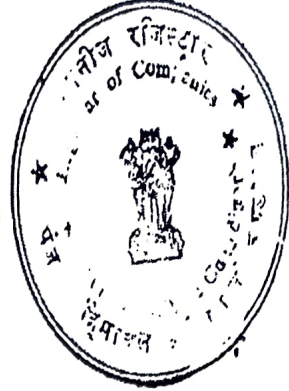


GOVERNMENT OF INDIA
MINISTRY OF COMPANY AFFAIRS

Punjab, Himachal Pradesh, and
Chandigarh

Kothi No. 286, Defence Colony, , Jalandhar - 144001, Punjab, INDIA



Corporate Identity Number : L17111PB1973PLC003345

**Fresh Certificate of Incorporation Consequent upon
Change of Name**


IN THE MATTER OF M/s MAHAVIR SPG. MILLS LTD

I hereby certify that MAHAVIR SPG. MILLS LTD which was originally incorporated on EIGHTH day of OCTOBER NINETEEN SEVENTY THREE under the Companies Act, 1956 (No. 1 of 1956) as MAHAVIR SPG. MILLS LTD 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 A03618469 dated 05/09/2006 the name of the said company is this day changed to VARDHMAN TEXTILES LIMITED and this Certificate is issued pursuant to Section 23(1) of the said Act.

Given under my hand at Jalandhar this FIFTH day of SEPTEMBER TWO THOUSAND SIX.

Certified True Copy
For Vardhman Textiles Limited


(Sanjay Gupta)
Company Secretary
M. No.: FCS-4935


(MANMOHAN JUNEJA)
Registrar of Companies

Punjab, Himachal Pradesh, and
Chandigarh



Form I.R.

Certified True Copy
For Vardhman Textiles Limited

(Sanjay Gupta)
Company Secretary
M. No.: FCS-4935

Certificate of Incorporation

No. 3345 of 1973

I hereby certify that MAHAVIR SPINNING MILLS 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 JULLUNDUR CITY this 8th (16th) day of October (Asvina) One thousand nine hundred and seventy three (8.10.1973) (One thousand eight hundred and ninety-five).

SEAL

84/-
(J. N. KAUL)
Registrar of Companies
Punjab, H.P. & Chandigarh



Certified True Copy
For Vardhman Textiles Limited

(Sanjay Gupta)
Company Secretary
M. No.: FCS-4935

Certificate for Commencement of Business

Pursuant of Section 149(3) of the Companies Act, 1956

I hereby certify that the MAHAVIR SPINNING MILLS LIMITED which was incorporated under the Companies Act, 1956 on the 8th day of OCTOBER 1973, and which has this day filed a duly verified: ^{16th} ASHVINA declaration in the prescribed form that the conditions of section 149 (1)(a) to (d) (2)(a) to (c) of the said Act, have been complied with, is entitled to commence business.

Given under my hand at JULLUNDUR CITY this ^{31st} 9th day of

OCTOBER One thousand nine hundred and seventy three (31-10-73)
KARTIKA One thousand eight hundred and ninety five

Sd/-

(J. N. KAUL)

Registrar of Companies
Punjab, H. P. & Chandigarh

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THE COMPANIES ACT, 1956
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
VARDHMAN TEXTILES LIMITED
(Formerly 'MAHAVIR SPINNING MILLS LIMITED')

- I. The name of the Company shall be "VARDHMAN TEXTILES LIMITED"
 - II. The Registered Office of the Company will be situated in the State of Punjab.
 - III. The objects to be pursued by the Company on its incorporation are as follows
- A. THE MAIN OBJECTS OF THE COMPANY TO BE PURSUED ON INCORPORATION ARE :-**
- i. To carry on all or any of the following business, namely cotton spinners and doublers, flax, hemp and jute spinners, linen and cloth manufacturers, flax, hemp jute and wool merchants, wool combers, worsted stuff manufacturers, bleachers and dyers, makers of vitriol, bleaching and dyeing materials.
 - ii. To purchase, comb, prepare, spin, dye and deal in cotton flax, hemp, jute, wool, silk, acrylic fibre and any fibrous substances.
 - iii. To weave and otherwise manufacture, buy and sell and deal in linen, cloth and other goods and fabrics (including acrylic fibres), whether textile feeted, netted or looped.
 - iv. To carry on the business of manufacturing woollen, felt, silken, cotton, hemp, acrylic and any other fibrous material and products whether allied to the aforesaid or not in India or elsewhere.
 - v. To carry on the business of spinners, weavers, manufacturers, ginners, balers and pressers of cotton, kapas, yarn, cotton waste, yarn waste, hemp, jute, acrylic fibre and other fibrous material and the cultivation thereof.
 - vi. To carry on the business of buyers, sellers, dealers, exporters and importers of woollen, silken, cotton, hemp, acrylic and other fibrous material or any goods or merchandise whatsoever and to transact all manufacturing or treating and processes and mercantile business and to purchase and vend raw materials and manufactured articles.
 - vii. To carry on the business of Machine Combers and Re-combers of all types of fibres and materials, whether artificial or synthetic, to sort, blend, prepare willey, scour, carb, scribble, comb, dye, bleach, carbonize, spin, twist, double, wind, warp, weave, mend, finish, make up, back, buy, sell, import, export and deal in fibres, whether natural artificial or synthetic, tops, yarn woven, fabrics and textile fabrics and materials of kinds and to carry on all or any of the trades or businesses of Combers, Re-combers, Top makers, Spinners, Weavers, Doublers, Manufacturers, Printers, Dyers and Finishers, Bleachers, Carbonizers, Waterproofers of textile materials and fabrics of all kinds of Mill Owners generally, merchants, agents, importers, exporters, factors, agents, sellers of and dealers, in wool, worsted, silk hair alpaca, mohair, cotton, flax, jute, hemp, acrylic, artificial and synthetic fibres and all or any fibrous substances, tops, noils, wasters paps and byproducts generally and all or any textile products, manufactured or unmanufactured.
 - viii. To purchase or take on lease or otherwise acquire and work any spinning mills, weaving mills, ginning factories or presses for pressing merchandise into bales or any other similar concern and the property, business and goodwill appertaining thereto.
 - ix. To buy, sell, import, export, exchange and deal in cloth yarn, cotton in process, raw cotton, jute, wool, silk, rayon, hemp, acrylic and other fibrous articles, also drugs, chemicals, dyes, metals, stores and other articles and things.
 - x. To undertake dyeing, bleaching or printing of yarn cloth, cotton in process, raw cotton, silk, rayon, wool, jute, hemp, acrylic and other fibres for any person, firm, company or corporation or otherwise by the agents of the Company.
 - xi. To carry on and undertake business of leasing and to finance leasing operations of all kinds, finance, trading, hire purchase, purchasing, selling, exporting, importing, hiring or letting on hire all kinds of plant, machinery and equipments whether electrical, electronic or mechanical including tractors, tuggers, shunters, transport/commercial vehicles of any kinds for use in land, water and air, motor cars, motorcycles, scooters, construction/industrial equipments, earthmoving machinery, cranes, excavators, loaders, implements, tools utensils, ships, dredgers, tugs, barges, aeroplanes, helicopters, wagons, coaches, tram-cars, telex, teleprinters, electronic private automatic branch exchanges, private automatic exchanges, public address systems, television receivers, industrial robots, furniture, domestic or business appliances, computers, tabulators, data processing

machines, addressing machines and other sophisticated office machinery and appliances and to assist in financing of all and every kind and description of hire purchase or easy payment system or deferred payment or similar transactions and subsidies, finance or assist in subsidising or financing the sale, purchase and maintenance of its goods, articles, commodities of all and every kind upon any terms and to purchase or otherwise deal in all forms of immovable or movable property including land and buildings and of consumer, commercial and industrial items and to lease or otherwise deal with them in any manner including resale thereof regardless whether the property purchased and leased be new and/or used.

- xii. To carry on the business of manufacturers, importers and exporters, buyers, sellers, traders, wholesalers, agents, distributors and dealers of all types of textile garments, knitted garments, hosiery goods, trousers, shirts, T-shirts, jackets and other ready-made garments, wearing apparels and clothing accessories of every kind, nature and description, for men, women and children.

B. THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE:

- i. To acquire and take on lease all or any of the fixed assets, machinery, furniture, fixture, stores, stock of raw and finished materials, rights, privileges, quota rights etc. appertaining to business of steel Re-rollers or any other factory to achieve the aforesaid objects
* Added by Special Resolution dated 14.1.1995
- ii. To acquire for the purpose of the Company by purchase, lease, exchange, or otherwise any estates, lands, buildings and hereditaments of any tenure or description and any estate or interest therein, and any rights over or connected with land and either to retain the same for the purpose of the Company's business or to turn the same to account as may seem expedient.
- iii. To lend money either with or without security, and generally to such persons and upon such terms and conditions as the Company may think fit and also to invest the money of the Company not immediately required in such manner as from time to time may be determined, provided that the Company shall not carry on the business of banking as provided in the Banking Regulation Act, 1949.
- iv. To apply for purchase, or otherwise acquire any patents, brevets'd invention, licences, concessions, and the like conferring an exclusive or non -exclusive or limited rights to use same or any secret or other information, as to any invention, which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise develop or grant licences, in respect of otherwise turn to account the property, rights or information so required.
- v. To manufacture, import, export, buy, sell, exchange, alter, improve, manipulate, prepare for market and otherwise deal in all kinds of plant, machinery, apparatus, tools, utensils, substances, materials and things, necessary or convenient for carrying or any of the above specified business or proceedings, usually dealt in by persons engaged in the like business.
- vi. To adopt such means of making known the products of the Company as may seem expedient and in particular by advertising in the Press, by circulars, by purchase and exhibition of works of arts or interests by publication of books and periodicals and by granting prizes, rewards and donations.
- vii. To establish and support, aid in the establishment and support of associations, institutions, funds, trusts, and convenience calculated to benefit the employees or ex-employees of the Company, or its predecessors in business or the dependants or connections of such persons and to grant pensions and allowances, and to make payment towards insurance and to subscribe or guarantee money for charitable or benevolent objects or for any exhibitions or for any public or general useful objects.
- viii. To acquire and undertake all or any part of the business, property and liabilities of any person or company carrying on any business which this Company is authorised to carry on, or possessed of property suitable for the purposes of the Company.
- ix. To enter into any arrangement with any Government, or authority, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them and to obtain from any such Government or authority all rights, connections, privileges, which the Company may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- x. To amalgamate, either into partnership or into any arrangements for sharing profits, union of interests, co-operation, joint venture or reciprocal concession or for limiting competition with any person, firm or body corporate whether in India or outside, carrying on or engaged in, or about to carry on or engage in, any business or transaction which the Company is authorised to carry on or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company further to enter into any arrangement or contract with

any person, association or body corporate whether in India or Outside, for technical collaboration, technical knowhow or for such other purposes that may seem calculated beneficial and conducive to the objects of the Company.

- xii. To form, incorporate or promote any company or companies, whether in India or in any foreign country, having amongst its or their objects the acquisition of all or any of the asset or control, management or development of the Company or any other objects or object which in the opinion of the Company could or might directly or indirectly assist the Company in the management of its business or the development of its properties or otherwise prove advantageous to the Company and to pay all or any of the costs and expenses incurred in connection with any such promotion or incorporation and to remunerate any person or company in any manner it shall think fit for service rendered or to be rendered in obtaining subscription for or placing or assisting to place or to obtain subscription for or for guaranteeing the subscription of or the placing of any shares in the Capital of the Company or any bonds, debentures, obligations or securities of the Company or any stock, shares, bonds, debentures, obligation of any other company held or owned by the Company or in which the Company may have an interest or in or about the formation or promotion of the Company or the conduct of its business or in and about the promotion of formation of any other company in which the Company may have an interest.
- xii. Generally to purchase, take on lease, or in exchange, hire or otherwise acquire any movable or immovable property, and any rights or privileges which the Company may think necessary or convenient with reference to any of these objects and capable of being profitably dealt with in connection with any of the Company's property or rights for the time being.
- xiii. To sell or dispose of the undertaking of the Company, or 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.
- xiv. Subject to the instructions of the R.B.I. issued in this behalf to borrow or raise or secure payment of money or to receive money on deposit at interest for any of the purposes of the Company, and at such time or times and in such manner as may be thought fit and in particular by the issue of debentures, or debenture stock, perpetual or otherwise including debentures or debenture stock, convertible into shares of this or any other company or perpetual annuities and as securities for any such money so borrowed, raised or received, or of any such debentures or debenture stock so issued to mortgage, pledge, or charge the whole or any part of the property, assets or revenue and profits of the Company, present or future, including its uncoiled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give lenders powers of sale and other powers as may seem expedient, and to purchase, redeem, or pay off any such securities.
- xv. To take or otherwise acquire and hold shares in any other company having objects altogether or in part similar to those of this Company, or carrying on any business capable or being conducted so as directly or indirectly to benefit this Company.
- xvi. To undertake and execute any trusts, the undertaking of which, may seem to the Company desirable, either gratuitously or otherwise.
- xvii. To draw, make, accept, discount, execute and issue bills of exchange, promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments or securities.
- xviii. 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 shares in the Company's capital or any debenture, debenture-stock or other securities of the Company, or in or about the formation or promotion of the Company, or the acquisition of property by the Company or the conduct of its business, subject to Section 76 of the Companies Act, 1956.
- xix. To distribute in specie any of the property of the Company among the members, in the event of winding up the Company.
- xx. To sell, improve, manage, develop, exchange, lease mortgage, dispose of, turn to account or otherwise deal in all or any part of the property and rights of the Company.
- xxi. To breed, rear and purchase live-stock of all kinds to farm and buy animal produce off all kinds, to prepare, manufacture and render marketable any such produce and to sell, dispose of and deal in same, either in the manufactured or in raw state.
- xxii. To open an account or accounts with any individual, firm or company or with any Bank or Bankers or shroffs and to pay into and to withdraw money from such account or accounts.
- xxiii. To make donations to such person or institution either in cash or any other assets as may be thought directly or indirectly conducive to any of the Company objects or otherwise expedient and in particular, to remunerate any person or corporation introducing business to this Company and to subscribe or guarantee money for any exhibition or for any public, general or other objects, and to establish and support, or aid in the establishment and support for benefit of the employees or

of person having dealing with the Company or the dependents, relatives or connections of such persons and in partnership, friendly or other benefit societies and to grant pensions, allowances, gratuities and bonuses either by way of annual payments or lump sum, and to make payments towards insurance, and to form and contribute to provident and benefits funds, to or for such persons.

