions of the Income Tax Act, 1961.

PART – VI

DISSOLUTION OF TRANSFEROR COMPANIES AND GENERAL TERMS AND CONDITIONS

21 DISSOLUTION OF TRANSFEROR COMPANIES

On the Effective Date, the Transferor Companies shall stand dissolved without winding up and without any further actor deed under Section 232 of the Act.



22 EFFECTIVE DATE

22.1 The Merger shall become effective and transfers shall be deemed to be effective from the Appointed Date of Merger but shall be operative from the Effective Date. Effective Date would be the date on which the certified copies of the order of the NCLT sanctioning this Scheme is filed by the respective Transferor and the Transferee Companies with the Registrar of Companies.

22.1 The Slump Sale of the Power Plant Undertaking shall become effective and transfers shall be deemed to be effective from the Appointed Date of Slump Sale but shall be operative from the Effective Date. Effective Date would be the date on which the certified copies of the order of the NCLT sanctioning this Scheme is filed by the respective Transferor and the Transferee Companies with the Registrar of Companies.

23 COMPLIANCE WITH SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

23.1 The Transferee Company and the Transferor Companies being listed companies, this Scheme is subject to the compliance by the said companies of all requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all statutory directives of the Securities and Exchange Board of India (SEBI) in so far as they relate to sanction and implementation of this Scheme.

23.2 The Transferor Companies and the Transferee Company in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall obtain Observation Letter or No-Objection Letter from the Stock Exchanges, in terms of Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 before approaching the NCLT for sanction of the Scheme.

23.3 The Transferor and Transferee Companies shall also comply with the directives of the SEBI contained in its Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 and all other circulars, as may be applicable.

23.4 In pursuance of the said Circular of SEBI dated 10th March, 2017, the Scheme shall also be required to be approved by the public shareholders of the listed Transferor Companies and listed Transferee Company through e-voting and shall be acted upon only if the votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by them against the Scheme.

24 APPLICATIONS TO THE NCLT

24.1 The Transferor Companies and the Transferee Company shall file joint applications before the NCLT for convening meetings of their respective members and creditors, if any, for considering, and if thought fit, approving this Scheme with or without modification.

24.2 Upon this Scheme being agreed to by requisite majority of the members /creditors, if any, of the Transferor Companies and the Transferee Company at such meetings, the



Transferor Companies and the Transferee Company shall file a joint application before the Tribunal for sanctioning the Scheme and for passing appropriate orders of transfer and vesting under Section 232 of the Act.

25 MODIFICATION OF THE SCHEME

The Board of Directors of the Transferor Companies and the Transferee Company may assent to any modification or amendment to the Scheme or agree to any condition which the NCLT or any other authority may deem fit to approve or impose and the said Board may do all such acts, things, and deeds as they may, in their sole discretion, think fit for the purpose of effectively carrying out and implementing this Scheme. It is however, clarified that any amendment or modification to this Scheme after sanction thereof shall be made in accordance with the provisions contained in the Section 231 of the Act or any statutory modification thereof.

26 CONDITIONALITY OF SCHEME

The Scheme is conditional upon and subject to –

26.1 The Transferor Companies and the Transferee Company filing this Scheme with the Stock Exchanges where its existing shares are listed in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and obtaining approvals of such Stock Exchanges;

26.2 The Scheme being approved by the respective requisite majorities of the members and creditors, if any, of the Transferor Companies and Transferee Company, as may be directed by the NCLT;

26.3 *"The scheme is conditional upon scheme being approved by the public shareholders of listed Transferor Companies (Gallantt Ispat Limited and AAR Commercial Company Limited) and Transferee Company (Gallantt Metal Limited) through e-voting in terms of para 9 (a) of part I of Annexure I of SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it";*

26.4 The NCLT sanctioning this Scheme and passing transfer and vesting orders under Section 232 of the Act;

26.5 Filing of certified copy of the order of the NCLT under clause 23.3 above with the Registrar of Companies by the Transferor Companies and the Transferee Company for registration;

26.6 Requisite sanction and/or approval of any Government or Regulatory authority as may be required under any law for the amalgamation and/or Slump Sale;

27 RESOLUTIONS



(a) Upon the coming into effect of this Scheme, the resolutions, if any, of the Transferor Companies, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

(b) Upon the coming into effect of this Scheme, the borrowing limits of the Transferee Company in terms of Section 180 (1) (c) of the Companies Act of 2013 shall be deemed, without any further act or deed, to have been enhanced by the aggregate limits of the Transferor Companies which are being transferred to the Transferee Company pursuant to the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date.

28 MISCELLANEOUS

28.1 Immediately after the Effective Date, the banking accounts of the Transferor Companies shall be operated by the Transferee Company in such manner as may be decided by the Board of Directors of the Transferee Company. The name of all such banking accounts of the Transferor Companies shall also stand changed to the name of Transferee Company and notwithstanding such change in the name, the Transferee Company shall be entitled to deposit and encash all account payee cheques and negotiable instruments issued in the name of the Transferor Companies by operating such banking accounts.

28.2 Upon coming into of this Scheme, the resolutions, if any, of the Transferor Companies, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company, and if any such resolution has any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limit shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

28.3 All costs and expenses arising out of, or incurred in, carrying out and implementation of this Scheme shall be as agreed between the Transferor Companies and Transferee Company.

28.4 The approval and consent to this Scheme by the shareholders of the Transferor and Transferee Companies pursuant to Sections 230 to 232 of the Act, shall be deemed to mean that such shareholders have also accorded their consent under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or Section 188 of the Act, if required, in relation to contract or arrangement entered into or proposed to be entered into to give effect to the provisions of this Scheme.

28.5 The Board of Directors will take necessary steps to ensure that the Scheme is in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the



Companies Act, 2013 read with rules made thereunder. All tangible and intangible assets including brand valuation shall be subject to depreciation as per the Income Tax Act, 1961 and the Companies Act, 2013 and shall be recorded accordingly. Since, Transferor Companies Nos. 1 & 2 and the Transferee Company are listed Companies, this Scheme is subject to the compliances of the applicable requirements under the Listing Regulations, SEBI Circular and all other statutory directives of SEBI, as applicable.

28.6 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not affect the validity or implementation of the other parts and/or provisions of this Scheme.