- xxiv. To create any reserve fund, sinking fund, insurance fund or any special fund whether for depreciation or for repairing, improving, extending or maintaining any of the property of the Company or for any other purpose conducive to the interests of the Company.
- xxv. To distribute as dividend or bonus among the members or to place to reserve or otherwise to apply as the Company may from time to time think fit, any money received by way of premium on shares or debentures issued at a premium by the Company and any money received, moneys in respect of dividends accrued on forfeited shares and arising from the sale by the Company on forfeited shares or from unclaimed dividends subject to the provisions of the Companies Act 1956.
- xxvi. To carry on the business of general merchants and any trade or business, manufacture or commerce and the export or import of all kinds of produce and merchandise, subsidiary or auxiliary to or which can be conveniently carried on with all or any of the Company's objects and also business as agents, factors, brokers, secretaries, managing agents, contractors, financiers, carriers, merchants and commission agents and all kinds of agency business.
- xxvii. To do all or any of the above things in any part of the world as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents or otherwise, and either alone or in conjunction with others, as may appear to be incidental or conducive to the attainment of the main objects.
- xxviii. To undertake, carry out, promote and sponsor rural development including any programmes for promoting the social and economic welfare or the uplift of the public in any rural area and to incur any expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner without prejudice to the generality of the foregoing. "Programme of rural development" shall also include any programme for promoting the social and economic welfare or the uplift of the public in any rural area which the Directors considered it likely to promote and assist rural development and that the words, "rural area" shall include such areas as may be regarded as rural areas under Section 35CC and 35CCA of the Income Tax Act, 1961 or any other law relating to rural development for the time being in force or as may be regarded by the Directors as rural areas and the Directors may at their discretion in order to implement any of the above mentioned objects or purposes transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to or in favour of any public or local Body or authority of Central or State Government or any Public Institution or Trusts or anybody or Origination recognised under any law for the time being in force or recognised by the Central or State Governments, as the directors may approve.
- xxix. To undertake, carry out, promote or sponsor or assist any activity for the promotion and growth of national economy and for discharging what the Directors may consider to be social and moral responsibilities of the Company to the public or any section of the public as also any activity which the Directors consider likely to promote national welfare or social, economic or moral uplift of the public or any section of the public and in such manner and by such means as the Directors may think fit and the Directors may without prejudice to the generality of the foregoing undertake, carryout, promote and sponsor any activity for publication of any book, literature newspapers, etc., or for organising lectures or seminars likely to advance these objects or for giving merits, awards, for giving scholarships, loans or any other assistance to deserving students or other scholars or persons to enable them to carry out their studies or academic pursuits or researches and for establishing, conducting or assisting any institution, fund, trust, etc. having any one of the aforesaid objects as one of its objects by giving donations or otherwise in any other manner.
- xxx*. To lend and advance money or give credit to any person or company, to give guarantee or indemnify for the payment of money or the performance of contracts or obligations by any person, to secure or undertake in any way the repayment of money lent or advanced to, or the liabilities incurred by, any person subject to the provisions of the Act.
- xxxi*. To distribute any of the assets or properties of the Company among the members in the event of winding up in specie or otherwise, but so that no distribution amounting to a reduction of capital be made without the sanction of the Court, where necessary.
- xxxii*. To promote, carry on, maintain and develop trade of all kinds and industrial, commercial and financial relations of every kind and description in all matters connected with the main objects of the Company.

xxxiii*. To subscribe, contribute, pay, transfer or guarantee money for or to dedicate, donate, present or otherwise dispose of their voluntarily of for value, any money or properties of the Company to or for the benefit of any national, charitable, benevolent, religious, scientific, local, general or useful objects, purposes or institutions or for any exhibition or for any purpose which may be considered likely, directly or indirectly, to further the objects of the Company or the interests of its members. No contribution/donation shall, however, be made to any political party or for any political purpose.

* Added by special resolution dated 26.07.97.

xxxiv#. To set up, purchase or otherwise acquire, manage electricity generation plants and facilities and to generate, accumulate, distribute, supply, sell or otherwise deal with electricity of all kinds including hydel, thermal, nuclear, gaseous, solar, wind and other non-conventional sources or otherwise, whether at its own or in collaboration or arrangement with any other third party, for captive consumption or selling to external parties or otherwise as they deem fit and proper in this context.

Added by special resolution dated 11.03.2026.

OTHER OBJECTS

- i. To manufacture, sell and carry on business of industrial gases, i.e. oxygen, acetylene, argon, nitrogen, carbon dioxide, nitrous oxide, freon etc. in gas and in liquid form.
- ii. To carry on business of producers and manufacturers of oxygen, dissolved acetylene, nitrogen, argon, hydrogen, carbondioxide, nitrous oxide, freon carbonic acid and other gases or kindred substances or any compounds thereof by any process and of selling or supplying such gases, substances and compounds or any of them to such purposes as the Company may time to time think desirable.
- iii. Purchase or otherwise acquire by cultivation, or in any other manner seeds and agricultural produce of any description whatever and to grow, buy, sell, export, import and deal in grains, rice, wheat, seeds or any other country products, and to process rice, and to manufacture flour or any other products which is, or may be manufactured therefore.
- iv. To carry on the business of cultivation of fruits, seeds and vegetables products or produce of the soil or products of agriculture or husbandry in all its branches and to prepare, work out, manufacture, crush, render marketable fruits, plants, seeds, grain and produce, sell dispose of and deal in fruits, seeds, grains and all other agricultural produce and products.
- v. To set up steel furnaces and continues casting and rolling mill plant for producing steel and alloy steel ingots, steel and alloy steel billets, and all kinds and size of Re-rolled sections i.e.. flats, angles, rounds, T. iron squares, hexagons, octagons, rail, joist, channels steel strips, sheets, plates performed bars, plain and cold twisted bars, bright bars, shaftings and steel structurals.
- vi. To carry on the business of all or any kind of iron and steel founders, steel melters, steel makers, steel shapers and manufacturers, mechanical, civil, electrical and general engineers and fabricators, contractors, tool makers, brass founders, metal workers, manufacturers of steel metal and melleable grey castings including ferrous, nonferrous, special and alloy steel, spring steel forging quality steel manufacturers recessors of all types of forges components and accessories alloy nut-bolts steel rounds, nails, tools, all types of hardware items, plate-makers wire-drawers, tube manufacturers, galvanises, Japanese. re rollers, anneals, enamellers and electron lacers and to buy take on lease of hire sell, import export, manufacture, process, repair convert, let on hire or otherwise deal in such products their raw materials, stores packing materials, by products and allied commodities, machinery's, rolling stock, implements, tools, utensils, ground tools materials and conveniences of all kinds and generally to carry on the said business in all or any of its branches.
- vii. To search, prospect, win, work, get raise, quarry, smelt, refine, dress, manufacture, manipulate, convert, make merchantable, sell, buy, import, export, or otherwise deal in iron ore all kinds of metal, mettaligerous ores, and all other minerals and substances whatsoever and to manufacture, sell, buy, import, export and otherwise deal in such articles and commodities.
- viii. To produce steel bricks and billets from steel scrap & cast iron scrap.
- ix. To set up chemical plant and machinery both batch and continues, to produce, manufacture, refine, treat, cure, process, prepare, import, export, purchase, sell and generally to deal in all kinds of precipitated calcium carbonate, activated calcium carbonate chalk, chemical lime, hydrated lime, building lime, slaked-lime air-slaked lime, calcium oxide, unslaked lime, lime bricks, lime water, lime sulphur, calcium, lactate, calcium gluconate, calcium oxalate, calcium stearate, magnesium carbonate, light basic magenesium carbonate, light basic magnesium carbonate, magnesium oxide magnesium sulphate, magnesia, magnesite bricks and blocks carbon-di-oxide gas, liquid carbon-di-oxide, calcium carbide, acetylene black and any other by products and for the manufacture of any other mineral goods, which may be obtained.

- x. To manufacture, sell electrodes, wire rods, welding fluxes, welding materials and to put up steel furnaces and other allied lines or electric/gas and welding and brazing accessories, to deal with manufacture, and render saleable, coke, clatter, pitch, asphaltum, ammoniacal liquor and other residual products obtained in the manufacture of gas.
- xi. To carry on business of manufacturers or processors and/or importers, exporters, buyers, sellers, stockists and distributors and of and/or dealers in all or any of the following :
 - a) Elastomers, synthetic resins, carbon black, leather, hide and skins plastics, latexes, and formulations thereof and other kinds of resins and plastic products and goods.
 - b) All types of compounds, drugs, dyewares, disinfectants and of electrical photographic, surgical, and scientific apparatus and materials.
 - c) Colours, paints, varnishes, lacquers, pigments.
 - d) Paper, newsprint, paper board, strawboard hardboard, fibre-board, chip- board, corrugated paper, transparent paper, craft paper, carbons inks, parchments and corks.
- xii. To carry on business of suppliers of plant and machinery and equipment, stores, tools, gadgets, devices, contraptions, instruments, spares and components and to develop, acquire, supply plans drawing estimates, project reports and know-how for industries, business, companies, services and public bodies and Government.
- xiii. To carry on business of transport and any other business, whether manufacturing or otherwise, that may seem to the Company capable of being conveniently carried on in connection with the objects in this Memorandum contained or calculated, directly or indirectly, to enhance the value of or render profitable any of the Company's property or rights, or which it may be advisable to undertake with a view to improving, developing, rendering valuable or turning to account, any property real or person belonging to the Company in which the Company may be interested.
- xiv. To carry on the business of gas makers, mechanical engineers, iron founders, brass founders, metal workers, machinists, metallurgists, electrical engineers watersupply engineers, farmers, printer, carriers and manufacturers of agricultural implements and to carry on any other business (manufacturing or otherwise) which may seem to the Company capable of being conveniently carried on in connection with the above.
- xv. To carry on the business of manufacturers, importers and exporters of and dealers in ferrous and non-ferrous casting of all kinds and in particular steel, chilled and malleable castings, special alloy castings, gun metal, copper, brass and aluminium castings and foundry work of all kinds.
- xvi. To carry on any business relating to the winning and working of minerals the production and working at metals, and the production, manufacture and preparation of any other materials which may be usefully or conveniently combined with the engineering or manufacturing business of the Company or any contracts undertaken by the Company and either for the purpose only of such contracts or as an independent business.
- xvii. To carry on the business of general finance, trust, to finance industrial enterprises in their projects on turnkey basis or otherwise.
- xviii. To provide leasing advisory/counselling service to other entities and/or form the leasing, financing and investment arm of other entities.
- xix. To carry on and undertake the business of financing the purchase of immovable properties of all kinds including real estate, buildings, factories, flats, depots warehouses, apartments, and like and to buy, sell, alter, repair, exchange and deal in finance the sale of furniture, apparatus, machinery, materials, goods and articles, lease out or sell any of the same on hire purchase system.
- xx. To advance or lend money, securities and/or properties with any company, firm person or association whether falling under the same management or otherwise, in accordance with and to the extent permissible under the provisions contained in Section - 370 and 372 of the Companies Act, 1956 with or without security, on such terms as may be determined from time to time. However, the Company shall not carry on the business of banking as defined in Banking Regulations Act, 1949.
- xxi. To carry on the business of Underwriters, Managers to issues, Transfer Agents and Brokers of stock, shares, debentures, debenture stock, Government bonds, Government securities, Units of Unit Trust of India, National Savings Certificates and other securities,
- xxii. To acquire from or sell to any person, firm or body corporate or unincorporate, whether in India or elsewhere, technical and managerial information, know-how, processes, engineering, manufacturing, operating and commercial data, plans, layouts and blueprints useful for the design, erection and operation of any plants or process of manufacture and to acquire and/or grant licence, other rights and benefits in the foregoing matters and things and to render any kind of management and consultancy services.

- IV. The liability of the members is limited.
- V. The Authorized Share Capital of the Company is INR 177,00,00,000/- (Rupees One Hundred and Seventy-Seven Crores only) divided into 71,50,00,000 (Seventy One Crores and Fifty Lakhs) equity shares of face value of INR 2 (Rupees 2 only) each, 2,00,00,000 (Two Crores) redeemable cumulative preference shares of face value INR 10 (Rupees Ten only) each and 1,40,00,000 (One Crore Forty Lakh) non-cumulative convertible preference shares of face value of INR 10 (Rupees Ten only)"
- * Added by special resolution dated 14.01.95.
- ** Added by special resolution dated 26.07.97.
- *** Altered by special resolution dated 22.09.75, 30.09.78, 29.11.80, 21.01.82, 29.10.90, 09.08.93, 06.08.94, 02.09.95, 27.08.2005 and 11.03.2022.
- **** Altered pursuant to Formal Order dated 29.04.2022 of National Company Law Tribunal, Chandigarh.

* We, the several person whose names and addresses are subscribed, 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.

S. No.	Names, addresses, descriptions and occupations of the subscribers	Number & Class of shares taken by each subscriber	Signature of Subscriber	Name, address, description, occupation and signature of witness
1.	VIDYA SAGAR OSWAL S/o Shri Assa Ram Oswal C/o Oswal Woollen Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- V.S. Oswal	Sd/- S.C. GARG Management Accounts Officers, Vardhman Spinning and General Mills Ltd. Chandigarh Road, Ludhiana
2.	RATTAN CHAND OSWAL S/o Shri Assa Ram Jain C/o Oswal Woollen Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- R.C. Oswal	
3.	DARSHAN KUMAR OSWAL S/o Sh. Rattan Chand Oswal C/o Vardhman Spg. & Gen. Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- D.K. Oswal	
4.	SHRI PAUL OSWAL S/o Sh. Rattan Chand Oswal C/o Vardhman Spg. & Gen. Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- S.P. Oswal	
5.	JAWHAR LAL OSWAL S/o Shri. Vidya Sagar Oswal C/o Oswal Woollen Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- J.L. Oswal	
6.	ABHEY KUMAR OSWAL S/o Shri Vidya Sagar Oswal C/o Oswal Woollen Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- A.K. Oswal	
7.	For and on behalf of Vardhamn Spinning & General Mills Ltd. Ludhiana. DARSHAN KUMAR OSWAL Managing Director	6 (Equity Share)	For & On Behalf of Vardhman Spg. & Gen. Mills Ltd. Sd/- D.K. Oswal Managing Director	
	Total	12 (Shares)		

Dated the 28th day of September, 1973

**THE COMPANIES ACT, 2013
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
VARDHMAN TEXTILES LIMITED
Formerly 'MAHAVIR SPINNING MILLS LIMITED'**

The following regulations contained in these Articles of Association to be adopted pursuant to member's resolution passed at the Annual General Meeting of the Company held on 24th September, 2014 in substitution for, and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.

TABLE 'F' EXCLUDED

- | | | |
|----|--|---|
| 1. | (a) The regulations contained in the Table marked "F" in Schedule I to the Companies Act, 2013 shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act. | Table "F" not to apply |
| | (b) The regulations for the management of the Company and for the observance of the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by Resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles. | Company to be governed by these Articles |

Interpretation

- | | | |
|----|---|--|
| 2. | Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles become binding on the Company. | Interpretation |
| | (1) In these Articles - | |
| | (a) "Act" means the Companies Act, 2013 or any statutory modifications or re-enactments thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant article in which the set term appears in these articles and any previous company law, so far as may be applicable. | "The Act" |
| | (b) "Articles" means the Articles of Association of the Company as originally framed or as altered from time to time. | "The Articles" |
| | (c) "Board of Directors" or "Board" means the collective body of Directors of the Company | "The Board of Directors" or "The Board" |
| | (d) "Company" means Vardhman Textiles Limited. | "The Company" |
| | (e) "The Directors" means the Directors of the Company including Independent Directors of the Company. | "The Directors" |
| | (f) The "Managing Director" means the Managing Director of the Company. | "The Managing Director" |
| | (g) "Independent Director" means a Director appointed under section 149 of the Act. | "Independent Director" |
| | (h) "The Office" means the Registered Office of the Company. | "The Office" |
| | (i) "Register" means the Register of Members of the Company required to be kept under Section 88 of the Act. | " The Register" |
| | (j) "The Registrar" means the Registrar of the Companies, as defined under Section 396(2) of the Companies Act, 2013. | " The Registrar" |

- (k) "Rules" means the applicable rules for the time being in force as prescribed under relevant sections of the Act. **"Rules"**
- (l) "The Secretary" means the Company Secretary. **"The Secretary"**
- (m) "Dividend" includes any interim dividend. **"The Dividend"**
- (n) "Month" means calendar month. **"The Month"**
- (o) "Year" means a calendar year and "Financial Year" shall have the meaning assigned there to by Section 2(41) of the Act. **"The Year"**
- (p) "Seal" means the Common Seal of the Company. **"The Seal"**
- (q) "Proxy" includes Attorney duly constituted under a Power of Attorney. **"Proxy"**
- (r) "In writing" and "Written" include printing, lithography and other modes of representing or reproducing words in a visible form. **"In Writing" or "Written"**
 Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neuter gender. **"Number" and "Gender"**
 Words importing persons include corporations.
- (s) "Exchange" means The Bombay Stock Exchange or The National Stock Exchange of India Limited. **"The Exchange"**
- (t) "Beneficial owner" shall mean beneficial owner as defined in clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996. **"The Beneficial owner"**
- (u) "Depositories Act, 1996" shall include Depositories Act, 1996 and any statutory modification or any re-enactment thereof. **"The Depositories Act, 1996"**
- (v) "Depository" shall mean a Depository as defined under Clause (e) of sub section (1) of Section (2) of the Depositories Act, 1996. **"The Depository"**
- (w) "Member" means a person;
 a) Whose name is entered in the Register of Members as holding any share(s) either solely or jointly;
 b) Subscribers to the memorandum of the Company; and
 c) Beneficial Owner(s) whose names are entered as beneficial owner in the records of the depository. **"The Member"**
- (x) "Appellate Tribunal" means the National Company Law Appellate Tribunal constituted under section 410; **" The Tribunal"**
- (y) "Chief Executive Officer" means an officer of a company, who has been designated as such by it. **"Chief Executive officer"**
- (z) "Chief Financial Officer" means a person appointed as the Chief Financial Officer of a company. **"Chief financial officer"**
- (aa) "free reserves" means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend :
 Provided that –
 (i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or
 (ii) any change in carrying amount of an asset or of a liability recognised in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves ; **"Free Reserves"**
- (ab) "Key managerial personnel", in relation to a company, means – **"Key managerial personnel"**
 (i) the Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole-time Director
 (ii) the Company Secretary ;
 (iii) the Chief Financial Officer ; and

- (iv) such other officer as may be prescribed ;
- (ac) "Related party", with reference to a company, means— **"Related Party"**
- (i) a director other than Independent Director, or his relative;
 - (ii) a key managerial personnel or his relative;
 - (iii) a firm, in which a director, manager or his relative is a partner;
 - (iv) a private company in which a director or manager or his relative is a member or director;
 - (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
 - (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act, Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - (viii) any company which is—
 - (A) a holding, subsidiary or an associate company of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary;
 - (ix) such other person as may be prescribed;
- (ad) "relative", with reference to any person, means anyone who is related to another, if— **"Relative"**
- (i) they are members of a Hindu Undivided Family;
 - (ii) they are husband and wife; or
 - (iii) one person is related to the other in such manner as may be prescribed;
- (ae) 'Tribunal' means the National Company Law Tribunal constituted under Section 408 ; **'The Tribunal'**

Share Capital & Variation of Rights

- (3) The Authorised Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with the power to divide the share capital, whether original or increased or decreased into several classes and attach thereto respectively such ordinary, Preferential special rights & Conditions in such manner as may for the time being be provided by the Regulations of the Company and allowed by law. **Capital**
4. Subject to the provisions of the Act 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 they may from time to time think fit **Shares under control of Board**
5. Subject to the provisions of the Act 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 **Directors may allot shares otherwise than for cash**

- paid up shares, as the case may be.
6. Save as permitted by Section 67 of the Act, the funds of the Company shall not be employed in the purchase of or lent on the security of shares in the Company and the Company shall not give directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise for the purpose of or in connection with any purchase of or subscription for shares in the Company or any company of which it may, for the time being, be a subsidiary.
This Article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by Article 20.

Restrictions on purchase by Company or giving of loans for purchase of own shares
 7. The Company shall have power subject to and in accordance with all applicable provisions of Section 68 to purchase/ acquire any of its own securities.

Company to purchase own securities
 8. The Company may issue the following kinds of Shares in accordance with these articles, the Act, the Rules and other applicable laws :

Kinds of Share Capital

 - (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
 9. As regards all allotments made from time to time the Directors shall duly comply with Section 39 of the Act.

Refund of allotment
 10. a) Subject to the other provisions of these Articles and of the Act, the Company shall have powers to issue preference Shares.

Redeemable Preference shares

 - b) i) The Preference Shares shall confer on the holders thereof, the right to a fixed preferential dividend not exceeding 15% per annum as may be decided by the Board of Directors at the time of issue of Preference Shares, subject to deduction of tax at source, if any, at the prescribed rates, on the capital paid up thereon, and in the event of winding up, the right to repayment of capital and arrears of dividend, whether earned, declared or not, upto the commencement of winding up, in priority to the Equity Shares.
 - ii) The Preference shares shall be definitely redeemable at the expire of 20 years from the date of allotment provided, however, that the Company shall have the option to redeem the same earlier.
 - iii) The dividend on any shares becoming liable to redemption under the foregoing provisions shall cease to accrue from the date due for redemption thereof.
 - iv) The Company shall be entitled to create a Capital Redemption Reserve Account for the purpose of redeeming the Preference Shares in a manner to be decided by the Board.
 - v) The Preference shares shall be redeemed out of Preference Capital Redemption Reserve Account and/or by way of fresh issue of Capital, as may decided by the Board of Directors at the time of issue/ allotment of Preference Shares.
 11. (i) The Company may exercise the powers of the paying commission conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate percent 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.

Power to pay commission in connection with securities issued

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

Rate of commission in accordance with

	(iii) 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.	Rules Mode of payment of commission
12.	The Company cannot issue shares at a discount except issue of sweat equity shares in the manner provided in Section 54 of the Act.	Prohibition on issue of shares at discount
13.	If, by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.	Instalments on shares to be duly paid
14.	The joint-holders of a shares shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share.	Liability of joint holders of shares
15.	Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any shares as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognise any equitable or other claim to or interest in such shares on the part of any other person.	Trust not recognised.
16.	Shares may be registered in the name of any person company or other body corporate. Not more than four persons shall be registered as joint-holders of any share. No share shall be allotted to or registered in the name of a minor, person of unsound mind or partnership.	Who may be registered.
16A	The Company shall be entitled to dematerialise its existing shares, rematerialize its shares held in the Depositories and/or to offer its fresh shares or buyback its shares in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.	
17.	(i) If 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, 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.	Variation of Member's Rights
17.	(ii) To every such separate meeting, the provisions of these Articles relating to general meetings shall <i>mutatis mutandis</i> apply.	Provision as to general meetings to apply mutatis mutandis to each meeting
17.	(iii) The Board of the company as the case may be, may, in accordance with the Act and the Rules, issue further shares to - (a) persons who, at the date of offer, are holders of equity shares of the company; such offer shall be deemed to include a right exercisable by the persons 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.	Further Issue of share capital
17.	(iv) 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	Mode of further issue of shares

rules.

17. (v) 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 ranking *pari passu* therewith. **Issue of further shares not to affect rights of existing members**

Certificates

18. (i) 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 one month from the date of receipt by the company of the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide - **Issue of Certificate**
- (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.
18. (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon. **Certificate to bear seal**
18. (iii) 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. **One certificate for shares held jointly**
18. (iv) A person subscribing to shares offered by the company shall have the option either to receive certificate for such shares or hold the shares in a dematerialised 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. **Option to receive share certificate or hold shares with depository**
18. (v) 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 shall be issued on payment of fees for each certificate as may be fixed by the Board. **Issue of new certificate in place of one defaced, lost or destroyed**
18. (vi) The Provision of 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 requires) of the Company. **Provision as to issue of certificates to apply mutatis mutandis to Debentures etc.**
18. (vii) Notwithstanding anything contained in these Articles, the Board of Directors and/or Committee thereof may refuse an application for sub-division or consolidation of the share certificate in the denomination of less than 50 equity shares except when such sub-division or consolidation is required to be made to comply with a statutory order or order of competent Court of Law or at the discretion of the Directors in such circumstances as the Directors may think fit. **Refusal for sub-division/consolidation**

Lien

19. (i) 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 single person, for all monies presently payable by him or his estate to the company:
- Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
- (iii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares for any money owing to the Company.
- (iii) Unless otherwise agreed by the Board, the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any on such share.
20. 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 the person entitled thereto by reason of his death or insolvency or otherwise.
- 21 (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (iii) 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.
- (iv) 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 in reference to the sale.
- (22) (i) 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.
- (ii) 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.
23. 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.
24. The provisions of these articles relating to lien shall *mutatis mutandis* apply to any other securities including debentures of the Company.
- Company's Lien on Shares.**
- Lien to extend to Dividends, etc.**
- Waiver of lien in case of Registration**
- As to enforcing lien by sale**
- Validity of Sale**
- Purchaser to be Registered holder**
- Validity of Company's Receipt**
- Purchaser not affected**
- Application of proceeds of sale**
- Payment of Residual Money**
- Outsider's lien not to affect Company's lien**
- Provisions as to lien to apply mutatis mutandis to debentures etc.**

Calls on Shares

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| 25. | <ul style="list-style-type: none"> (i) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 49 of the Act, make such calls, as the Board thinks fit, upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the condition of allotment thereof made payable at fixed times. (ii) Not less than fourteen days' notice of any call shall be given specifying the time and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares. (iii) 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. (iv) A call may be revoked or postponed at the discretion of the Board. | <p>Board may make calls</p> <p>Notice of call</p> <p>Board may extend the time of payment</p> <p>Revocation of call</p> |
| 26. | 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 instalments. | <p>Call to take effect from date of resolution</p> |
| 27. | The joint holder of the share shall be jointly and severally is liable to pay all calls in respect thereof. | <p>Liability of joint holders of shares</p> |
| 28. | <ul style="list-style-type: none"> (i) If the amount payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof, the holders for the time being in respect of the shares/debentures for which the call shall have been made or the instalment shall be due shall pay interest for the same at such rate as the Board may determine / fix from the day appointed for the payment thereof to the date of actual payment at such rate as may be fixed by the Board. (ii) The Board shall be at liberty to waive payment of any such interest either wholly or in part. | <p>When interest on call or instalment payable</p> <p>Board may waive interest</p> |
| 29. | <ul style="list-style-type: none"> (i) If by the terms of issue of any share or otherwise any amount is made payable upon allotment or at any fixed time or by instalments at fixed times, whether on account of the share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or instalment accordingly. (ii) 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 sum had become payable by virtue of a call duly made and notified. | <p>Sums deemed to be calls</p> <p>Effect of non-payment of sums</p> |
| 30. | <p>The Board:-</p> <ul style="list-style-type: none"> 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 dividend 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. | <p>Payment in anticipation of calls may carry interest</p> |
| 31. | If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by instalments, then every such instalment 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 registered | <p>Instalment on the shares duly paid</p> |

holder of the share or the legal representative of a deceased registered holder.

32. All calls shall be made on uniform basis on all shares falling under the same class.
Explanation: Shares of the same nominal value on which different amounts have been paid -up shall not be deemed to fall under same class.
33. Neither the judgement 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.
34. The provisions of these articles relating to calls shall *mutatis mutandis* apply to any other securities including debentures of the Company.

Calls on shares of same class shall be on uniform basis

Partial payment not to preclude forfeiture

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

Transfer

35. Save as provided in Section 56 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the letter of allotment of the share. The instrument of transfer of any share shall specify the name, address and occupations (if any) of the transferee and the transferor deem to remain the member in respect of such shares until the name of the transferee is entered in the register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.
36. Application for the registration of the transfer of a share may be made either by the transferor, or the transferee, provided that where such application is made by the transferor, no registration shall in the case of a partly paid share be affected unless the Company gives the notice of the application to the transferee in the manner prescribed by section 56 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee, within two weeks from the date of receipt of the notice, enter in the Register the name and the conditions as if the application for registration of the transfer was made by the transferee.
37. The instrument of transfer shall be in writing and all the provisions of Section 56 of the Companies Act, 2013 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of share and the registration thereof.
38. Subject to the provisions of Section 58 & 59 of the Act, and subject to the provisions of Section-22A of the Securities Contracts (Regulation) Act, 1956, the Board without assigning any reason for such refusal, may refuse to register any transfer by operation law of the right to a share. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on shares.
39. No transfer shall be made to a minor, a partnership firm or a person of unsound mind.
40. Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence, by the letter of Allotment of the share and

Execution of transfer etc.

Application for Registration

Form of transfer

Restriction on Transfer

No transfer to minor etc.

Transfer be left at office and when to

such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share, and the transferee shall (subject to the Board's right to decline to register here in before mentioned) be registered as a member in respect of such share. Every instrument of transfer, which shall be registered, shall be retained by the Company, but any instrument of transfer, which the Board may refuse to register, shall be returned to the person depositing the same.

be retained.

41. If the Board refuses, whether in pursuance of Article 38 or otherwise, to register the transfer of, or the transmission by operation of law of the right, to any share, the Company shall give notice of the refusal in accordance with the provisions of Section 58 & 59 of the Act.

Notice of refusal to register transfer

42. On giving not less than seven days previous notice in accordance with section 91 and rules made thereunder, the registration of transfer may be suspended at such times and for such periods as the Board may from time to time determine:

Suspension of registration of transfer

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than 45 days in the aggregate in any year.

Transmission

43. The executor or administrator of a deceased member (not being one of the several joint-holders) shall be the only person recognised by the Company as giving any title to the share registered in the name of such member, and, in case of the death of any one or more of the joint holders of any registered share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator the Board may require him to obtain a Grant of Probate or letters of Administration or other legal representation, as the case may be, from a court in India competent to grant it. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of probate or Letters of Administration or such other legal representation upon such terms as to indemnify or otherwise as the Board, in its absolute discretion, may think fit.

Transmission of registered share.

44. (i) Every holder of shares in, or holder of debentures of the Company may, at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death.
- (ii) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of all the joint holders.
- (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debenture of, the Company, the nominee shall, on the death of the shareholder or holder of the debentures of, the Company or, as the case may be on the death of the joint holder becomes entitled to all the rights in the shares, or debenture of the Company or, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of the debentures, to nominate in the prescribed

manner, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority.

45. Any curator bonis or a lunatic or guardian of a minor member or any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (Which the Board shall not be bound to give) be registered as a member in respect of such share or may subject to the regulation as to transfer herein before contained, transfer such share. This Article is hereinafter referred to as "The Transmission Article".

As to transfer of shares to insane minor deceased bankrupt members.

46. (a) If the person so becoming entitled under the Transmission Article 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.
- (b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the Share.
- (c) All the limitations restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer a share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

Election under the Transmission Article

47. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 78 and relevant provisions of the Act, be entitled to the same dividends and other advantages as he would be entitled to, if he were the registered holder of the share.

Rights of persons entitled to shares under the Transmission Article.

Provided that Board may at any time give notice requiring any such person to elect either to be registered 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 moneys payable in respect of the share, until the requirements of the notice have been complied within.

Forfeiture of Shares

48. If a member fails to pay any call, or instalment 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 instalment remains unpaid or a judgement or decree in respect of thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment 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 such non-payment.

If Call or instalment not paid notice must be given

49. The notice aforesaid shall—
- (a) name a further 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.

Form of Notice

50. If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalment, interest and expenses, due in respect thereof be forfeited by a resolution of the Board to the effect. Such forfeiture shall include all dividends declared in respect

If Notice not complied with, shares may be forfeited.

- of the forfeited shares but not actually paid before the forfeiture.
51. 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. **Receipt of part amount or grant of indulgence not to affect forfeiture**
 52. Where 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. **Entry of forfeiture in register of members**
 53. A person whose share has been forfeited shall cease to be a member in respect of the share, but shall, notwithstanding, such forfeiture shall remain liable to pay, and shall forthwith pay to the Company all calls, or instalments, interests and expenses, owing upon or in respect of such share, at the time of the forfeiture, until payment at such rate as the Board may determine and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so. **Liability on forfeiture**
 54. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit **Forfeited share to become property of Company.**
 55. 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. **Cesser of Liability**
 56.
 - i) 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; **Certificate of forfeiture**
 - ii) The company may receive the consideration, if any, given for the share on any sale 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; **Title of purchaser & transferee of forfeited shares**
 - iii) The transferee shall thereupon be registered as the holder of the share; and **Transferee to be registered as holder**
 - iv) 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 or disposal of the share. **Transferee not affected**
 57. Upon any sale after forfeiture or for enforcing a lien in exercise of the powers herein above 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 member 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 same shall not be impeached by any person. **Validity of Sales**
 58. Upon any sale, re-allotment or other disposal under the provision of the preceding Articles the certificate(s), if any, originally issued in respect of the related 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, **Cancellation of Share certificate in respect of forfeited shares**

and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said share to the person(s) entitled thereto.

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| 59. | The Board may, subject to the provision of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit. | Surrender of Share Certificate |
| 60. | The provisions of these regulations 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. | Sums deemed to be calls |
| 61. | The Board may at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it think fit. | Power to annul forfeiture |
| 62. | The provision of these Articles relation to forfeiture of shares shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company. | Provision as to forfeiture of shares to apply mutatis mutandis to debenture, etc. |

Increase and Reduction of Capital

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| 63. | The Company in General Meeting may, from time to time, alter the conditions of its Memorandum of Association to increase its capital by the creation of new shares of such amount and class as may be deemed expedient. | Power to increase capital. |
| 64. | Subject to any special rights for the time being attached to any shares in the capital of the Company then issued and to the provision of Section 62 of the Act, the new shares may be issued upon such terms and conditions, and with such rights attached thereto as the general meeting resolving upon the creation thereof, shall direct, and, if no direction be given as the Board shall determine, and in particular such shares may be issued with a preferential right to dividends and in the distribution of assets of the Company. | On what condition new shares may be issued. |
| 65. | Before the issue of any new shares, the Company in General Meeting may subject to the provision of the Act, make provisions as to the allotment and issue of shares and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium. | Provisions relating to the issue |
| 66. | Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise. | Ranking of new shares with existing shares. |
| 67. | If owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares, or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board. | Inequality in number of new shares |
| 68. | The Company may, from time to time by special resolution, reduce its capital, any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorized and consent required by law. | Reduction of capital etc. |

Alteration of Capital

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| 69. | Subject to the provisions of section 61, the company may, by ordinary resolution,— | |
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- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. **Power to subdivide consolidate and convert shares.**
 - (b) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
 - (c) Cancel any shares which at the date of the passing of the resolution, have been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled.
 - (d) Convert all or any of its fully paid shares into stock and reconvert that stock into fully paid up shares of any denomination.
70. The resolution where by any shares is sub-divided may determine that as between the holders of the shares resulting from such subdivision, one or more of such shares shall have some preferential or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other, subject nevertheless, to the provisions of Sections 43, 47 and 48 of the Act. **Sub division into Preference and Equity**

Rights of Shareholders

71. Such of the Articles of the Company (other than relating to share warrants) as are applicable to paid up shares shall apply to stock and the words "Share" and "shareholder" therein shall include "Stock" and "Stockholder" respectively. **"Stock" and "Stockholder"**

Share Warrants

72. Subject to the provisions of Companies Act, 2013 and subject to any directions which may be given by the Company in general meeting, the directors may issue Share warrants in such manner and on such terms and conditions as the Board thinks fit. **Power to issue Warrants**

Modification of Right

73. 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, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourth of the issued share of that class or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of that class. To every such separate General meeting the provisions of these Articles relating to General Meeting shall, apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one third of the issued share of that class but if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum and that any holder of share of the class present in person or by proxy may demand a poll and on a poll, shall have one vote for each share of the class of which he is the holder. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. **Power to modify Rights**

Joint Holders

74. Where two or more persons are registered as joint holders (not more than four) 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 following and other provisions contained in these articles:
- (a) The Joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share. **Liability of joint holders**

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| <p>(b) On the death of any one or more of such joint holders, the survivor or survivors shall be the only person or persons recognised 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.</p> | <p>Death of one or more joint-holders</p> |
| <p>(c) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share.</p> | <p>Receipt of one sufficient</p> |
| <p>(d) 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 deemed service on all the joint-holders.</p> | <p>Delivery of certificate and giving of notice to first named holder</p> |
| <p>(e) (i) 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 in respect of such shares shall alone 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.</p> | <p>Vote of Joint-holders</p> |
| <p>(ii) Several executors or an 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.</p> | <p>Executors or Administrators as joint holders</p> |
| <p>(f) The provision of these Articles relating to joint holders of shares shall <i>mutatis mutandis</i> apply to any other securities including debentures of the company registered in joint names.</p> | <p>Provisions as to joint holders as to shares to apply <i>mutatis mutandis</i> to debentures, etc.</p> |

Borrowing Powers

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| <p>75. The Board may from time to time, at its discretion, subject to the provisions of Section 73, 179, 180, 181 and 186 of the Act, raise or borrow either from the Directors or Central or State Governments, Banks or party or parties and secure the payment of any sum or sums of money for the purposes of the Company.</p> | <p>Power to borrow</p> |
| <p>76. The Board of Directors may raise or secure the repayment or payment of any sum or sums in such manner upon such terms and conditions in all respects as they think fit and in particular by the creation of the mortgage or charge on the undertaking of the whole or any part of the property, present or future, or uncalled capital of the Company or by the issue of bonds, perpetual or redeemable, debentures or debenture stock of the Company charged upon all or any part of the property of the Company, both present and future, including its uncalled capital for the time being.</p> | <p>Conditions on which money may be borrowed.</p> |
| <p>77. Any debentures or debenture stock bonds or other securities may be issued at a premium or otherwise and with any special rights as to redemption, surrender, drawing, allotment of shares, appointment of Directors and otherwise, Debentures, debenture stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that debentures with the rights to allotment of or conversion into the shares shall not be issued except in conformity with the provisions of the</p> | <p>Issue at premium etc. or with special privileges.</p> |

Section 62(3) of the Act.

78. Save as provided in Section 56 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures. **Instrument of transfer**
79. Subject to the provisions of Section 58 & 59 of the Act Section - 22A of the Securities Contracts (Regulation) Act, 1956, the Board may, without assigning any reason, refuse to register the transfer of the debenture.

Capitalisation of Profits

- 80 1. The company in general meeting may, upon the recommendation of the Board, resolve— **Capitalisation**
- (a) that it is desirable to capitalise 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 clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
2. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) below, either in or towards— **Sum how applied**
- (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 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);
3. A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
4. The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
- 81 1. Whenever such a resolution as aforesaid shall have been passed, the Board shall— **Powers of the Board for Capitalisation**
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
 - (b) Generally do all acts and things required to give effect thereto.
2. The Board shall have power— **Board's power to issue fractional certificate/coupon etc.**
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares 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 to which they may be entitled upon such capitalisation, 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 capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
3. Any agreement made under such authority shall be effective and **Agreement binding**

binding on such members.

on members

Buy-back of shares

82. Notwithstanding anything contained in these articles but subject to the provisions of Sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

Buy-back of shares

General Meetings

83. In addition to other meetings, Annual Meetings of the Company shall be held within such intervals as are specified in Section 96 (1) of the Act and subject to the provisions of Section 96 (2) of the Act at such times and places as may be determined by the Board. All other meetings or the meeting, be called Extra-ordinary General Meetings and shall be convened under the provision of the next following Article.

When Annual General Meeting to be held

84. The Directors may, whenever they think fit, call an Extra-Ordinary General Meeting and an Extra-Ordinary General Meeting shall also be held on such requisition or in default may be called by such requisitionists, as provided by Section 100 of the Act.

When Extra-ordinary Meeting to be called

85. The Company shall comply with the provisions of Section 111 of the Act as to giving notice of resolutions and circulating statements of the requisition of members.

Circulation of members resolution

86. Subject to the provisions of Section 101 and 105(2) of the Act, notice of every meeting of the Company shall be given to such persons and in such manner as provided by Section 101 of the Act. Where any business consists of special Business as hereinafter defined in Article 101 there shall be annexed to the notice a statement complying with Section 102 (2) and (3) of the Act.

Notice of Meeting

The accidental omission to give any such notice to or the non-receipt by any member or other persons to whom it should be given shall not invalidate the proceedings of the meeting.

Proceedings at General Meetings

87. The ordinary business of an Annual General Meeting shall be to receive and consider the Statement of Profit and Loss, the Balance Sheet and the Reports of the Board of Directors and of the Auditors, to elect Directors in place of those retiring by rotation, to ratify the appointment of Auditors and fix their remuneration and declare dividends. All other business transacted at any other general meeting shall be deemed special business.

Business of meetings

88. 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. The quorum for a general meeting shall be as provided in section 103 of the Act.

Quorum to be present when business commenced

89. If within half an hour from the time appointed for the meeting, a quorum be not present, the meeting if convened upon such requisition as aforesaid, shall be dissolved but in any other case it shall stand adjourned in accordance with the provisions of sub-section (2) and (3) of Section 103 of the Act.

When quorum not present, meeting to be dissolved and when to be adjourned

90. Any act or resolution which, under the provisions of these Article or the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 114 (1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution passed as a Special Resolution as defined in Section 114 (2) of the Act.

Resolution to be passed by Company in general meeting

91. The Chairperson of the Board shall be entitled to take the chair at every general meeting.

Chairperson of General Meeting

92. If there is no such Chairperson, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act then, the members present shall choose another Director as Chairperson of the meeting. If such Director is not present within fifteen minutes after the time appointed for holding the meeting or if all the Directors present decline to take the chair, then the members present shall on a show of hands or on a poll if properly demanded, elect one of their member, being a member entitled to vote, to be chairperson of the meeting. **Members to elect a Chairperson**
93. At any General Meeting, a resolution put to vote at the meeting, shall unless a poll is demanded under Section 109 or the voting is carried out electronically under Section 108, be decided by a show of hands and in the case of an equality of votes, the Chairperson of the meeting shall have a casting vote in addition to vote to which he may be entitled as a member. **Voting at General meeting and casting vote of Chairperson**
94. (1) 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. **Minutes of proceedings of meetings and resolutions passed by Postal Ballot**
- (2) 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.
- Certain matters not to be included in minutes**
95. 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 clause. **Discretion of Chairperson in relation to minutes**
96. The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein. **Minutes to be evidence**
97. (1) The books containing the minutes of the proceedings of any general meeting of the Company or 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 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays.
- Inspection of minutes book of General meeting**
- (2) 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 in clause (1) above. **Members may obtain copy of minutes**
98. 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. **Powers to arrange security at meetings**
99. (i) If a poll be demanded at a general meeting it shall be taken forthwith on a question of adjournment or election of a Chairperson of the meeting and in any other case in such manner and at such time not being later than forty-eight hours from the time when the demand **Poll**

was made, and at such place as the Chairperson of the meeting directs and subject as aforesaid, either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.

- (ii) The demand of poll may be withdrawn at any time.
- (iii) Where a poll is to be taken, the Chairperson of the meeting shall appoint two scrutineers, one atleast of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon.
- (iv) On a poll a member entitled to more than one vote, or his 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 votes he uses.
- (v) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Adjournment of meeting

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| 100. | <ul style="list-style-type: none"> (i) The Chairperson of a general meeting may adjourn the same, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (ii) When a meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting. | Power to adjourn general meeting |
| 101. | 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. | Chairperson may adjourn the meeting |
| 102. | 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 |
| 103. | 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. | Notice of adjourned Meeting not required |

Voting Rights

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| 104. | <p>Subject to the provisions of the Act (and particularly of Section 47 and 50 thereof) and of these Articles :</p> <ul style="list-style-type: none"> (i) Upon a show of hands every member holding Equity Shares and entitled to vote and present in person (including an attorney or proxy or a representative of a Body Corporate) or by proxy shall have one vote; (ii) Upon a poll the voting right of every member holding Equity Shares and entitled to vote and present in person (including a corporation or company present as aforesaid) or by attorney or by proxy shall be in the same proportion as the Capital paid on the Equity Share or shares (whether fully paid or partly paid) held by him bears to the total paid up Equity Capital of the Company; (iii) Upon a show of hands or upon a poll, the voting right of every member holding preference Shares shall be subject to the Provisions, limitations and restrictions laid down in Section 47 of the Act. | Entitlement to vote on show of hands and on poll |
| 105. | A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once. | Voting through electronic means |
| 106. | No member shall be entitled to exercise any voting rights at any meeting of the Company in respect of any shares registered in his name on which | Restriction on |

- any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
107. Where a company or a body corporate (hereinafter called “member company”) is a member of the Company, a person duly appointed by resolution in accordance with the provisions of Section 113 of the Act, to represent such member company at a meeting of the Company shall not by reason of such appointment, be deemed to be a proxy, and the lodging with Company at the office or production at the meeting of a copy of such resolution duly signed by one Director of such member company and certified by him or them as being a true copy of the resolution shall, on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers including the right to vote by proxy on behalf of the member company which he represents as that member company could exercise if it were an individual member.
108. Any person, entitled under the Transmission Article to transfer any shares, may vote at any general meeting in respect thereof in the same manner as if he were the member registered in respect of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic or non-compose mentis, he may vote whether on a show of hands or a poll by his committee; curator or other legal curator and such last-mentioned persons may give their votes by proxy.
109. 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.
110. Where there are members registered jointly in respect of any one share, any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such members be present at any meeting either personally or by proxy that one of the said members so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall, for the purpose of this Article, be deemed to be members in Register jointly in respect thereof.
111. On a poll votes may be given either personally or by proxy, or in the case of a body corporate, by a representative duly authorized as aforesaid.
112. 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.
113. 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.
114. 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**
115. The instrument appointing a proxy shall be in writing under the hand of the appointer or his Attorney duly authorized in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or Attorney duly authorized.
- voting**
- Procedure where a company is member of the Company**
- Votes in respect of deceased, in sane and insolvent members**
- Voting by minor through guardian**
- Members registered jointly**
- Votes on a poll**
- Restriction on voting rights**
- Restriction on exercise of Voting rights in other cases to be void**
- Equal rights of members**
- Instrument appointing proxy to be in writing**

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| 116. | A proxy, who is appointed for a specified meeting only shall be called a special proxy. Any other proxy shall be called general proxy. | Proxies may be general/special |
| 117. | A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote instead of him and the Proxy need not be a member of the Company. | Appointment of proxy |
| 118. | The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed a certified copy of that power or authority, shall be deposited at the registered office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote in respect thereof and in default the instrument of proxy shall not be treated as valid. | Instrument appointing a proxy to be deposited at the office. |
| 119. | A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the Office before the vote is given. Provided nevertheless that the Chairperson of any meeting shall be entitled to require such evidence as he may in his discretion think fit, of the due execution of an instrument of proxy and that the same has not been revoked. | When vote by proxy valid authority revoked |
| 120. | An instrument appointing a proxy shall be in the form as prescribed in the rules. | Form of instrument appointing proxy |
| 121. | An objection as to the admission or rejection of vote either, on a show of hands, or on a poll made in due time shall be referred to the Chairperson of the meeting who shall forthwith determine the same and such determination made in good faith shall be final and conclusive. | Admission or rejection of votes |
| 122. | No objection shall be raised to the Qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. | |

Board of Directors

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| 123. | Subject to Section 149 of the Act, the number of the Directors of the Company shall not be less than three and not more than fifteen. Provided that this limit of 15 Directors can be increased by way of special resolution at a general meeting. | Number of Directors |
| 124. | The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company | Same individual may be Chairperson and Managing Director / Chief Executive Officer |
| 125. | (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
(ii) 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 by an ordinary resolution passed by the Company in general meeting. | Remuneration of Directors
Remuneration to require Member's consent |
| 126. | 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. | Travelling and other expenses |

127. 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.

Execution of negotiable Instruments

128. Not with standing anything contrary contained in these Articles, so long as any moneys remain owing by the Company, the Financial institutions/banks shall have a right to appoint, from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as nominee Director/s) on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

Nominee Director

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Financial institutions/banks such Nominee Director/s shall not be required to hold any share qualification in the Company. Such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject to aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Financial institutions/banks or so long as the Financial institutions/banks holds debentures in the Company as a result of direct subscription or private placement or so long as the Financial institutions/banks holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso-facto vacate such office immediately the moneys owing by the Company to the Financial institutions/banks is paid off or on the Financial institutions/banks ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Financial institutions/banks.

The Nominee Director/s appointed under this Article shall be entitled to receive all notice of and attend all General Meetings, Boards Meetings and of the meeting of the Committee of which the Nominee Director/s is /are member's as also the minutes of such meetings. The Financial institutions/banks shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Director/s shall accrue to the Financial institutions/banks and same shall accordingly be paid by the Company directly to the Financial institutions/banks any expenses that may be incurred by the Financial institutions/banks or such Nominee Director's in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Financial institutions/banks, or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Financial institutions/banks the sitting fees, in relation to such Nominee Director/s shall also accrue to the Financial institutions/banks and the same shall accordingly be paid by the Company directly to the Financial institutions/banks.

Provided also that in the event of the Nominee Director/s being appointed as whole-time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such

rights as are usually exercised or available to a whole time Director, in the Management of the Borrower such Nominee Director's shall be entitled to receive such remuneration, fee, commission and moneys as may be approved by the Lenders.

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| 129. | If it is provided by the Trust Deed secured or otherwise, in connection with any issue of debenture of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of Debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom, for the time being is vested the power under which he was appointed in his place. A Debenture Director shall not be bound to hold any qualification shares and subject to the provisions of Section 152 of the Act, shall not be liable to retire by rotation or be removed by the Company. | Debenture
Directors |
| 130. | Unless otherwise determined by an ordinary resolution in a general meeting of the Company, a Director of the Company shall not be required to hold any share as his qualification. | Shares
qualification of
Directors |
| 131. | The remuneration of every Director for attending a meeting of the Board or its Committee shall be such sum as the Board may decide from time to time, however subject to maximum fee or such sum as may be prescribed by the Central Govt. from time to time for a meeting of the Board or any Committee thereof. In addition, each Director shall be entitled to be reimbursed his reasonable traveling and hotel and other expenses in consequence of his attendance at meeting of the Board or any Committee thereof and otherwise in execution of his duties as may be fixed by the Board of Directors from time to time. | |
| 132. | If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of residence for any of the purpose of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to Section 197 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled. | Remuneration for
extra service |
| 133. | A Director may, at any time, resign his office by notice in writing served on the Company as per provisions of section 168 of the Act. | Resignation of
Director |
| 134. | The Continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, or for summoning a general meeting of the Company, act so long as the number is below the minimum. | Board may act
notwithstanding
vacancy |
| 135. | The Office of a director shall ipso facto become vacant if at any time he commits any of the acts set out in Section 167 of the Act. | Vacation of office
of Directors |
| 136. | Director or other person, referred to in Section 188 of the Act, shall not hold an office or place of profit save as permitted by that Section. | Office of Profit |
| 137. | A Director of this Company may be or become a Director of any other Company promoted by this Company or in which it may be interested as a member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company. | Appointment of
Directors as
Director of
company in which
the company is
interested |
| 138. | Subject to the provisions of Section 188 of the Act neither shall a Director be disqualified from contracting with Company either as vendor, purchaser or otherwise for goods, materials or services or for | Conditions under
which directors
may contract with |

<p>underwriting the subscription of any securities or derivatives of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of a such Director or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or for the fiduciary relation thereby established.</p>	<p>Company</p>
<p>139. Every Director shall comply with the provisions of Section 184 of the Act regarding disclosure of his concern or interest in any contract or arrangement entered into or to be entered by the Company.</p>	<p>Disclosure of a Director's interest</p>
<p>140. Save as permitted by Section 184 of the Act or any other applicable provision of the Act, no Director shall as a Director take any part in the discussion of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly, concerned or interested, nor shall, his presence count for the purpose of forming a quorum at the time of such discussion or vote.</p>	<p>Discussion and voting by Director interested</p>
<p>Appointment, Retirement and Removal of Director</p>	
<p>141. Subject to the provisions of the Act, the Board shall have power, at any time and from time to time to appoint any person as a Director as an additional Director to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles.</p>	<p>Appointment of Additional Directors</p>
<p>142. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-appointment by the Company as a director at that meeting subject to the provisions of the Act.</p>	<p>Duration of office of additional directors</p>
<p>143. The Directors may appoint any person to act as Alternate director for a Director during the latter's absence for a period of not less than three months from India and such appointment shall have effect and such appointee; whilst he holds office as an Alternate Director shall be entitled to notice of Meetings of the Directors and to attend and vote there at accordingly. Provided that 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 section 149 of the Act.</p>	<p>Appointment of Alternate Director</p>
<p>144. An alternate Director shall not hold office for a period longer than the 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.</p>	<p>Duration of office of alternate director</p>
<p>145. 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.</p>	<p>Re-appointment provisions applicable to Original Director</p>
<p>146. If any Director, appointed by the General Meeting vacates office as a Director before his terms of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board.</p>	<p>Board may fill up casual vacancies.</p>
<p>147. The Director so appointed shall remain in his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing there to any person who has been removed from the office of the Director under Article 146.</p>	<p>Duration of office of Director appointed to fill casual vacancy</p>
<p>148. At each Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office.</p>	<p>Rotation and Retirement</p>

Provided that Independent Directors and Nominee Directors of the Company shall not be liable to retire by rotation.

149. Subject to the provisions of these Articles, the Director to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day those to retire shall in default of and subject to any agreement among themselves, be determined by lot. **Which Directors to retire**
150. The Company may remove any Director before the expiration of his period of office in accordance with the provisions of Section 169 of the Act and may subject to the provisions of Section 161 of the Act appoint another person in his place if the Director so removed was appointed by the Company in General Meeting or by the Board under Articles 137, 138 and 142. **Power to remove Director by ordinary resolution on special Notice**
151. At the Annual General Meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the retiring Director who is eligible for re-election or some other person thereto if a notice for the purpose has been left at the office of the Company as required by Section 160 of the Act. **Vacancies to be filled in at the General Meeting**

Powers of Board

152. The management of the business of the Company shall be vested in the Board which may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorised to exercise and do, and, not hereby or by the statutes or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless 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. **General powers of the Company vested in Board**

Managing/Whole Time Director

153. (i) Subject to the Provision of Section 188, 196 & 203 of the Act the Board of Directors may from time to time, appoint one or more of them as Managing /Whole time Director or Directors on such remuneration and on such other terms and conditions as the Board may deem fit. The Board may subject to any contract between such director and the Company remove or dismiss him and appoint another in his place. **Appointment of Managing or Whole-time Director**
- (ii) Where the Company enters into any contract for the appointment of a Managing or Whole time Director or varies any such contract or where the Board passes any resolution appointing such a Director or varies any previous contract or resolution of the Company relating to such appointment, the Company shall keep at its Registered office copies of such contract, which shall be opened to inspection by any member of the Company without payment of fee. **Copies of contract to be kept at Registered office**
154. Subject to the provisions of any contract between Managing/Whole Time Director and the Company, he shall be subject to the same provisions as to resignation and removal as the other Directors and he shall, ipso facto and immediately cease to be a managing/whole time Director if he ceases to hold the office of Director from any cause. **Vacation of office by Managing/ Whole-time Director.**
155. Subject to the provisions of Section 197 and 200 of the Act, a Managing or Whole-time Director may be paid remuneration either by way of monthly payment or at specified percentage of the net profits of the Company or partly by one way and partly by the other as may, from time to time, be determined by a resolution passed by the Company in General Meeting. **Remuneration of Managing/ Whole-time Director**

156. Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 179 thereof the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such power for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with or to the exclusion of, and in substitution for all or any of the powers of the Board in that behalf, and may from time to time, revoke, withdraw, alter or vary all or any of such powers.

Power of Managing Director

Proceedings of the Board

157. (i) The Board shall meet for a minimum number of four times in a year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings for despatch of business, adjourn and otherwise regulate their meetings and proceeding as may think fit. Questions arising at any meeting shall be decided by a majority of votes and in case of equality of votes, the Chairperson shall have a second or casting vote.
- (ii) Notice of every meeting of the Board shall be given to the Directors in accordance with the provisions of Section 173 of the Act.

Meetings of Directors

158. (i) The Quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 174 of the Act. If the Quorum is not present within fifteen minutes from the time appointed for holding a meeting of the Board, the meeting shall be adjourned until such date and time as the Chairperson of the Board shall decide.
- (ii) Where at any time the number of interested Directors exceeds or is equal to two thirds of its total strength, the number of the remaining Directors that is to say, the number of directors who are not interested present at the meeting being not less than two, shall be the quorum during such time.

Quorum

159. The participation of Directors in a meeting of the Board may be either in person or through video conferencing or audio visual means as may be prescribed by the Rules or permitted under law.

Participation at Board Meeting

160. A Director may, and the Manager or Secretary on the requisition of a Director shall, at any time summon a meeting of the Board.

Summoning of Board Meeting

161. (i) The Chairperson of the Company shall be the Chairperson at the meetings of the Board. In his absence, the Board may elect the Chairperson of its meetings and determine the period for which he is to hold the office.
- (ii) If no Chairperson is appointed, or if at any meeting of the Board, the Chairperson be not present within fifteen minutes after the time appointed for holding the same, the Directors present shall choose someone of their member to be Chairperson of such meeting.

Who to preside at meeting of the Board

162. A meeting of the Board at which a quorum be present, shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.

Power of quorum

163. 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.

Directors not to act when number falls below minimum

164. The Board may, subject to the provisions of the Act, from time to time and

Power to appoint

- at any time delegate any of its power to a committee consisting of such member or Directors as it thinks fit, and may from time to time, revoke such delegation. **Committee and to delegate**
165. The participation of Directors in a meeting of the Committee of the Board may be either in person or through video conferencing or audio visual means as may be prescribed by the Rules or permitted under law. **Participation at committee meeting**
166. A committee may elect a Chairperson of its meetings unless the Board, while constituting a committee, has appointed a Chairperson of such committee. 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. **Chairperson of committee**
167. A committee may meet and adjourn as it thinks fit. **Committee to meet**
168. Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present. In case of any equality of votes, the Chairperson of the Committee shall have second or casting vote. **Questions at committee meeting, how decided**
169. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last preceding Article. **Proceeding of Committee**
170. All acts done by any meeting of the Board, or by a Committee of Directors, or any person acting as a Director, shall notwithstanding that it may afterwards be 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 had vacated office by virtue of any provisions contained in the Act or in these Articles be as valid as if every such Director or person had been duly appointed and was qualified to be Director and had not vacated such office provided that nothing in this Article shall be deemed to give validity to acts done by a Director after the appointment of such Director, has been shown to the invalid or to have terminated. **When acts of Directors or Committee valid not withstanding defective appointment etc.**
171. 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. **Resolution without Board Meeting**
- Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**
172. Subject to the provisions of the Act—
- (i) A Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer so appointed may be removed by means of a resolution of the Board; **Chief Executive officer, etc.**
- (ii) A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer. **Director may be chief executive officer, etc.**
- Minutes**
173. (a) The Board, shall in accordance with the provision of Section 118 of the Act, cause minutes to be kept of proceeding of every general meeting of the Company and of every meeting of the Board or of every Committee of the Board. **Minutes to be made**

- (b) Any such minutes of Proceeding of any meeting of the Board or of any Committee of the Board or of the Company in general meeting, if kept in accordance with the provisions of the Section 118 of the Act, shall be evidence of the matters stated in such minutes. The minutes books of general meetings of the Company shall be kept at the office and shall be open to inspection by members during the hours of 11 a.m. and 1 p.m. on such business days as the Act requires them to be open for inspection.

Delegation

174. Without prejudice to the general powers conferred by the proceeding Article, the Directors may from time to time and at any time subject to the restriction contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other person any of the powers, authorities and discretion's for the time being vested in the Board and the Board, may at any time, remove any person so appointed and may annul or vary such delegation.
- Powers to Delegate**

Local Management

175. The Board may, subject to the provisions of the Act, make such arrangement as it may think fit for the management of the Company's affairs abroad and for this purpose appoint local bodies, attorneys and agents and fix their remuneration and delegate to them such power as the Board may deem requisite or expedient. The Company may exercise all the powers of the Act and the Official Seal shall be affixed by the authority and in the presence of and the instruments sealed there with shall be signed by such persons as the Board shall, from time to time by writing under the Seal, appoint. The Company may also exercise the power of the Act with reference to the keeping of foreign registers.
- Local Management Powers of attorney, seal for use abroad and foreign registers**

Management

176. Any Director or other person referred to in Section 188 of the Act, may be appointed to or hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with and subject to the provisions of the said Section.
- Director etc. may hold office or place of profit**
177. Any provision of the Act or these Articles requiring or authorizing a thing to be done by a Director, Manager or Secretary shall not be satisfied by its being done by the same person acting both as, or in place of the Manager or Secretary.
- Act of Director, Manager or Secretary**

Authentication of Documents

178. Save as otherwise provided in the Act any Director or the Company Secretary or any person appointed by the Board for the purpose shall have power to authenticate any document affecting the constitution of the Company and any resolution passed by the Company or the Board and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts there from as true copies or extracts; and where any books records, documents or accounts are else-where than at the office, the local manager or other officer of the Company having the custody thereof, shall be deemed to be a person appointed by the Board as aforesaid.
- Power to authenticate documents**
179. A document purporting to be a copy of a resolution of the Board or an extract from the minutes of a meeting of the Board which is certified as such in accordance with the provisions of the last proceeding Articles shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Board.
- Certified copies of resolution of the Directors**

Registers

180. The Company shall keep and maintain at its registered office all statutory
- Statutory registers**

registers 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 and register of contracts and arrangements 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 11.00 a.m. to 1.00 p.m. 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 by the Rules.

181. (a) 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. **Foreign Register**
- (b) 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.

The Seal

182. The Board of Directors shall provide for a seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Managing Director shall provide for the Safe custody of the seal for the time being and the seal shall, except as otherwise provided under the Act or rules thereunder, never be used except by the authority of a resolution of the Directors or of a Committee of the Directors previously given. Provided, nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching upon the authority of the Directors to issue the same. **Custody of Seal etc.**
183. 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 of the Company Secretary or such other person as the Board may appoint for the purpose; and such director or the Company secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence. **Affixation of seal**

Reserves

184. 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. **Reserves**
185. Any general meeting may, upon the recommendation of the Board, resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company and standing to the credit of the reserves or any Capital Redemption Reserve Account, or in the hand of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Securities Premium Account be capitalised amongst such of the securities holders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they **Capitalisation of Reserves**

become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such security holders in paying up in full any unused shares, debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such security holders in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Securities Premium Account or a Capital Redemption Reserve Account may for the purposes of this Article, only be applied in the paying up of unused shares to be issued to member of the Company as fully paid bonus shares.

- 185 A For the purpose of giving effect to any resolution under the two last preceding Articles, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board. Where requisite a proper contract shall be filled in accordance with the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend for capitalised fund and such appointment shall be effective.

**Fractional
Certificates**

Dividend

186. Subject to the rights of the members entitled to shares (if any) with preferential rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity shares of the Company but so that partly paid up shares shall only entitle the holder with respect thereof to such proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such shares. 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 paid, but if share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly. Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, rank for dividends or confer a right to participate in profits.
187. The Company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the profit and may subject to the provisions of Section 127 of the Act fix the time for payment.
188. No larger dividend shall be declared than is recommended by the Board but the Company in General Meeting may declare a smaller dividend.
189. Subject to the provisions of Section 123 of the Act, no dividend shall be payable except out of the profit of the Company or out of money provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such government and no dividend shall carry interest against the Company.
190. The declaration of the Board as to the amount of the net profit of the Company shall be conclusive.
191. The Board may, from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.

**How profits shall
be divisible**

**Declaration of
Dividend**

**Restrictions of
amount of
dividends**

**Dividend out of
profit only**

**What to be deemed
net profits**

Interim dividend

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| 192. | The Board may deduct from any dividend payable to any member all sum of moneys if any presently payable him to the Company on account of calls of otherwise in relation to the share of the Company. | Debits may be deducted |
| 193. | A general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, not exceeding the amount remaining unpaid on the share, but so that the call on such member also does not exceed the dividend payable to him and so the call be made payable at the same time as the dividend and in such case the dividend may be set off against the call. | Dividend all call together |
| 194. | No dividend shall be payable except in cash provided that nothing in the foregoing shall be deemed to prohibit the Capitalisation of profits or reserve of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company. | Dividend in cash |
| 195. | A transfer of share shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company. | Effect to transfer |
| 196. | The Company may pay interest on capital raised so far as it shall be authorized to do by the Act. | Payment to interest on capital |
| 197. | No dividend shall be paid in respect of any shares except to the registered holder of such share or to his order or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend Nothing in this Article shall be deemed to effect in any manner the operation of Article 195. | To whom dividends payable |
| 198. | Anyone of the several persons who are registered as the joint holders of any share may give effectual receipts for all dividends, bonuses and other payment in respect of such share. | Dividend to joint holders |
| 199. | Notice of the dividend whether interim or otherwise shall be given to the person entitled to share therein in the manner hereinafter provided. | Notice of Dividends |
| 200. | Any dividend, interest or other moneys 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. | Dividend how remitted |
| 201. | The Company shall comply with the provisions of Section 124 of the Act, in respect of unpaid or unclaimed dividend. | Unpaid or unclaimed dividends |

Books and Documents

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| 202. | 1. The Books of Account shall be kept at the office or at such other place in India as the Board may, from time to time, decide. | Where to be kept |
| | 2. The books of account and other relevant books and papers shall be maintained in physical and electronic mode and shall remain accessible in India, so as to be usable for subsequent reference. There shall be a proper system for storage retrieval, display or printout of the electronic records. | Manner of keeping books of accounts |

Accounts

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| 203. | Subject to Section 130 and 131 of the Act, every Balance Sheet and Statement of Profit and Loss of the Company when audited and adopted by the Company in General Meeting shall be conclusive. | When accounts to be deemed finally settled. |
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Audit

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| 204. | Once at least every year, the accounts of the Company shall be examined and the correctness to the Statement of Profit and Loss and Balance Sheet, ascertained by the Auditor or Auditors of the Company. | Audit |
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205. In compliance with the Section 139 of the Act, the Company shall appoint an individual or a firm as an Auditor. **Appointment and remuneration of Auditors**
206. Where the Company has a Branch Office the Provisions of Section 143(8) of the Act shall apply. **Audit of Accounts of Branch**
207. All notice of and other communications relating to any General Meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall also be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. **Right of Auditor to attend general Meeting**
208. The appointment, remuneration, rights and duties of auditors of the Company shall be regulated by the provisions of Section 139,141,142 & 148 of the Act. **Application of Section 139,141,142 & 148 of the Act.**

Service of Notices and Documents

209. 1. A notice or other document shall be given or sent by the Company to every member either personally or by sending it by post to his registered address in India or if he has no registered address in India by air mail post to the address outside India supplied to the Company for the giving of notices to him or through registered E-mail. **How notice to be served on members**
- (a) Service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice or document, provided that there a member has intimated to the Company in advance that notice or documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement or through registered E-mail and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice or document shall not be deemed to be effected unless it is sent in the manner intimated by the members; and;
- (b) such service shall be deemed to have been effected : - i) In the case of a notice of a 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. (iii) In case of E-mail at the time of acknowledgment e-mail received from concerned member or report obtained from concerned agency hired for availing e-mail facility. **Service by Post**
2. Notwithstanding any provisions to the contrary, any notice or document to be served on a member who has not given an address in India for service of notices or documents shall be sent to such member by air mail and posted not less than twenty one clear days before the same is to be served as required by the Act or by these Articles.
210. A notice or other document advertised in a newspaper having wider circulation by the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address for the giving of the notices to him. **Notice to members who have not supplied address**
211. A notice to other document may be served by the Company on the joint holders of a share by giving notice to the joint-holder named first in the Register in respect of the share. **Notice to joint-holders**
212. A notice or other document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of **Notice to persons**

- a member by sending it through the post in prepaid letter addressed to them by name, or by the title of representative of the deceased, or assignee of the insolvent or by any like description, at the address in India supplied for the purpose by the persons claiming to be entitled, or, until such an address has been so supplied, by giving the notice in any manner in which the same might have been, if the death or insolvency had not acquired.
213. Any notice required to be or which may be given by advertisement shall be advertised once in one or more newspapers having wider circulation. **entitled by transmission**
214. Every person who by operation of law or transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such shares which previous to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such share. **How to be advertised**
215. Subject to the provisions of Article 209 to 213, any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holders thereof and such service shall for purposes of these percent be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any, jointly interested with him any such share. **Transferee etc. bound by prior notices**
216. The signature to any notice to be given by the Company may be written or printed. **Notice valid though member deceased**
217. Subject to the provisions of Section 318 of the Act, in the event of a winding - up of the Company, every member of the Company shall be bound, within eight weeks after the passing of an effective resolution to wind-up the Company, to serve notice in writing on the Company appointing some householder residing in the neighbourhood of the office upon whom all summons, notices, process, orders and judgements in relation to under the winding-up of the Company may be served and in default of such nomination, the Liquidator of the Company shall be at liberty, on behalf of such member, to appoint some such persons, and service upon any such appointee whether appointed by the member or the Liquidator shall be deemed to be good personal service on such member for all purposes and where the Liquidator makes any such appointment he shall with all convenient speed, give notice thereof to such member by advertisement in some daily newspapers circulating in the neighbourhood of the office or by a registered letter sent by post and addressed to such member at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter should be delivered in the ordinary course of the post. The provisions of this Article shall not prejudice the right of the Liquidator of the Company to serve any notice of other document in any other manner prescribed by these Articles. **How notice to be signed**
- Inspection**
218. (a) The Books of Account and other books and papers shall be open to inspection by any Director during business hours. **Service of process in winding up**
- (b) The Board shall, from time to time determine whether and to what extent and at what times and place, and under what conditions or regulations, the Books of Account and other books and documents of the Company, other than those referred to in Articles 173 (b) and 219 or any of them, shall be open to the inspection of the members not being directors and no member (not being a Director) shall have

any right of inspecting any books of account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in general meeting.

219. Subject to the provisions of Section 128 (3) of the Act, where under any provisions of the Act any person, whether a member of the Company or not, is entitled to inspect any register, return certificate, deed, instrument or document required to be kept or maintained by the Company the person entitled to inspection shall on his giving to the Company not less than twenty four hours previous notice in writing of his intention specifying which register, etc., he intends to inspect, be permitted to inspect the same during the hours of 11 a.m.. And 1 p.m.. On such business days as the Act requires them to be given for inspection. **Inspection of Registers etc.**
220. A Copy of every Balance Sheet (including the Statement of Profit & Loss), the Auditors' Report and every other document required by law to be annexed or attached as the case may be, to the Balance Sheet which is to be laid before the Company's General Meeting shall be made available for inspection at the Regd. Office of the Company during working hours for a period of 21 days before the date of the meeting. A statement containing the salient features of such document in the prescribed forms or copies of the documents aforesaid as the company may deem fit, will be sent to every member of the Company and to every Trustee for the holding of any Debentures issued by the Company not less than 21 days before the date of meeting.
221. The Company, may in accordance with the provisions of Section 91(1) of the Act, close the Register of Members or of the debenture holders as the case may be.

Reconstruction

222. Subject to the provisions of the Act, on any sale of the undertaking of the Company, the Board or the liquidator on a winding-up may if authorized by a Special Resolution accept fully paid or partly paid up shares debentures or securities of any other company incorporated in India, or to the extent permitted by law of a Company incorporated outside India, either then existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidates (in a winding-up) may distribute such shares or securities or any other property of the Company amongst the members without realisation or vest the same in trustee for them and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property otherwise than in accordance with the strict legal rights of the members or contributors of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound, to accept and shall be bound by any valuation or distribution is authorized and waive all rights in relation thereto, save only in case the Company proposed to be in the course of being wound up, such statutory rights (if any) under section 319 of the Act, as are incapable of being varied or excluded by these Articles. **Reconstruction**

Compromises, Arrangements and Amalgamation

223. The Company shall have power to compromise or make arrangements with creditors and members amalgamate or merge with other company or companies in accordance with the provisions of this Act and with any other applicable laws.

Secrecy

224. Every Director, Company Secretary, Trustees for the Company, its members or debenture holders, member of a Committee, servant, officer, agent, accountant or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his **Secrecy**

duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of Matters relating thereto 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 so to do by the Board or by any general meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

225. No shareholders or other persons (not being a Director) shall be entitled to enter upon the properties of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board or, Subject to Article 218 to require discovery of or any information respecting any detail of the trading of the Company on any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever, which may relate to the conduct of the business of the Company any which in the opinion of the Board it will be inexpedient in the interest of the Company to communicate.

No shareholder to enter the premises of the Company without permission

Winding Up

226. (a) In the event of the Company being wound up, the holders of Preference Shares, if any shall be entitled to have the surplus assets available for distribution amongst members as such applied in the first place in repayment to them the amount paid-up on the Preference Shares held by them respectively and payment of arrears of dividend up to the commencement to the winding up, whether declared or not, but shall not be entitled to any further participation in such surplus assets. If the surplus available as aforesaid shall be insufficient to repay the whole of the amount paid up on the preference Shares any arrears of dividend, such assets shall be distributed amongst the holders of Preference Shares so that the losses shall be borne by the holders of Preference shares in proportion to the Capital paid up or which ought to have been paid up thereon and the arrears of dividend as aforesaid.
- (b) If the Company shall be wound up and the assets available for distribution among the members as such after payment to the Preference Shareholders as aforesaid shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in the winding up the assets available for distribution among the members after payment to the Preference shareholders as aforesaid shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the Commencement of the winding up paid up on the shares held by them respectively.
- (c) This Article is to be without prejudice to the rights and privileges amongst the holders of Preference of different series or shares issued upon special terms and conditions.

Distribution of Assets

227. If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a Special Resolution divide amongst the contributors, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of assets of the Company in trustees upon such trusts for the benefit of the contributors or any of them, as the liquidators, with the like sanction shall think fit.

Winding up of the Company

228. 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.

229. 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 & Insurance

230. (i) Every Director, Managing Director, Manager, Company Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed as Auditor, shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Managing Director, Manager, Secretary, Officer, employee or Auditor, in defending any proceeding whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under Section 463 of the Act, in which relief is granted to him by the Court.
- (ii) 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 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.

231. 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.

Insurance

General Power

232. 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 authorised by the Articles, then and in that case this Article authorises 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.

General power

S. No.	Names, addresses, descriptions and occupations of the subscribers	Number & Class of shares taken by each subscriber	Signature of Subscriber	Name, address, description, occupation and signature of witness
1.	VIDYA SAGAR OSWAL S/o Shri Assa Ram Oswal C/o Oswal Woollen Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- V.S. Oswal	Sd/- S.C. GARG Management Accounts Officers, Vardhman Spinning and General Mills Ltd. Chandigarh Road, Ludhiana
2.	RATTAN CHAND OSWAL S/o Shri Assa Ram Jain C/o Oswal Woollen Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- R.C. Oswal	
3.	DARSHAN KUMAR OSWAL S/o Sh. Rattan Chand Oswal C/o Vardhman Spg. & Gen. Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- D.K. Oswal	
4.	SHRI PAUL OSWAL S/o Sh. Rattan Chand Oswal C/o Vardhman Spg. & Gen. Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- S.P. Oswal	
5.	JAWHAR LAL OSWAL S/o Shri. Vidya Sagar Oswal C/o Oswal Woollen Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- J.L. Oswal	
6.	ABHEY KUMAR OSWAL S/o Shri Vidya Sagar Oswal C/o Oswal Woollen Mills Ltd. Ludhiana (Industrialist)	1 (Equity Share)	Sd/- A.K. Oswal	
7.	For and on behalf of Vardhamn Spinning & General Mills Ltd. Ludhiana. DARSHAN KUMAR OSWAL Managing Director	6 (Equity Share)	For & On Behalf of Vardhman Spg. & Gen. Mills Ltd. Sd/- D.K. Oswal Managing Director	
	Total	12 (Shares)		

Dated the 28th day of September, 1973

**IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA AT CHANDIGARH
ORIGINAL COMPANY JURISDICTION**

COMPANY PETITION NO 169 OF 2004

CONNECTED WITH

COMPANY PETITION ON.161 OF 2004

IN THE MATTER OF:-

The Companies Act, 1956

IN THE MATTER OF:-

Sections 391 to 394 of the Companies Act, 1956

IN THE MATTER OF:-

Scheme of Arrangement and Demerger between Vardhman Spinning and General Mills Limited and Mahavir Spinning Mills Limited both existing companies under the Indian Companies Act, 1956 and having their Registered Offices at Chandigarh Road, Ludhiana, Punjab-141 010.

IN THE MATTER OF:-

Vardhman Spinning and General Mills Limited,

An existing company under the Indian Companies Act, 1956 and having its Registered Office at

Chandigarh Road, Ludhiana, Punjab-141010 Petitioner/Transferor Company

Through Sh. Sachit Jain

AND

Mahavir Spinning Mills Limited,

An existing company under the Indian Companies Act, 1956 and having its Registered Office at

Chandigarh Road, Ludhiana, Punjab-141 010 Transferee Company

**PETITION UNDER SECTIONS 391 – 394 OF THE COMPANIES ACT, 1956 FOR SANCTION
AND APPROVAL BY THIS HON'BLE COURT OF THE SCHEME OF ARRANGEMENT AND
DEMERGER BETWEEN THE PETITIONER COMPANY AND MAHAVIR SPINNING MILLS
LIMITED ("THE TRANSFEE COMPANY").**

PRAYER

In view of what has been stated herein above, in the facts and circumstances of the case and in exercise of its powers under Sections 391-394 of the Companies Act, 1956 and Rule 9 of the Companies (Court) Rules, 1959 it is most respectfully prayed that this Hon'ble Court be pleased to:

- (a) Sanction the present Scheme of Arrangement and Demerger between the Transferor Company and the Transferee Company, as annexed herewith and marked as "**Annexure P-1**" so as to be binding upon the Petitioner/Transferor and the Transferee Company.
- (b) issue appropriate directions in connection with the present Petition and the present Scheme of Arrangement in respect of notices to be published and issuance of Dasti Notice to the Regional Director, Department of Company Affairs, Northern Region, Kanpur in accordance with law.
- (c) the Regional Director, Department of Company Affairs be directed to file his report within a period of 4 weeks from the date of the order made hereon and serve a copy of the report on the Petitioner's;
- (d) pass such other and further orders as are deemed necessary in the facts and circumstances of the case.

FOR WHICH ACT OF KINDNESS THE PETITIONER AS IN DUTY BOUND SHALL EVER PRAY.

CP No.170 of 2004

In the matter of Scheme of Arrangement and Demerger of Vardhman Spinning and General Mills Limited and Mahavir Spinning Mills Limited.

Present:- Mr. Deepak Suri, Advocate for the petitioners.

Shri Ashish Bajpayee, Official Liquidator.

M. M. KUMAR J.

This order shall dispose of two Company Petition bearing C.P. Nos. 169 and 170 of 2004 as both the petitions relate to the same Scheme of Arrangement and Demerger. For the purpose of this judgment, facts are being taken from CP.No. 170 of 2004.

This Petition filed under Sections 391/394 of the Companies Act. 1956 (For brevity 'the Act') prays for sanctioning of scheme (Annexure P.1) attached with the petition for sanctioning of scheme of Arrangement and Demerger between Mahavir Spinning Mills Ltd., (the transferee company) and Vardhman Spinning and General Mills Limited (the transferor Company) so as to be binding on the transferor and transferee companies. The scheme envisages that the Textile Undertaking (as defined in the scheme) of the transferor Company shall be demerged and stand vested in the transferee company as per the terms and conditions laid down in the Scheme.

A perusal of the averments made in the petition shows that the transferee company was incorporated under the Act on 8.10.1973 as Mahavir Spinning Mills Limited. The registered office of the Company is at Chandigarh Road, Ludhiana which is within the territorial jurisdiction of this Court. The transferor company namely Vardhman Spinning and General Mills Limited was incorporated in the State of Punjab under the Act on 27.12.1962 as Vardhman Spinning and General Mills Limited. The Company has its registered office at Chandigarh Road, Ludhiana (Punjab) which is within the territorial jurisdiction of this Court. The objects of the transferor and transferee companies have been fully described in the articles and memorandum of association of the transferor and transferee companies attached with Company Petition.

The authorised share capital of the transferee company as on 31.3.2004 as per audited balance sheet is Rs.50,00,00,000 divided into 4,00,00,000 equity shares of Rs.10/- each and 1,00,00,000 redeemable cumulative preference shares of Rs.10/- each and the issued share capital of the transferee company is 25,74,99,540/- divided into 2,57,49,954 equity shares of Rs.10/- each and subscribed and paid up share capital of the company is 25,74,99,540/- divided into 2,57,49,954 equity share of Rs.10/-each.

The authorised share capital of transferor company as on 31.3.2004 as per audited balance sheet is Rs.40,00,00,000 divided into 3,00,00,000 equity shares of Rs. 10/- and 1,00,00,000 redeemable cumulative preference share of Rs.10/-each. The issued share capital of the Company is Rs.15,95,82,000/- divided into 1,59,58,200 equity shares of Rs.10/- each. The subscribed and paid up share capital of the company is Rs.15,95,46,000/- divided into 1,59,54,600/- equity shares of Rs.10/- each.

The objects sought to be achieved by the scheme of arrangement and demerger have been fully enumerated in paragraph 9 of the petition.

It is mentioned in the petition that no proceedings under Sections 235 of 251 of the Act are pending against the transferor or transferee Company.

After completion of all formalities, the petitioner-companies filed two company petitions i.e. C.P. Nos.161 and 163 of 2004. This Court vide order dated 29.10.2004 gave directions for convening and holding of the separate meetings of the shareholders, secured and unsecured creditors of the transferor and transferee companies and also appointed Chairmen and Co-Chairmen for holding the aforesaid meeting. The Chairmen of the aforesaid meetings have submitted their reports. A perusal of the aforesaid reports shows that all the shareholders, secured and unsecured creditors of the transferor and transferee companies have approved the Scheme in accordance with the provisions of the Act.

On 16.12.2004, this Court issued notices of the instant petitions to the Official Liquidator and the Regional Director, Department of Company Affairs, Northern Region, Kanpur. This Court also directed that notices of the instant petitions be published in the English daily, The Tribune and Hindi daily, Punjab Kesri and in the Punjab Government official gazette. The publication as directed has been effected which stands authenticated through the affidavit of publication placed on the record of this case with the copies of the publications.

In response to the notices, Shri U.C. Nahta Regional Director, Northern Region, Department of Company Affairs, Kanpur filed his affidavit dated 1.3.2005 under Section 394A of the Act asserting therein that as per Clause 3.12. of Part III of the Scheme all the employees of the transferor Company engaged in the " Textile Division" shall become employees of the Transferee Company without any break or interruption in their services upon sanctioning of the Scheme of arrangement by this Court. He has further stated that the Central Government has no objection in respect of the present petition and the case may be decided by this Court on merits.

I have heard learned counsel for the petitioner-companies.

The Scheme having been accepted by all concerned and the liabilities of the transferor and the transferee companies being well defined in the scheme of Arrangement and Demerger, the court would normally accept such a scheme. After notices were issued and published none has appeared to object to the sanctioning of the scheme nor any objection has been received otherwise. I am satisfied that the whole requisite statutory procedure in respect of the Scheme of Arrangement and Demerger has been complied with. The whole requisite material as specified under the proviso to sub section (2) of Section 391 of the Act has been placed before the court by the petitioner-companies. The proposed scheme is not violative of any provision of law nor it is contrary to public policy. I am further of the view that the creditors or the class of creditors have been acting bona-fide and in good faith. There is no coercion caused to the minority with the object of promoting any interest adverse to that of the latter. The scheme is just and fair from the point of view of prudent men of business taking a commercial decision. Resultantly, the scheme of Arrangement and Demerger Annexure P-I is hereby sanctioned. The order sanctioning the scheme shall be duly notified by public notice in English Daily, 'The Tribune', Hindi Daily, 'Punjab Kesri' and Punjabi Daily, 'The Ajit' as well as in the Punjab Government official gazette, within 30 days.

Any person interested shall be at liberty to approach this Court in the above noted matter for any directions that may be necessary.

4.3.2005

Sd/-

M. M. Kumar, Judge

**IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA AT CHANDIGARH
ORIGINAL COMPANY JURISDICTION**

COMPANY PETITION NO.170 OF 2004

CONNECTED WITH COMPANY PETITION NO. 161 OF 2004

IN THE MATTER OF:

The Companies Act, 1956

IN THE MATTER OF:

Sections 391 to 394 of the Companies Act, 1956

IN THE MATTER OF:

Scheme of Arrangement and Demerger between Vardhman Spinning and General Mills Limited and Mahavir Spinning Mills Limited, both existing companies under the Indian Companies Act, 1956 and having their Registered Offices at Chandigarh Road, Ludhiana, Punjab-141 010.

IN THE MATTER OF:

Mahavir Spinning Mills Limited, an existing company under the Indian Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana, Punjab-141 010

Through Sh. Darshan Lal Sharma Petitioner/Transferee Company

AND

Vardhman Spinning and General Mills Limited, an existing company under the Indian Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana, Punjab-141 010 Transferor Company

PETITION UNDER SECTIONS 391-394 OF THE COMPANIES ACT, 1956 FOR SANCTION AND APPROVAL BY THIS HON'BLE COURT OF THE SCHEME OF ARRANGEMENT AND DEMERGER BETWEEN VARDHMAN SPINNING AND GENERAL MILLS LIMITED ("TRANSFEROR COMPANY") AND THE PETITIONER COMPANY.

PRAYER

In view of what has been stated herein above, in the facts and circumstances of the case and in exercise of its powers under Sections 391-394 of the Companies Act, 1956 and Rule 9 of the Companies (Court) Rules, 1959, it is most respectfully prayed that this Hon'ble Court be pleased to:

- (a) sanction the present Scheme of Arrangement and Demerger between the Transferor Company and the Petitioner/ Transferee Company, as annexed herewith and marked as "**Annexure P-1**" so as to be binding upon the Transferor and the Petitioner/Transferee Company;
- (b) issue appropriate directions in connection with the present Petition and the present Scheme of Arrangement in respect of notices to be published and issuance of Dasti Notices to the Regional Director, Department of Company Affairs, Northern Region, Kanpur, in accordance with law;
- (c) the Regional Director, Department of Company Affairs be directed to file his report within a period of 4 weeks from the date of the order made hereon and serve a copy of the report on the Petitioner's ;
- (d) pass such other and further orders as are deemed necessary in the facts and circumstances of the case.

COMPANY PETITION NO. 161 OF 2004

IN THE MATTER OF:

The Companies Act, 1956

IN THE MATTER OF:

Sections 391 to 394 of the Companies Act, 1956.

IN THE MATTER OF:

Scheme of Arrangement and Demerger

IN THE MATTER OF:

Mahavir Spinning Mills Limited, An existing company under the Indian Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana, Punjab 141 010 through its Authorised Signatory Shri Darshan Lal Sharma.

..... Petitioner/Transferee Company

AND

Vardhman Spinning and General Mills Limited, an existing company under the Indian Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana, Punjab- 141 010, through its Authorised Signatory.

..... Transferor Company

PETITION UNDER SECTION 391-394 OF THE COMPANIES ACT, 1956 FOR DIRECTIONS FOR CONVENING THE MEETINGS OF THE EQUITY SHAREHOLDERS, SECURED CREDITORS AND UNSECURED CREDITORS OF THE PETITIONER COMPANY.

PRAYER

- (a) pass an order under Sections 391-394 of the Companies Act , 1956 read with Rules 67 to 87 of the Companies (Court) Rules,1959, directing convening of the meeting of the Equity Shareholders of the Petitioner Company at its Registered Office at Chandigarh Road, Ludhiana, Punjab –141 010 at 12.00 noon on the 11th day of December, 2004 for considering and if thought fit approving, with or without modifications, the present Scheme and necessary directions be passed fixing the quorum for the said meeting, appointment of Chairperson and approval of the notices, publication thereof in the newspapers and other incidental directions in connection with the present Scheme;
- (b) pass an order as contemplated by Sections 391-394 of the Companies Act, 1956 read with Rules 67 to 87 of the Companies (Court) Rules, 1959, directing convening of the meeting of the Secured Creditors of the Petitioner Company at its Registered Office at Chandigarh Road, Ludhiana Punjab - 141 010 at 2.00 P.M. on the 11th day of December, 2004 for considering, and if thought fit approving, with or without modifications, the present Scheme and necessary directions be passed fixing the quorum for the said meeting, appointment of Chairperson and approval of the notices, publication thereof in the newspapers and other incidental directions in connection with the present Scheme;
- (c) pass an order as contemplated by Sections 391 – 394 of the Companies Act, 1956 read with Rules 67 to 87 of the Companies (Court) Rules, 1959, directing convening of the meeting of the Unsecured Creditors of the Petitioner Company at its Registered Office at Chandigarh Road, Ludhiana, Punjab – 141010 at 4.00 P.M. on the 11th day of December, 2004 for considering, and if thought fit approving, with or without modifications, the present Scheme and necessary directions be passed fixing the quorum for the said meeting, appointment of Chairperson and approval of the notices, publication thereof in the newspapers and other incidental directions in connection with the present Scheme;
- (d) pass an order under Rule 24 of the Companies (Court) Rules, 1969, dispensing from giving notice of the aforesaid meetings in the Official Gazette;
- (e) pass any such orders or directions as may be deemed fit in the facts and circumstances of the present case.

AND

COMPANY PETITION NO. 169 OF 2004

CONNECTED WITH COMPANY PETITION NO. 163 OF 2004

IN THE MATTER OF:

The Companies Act, 1956

IN THE MATTER OF:

Sections 391 to 394 of the Companies Act, 1956.

IN THE MATTER OF:

Scheme of Arrangement and Demerger between Vardhman Spinning and General Mills Limited and Mahavir Spinning Mills Limited, both existing companies under the Indian Companies Act, 1956 and having their Registered Offices at Chandigarh Road, Ludhiana, Punjab- 141010.

IN THE MATTER OF:

Vardhman Spinning and General Mills Limited, an existing company under Indian Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana, Punjab-141 010 Through Shri Sachit Jain..... Petitioner/Transferor Company

AND

Mahavir Spinning Mills Limited, an existing company under the Indian Companies Act, 1956 and having its Registered office at Chandigarh Road, Ludhiana , Punjab –141 010

.....Transferee Company

PETITION UNDER SECTIONS 391-394 OF THE COMPANIES ACT, 1956 FOR SANCTION AND APPROVAL BY THIS HON'BLE COURT OF THE SCHEME OF ARRANGEMENT AND DEMERGER BETWEEN THE PETITIONER COMPANY AND MAHAVIR SPINNING MILLS LIMITED ("THE TRANSFEEE COMPANY").

PRAYER

In view of what has been stated herein above, in the facts and circumstances of the case and in exercise of its powers under Sections 391-394 of the Companies Act, 1956 and Rule 9 of the Companies (Court) Rules, 1959, it is most respectfully prayed that this Hon'ble Court be pleased to;

- (a) Sanction the present Scheme of Arrangement and Demerger between the Petitioner/Transferor Company and the Transferee Company, as annexed herewith and marked as “Annexure P-1” so as to be binding upon the Petitioner/Transferor and Transferee Company;
- (b) issue appropriate directions in connection with the present Petition and the present Scheme of Arrangement in respect of notices to be published and issuance of Dasti Notices to the Regional Director, Department of

Company Affairs, Northern Region, Kanpur, in accordance with law;

- (c) the Regional Director, Department of Company Affairs be directed to file his report within a period of 4 weeks from the date of the order made hereon and serve a copy of the report on the Petitioner's;
- (d) pass such other and further orders as are deemed necessary in the facts and circumstances of the case.

COMPANY PETITION NO.163 OF 2004

IN THE MATTER OF:

The Companies Act, 1956

IN THE MATTER OF:

Sections 391 to 394 of the Companies Act, 1956

IN THE MATTER OF:

Scheme of Arrangement and Demerger.

IN THE MATTER OF:

Mahavir Spinning Mills Limited, an existing company under the Indian Companies Act, 1956 and having its Registered Office at Chandigarh, Road, Ludhiana, Punjab-141 010,

IN THE MATTER OF:-

Vardhman Spinning and General Mills Limited, and existing company under the Indian Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana, Punjab-141 010, through its Authorised Signatory Shri Sachit Jain.

..... ..

Petitioner/Transferor Company AND

Mahavir Spinning Mills Limited, An existing company under the Indian Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana, Punjab 141 010, through its Authorised Signatory Shri Sachit Jain.

.....Transferee Company

PETITION UNDER SECTIONS 391-394 OF THE COMPANIES ACT, 1956 FOR DIRECTIONS FOR CONVENING THE MEETINGS OF THE EQUITY SHAREHOLDERS, SECURED CREDITORS AND UNSECURED CREDITORS OF THE PETITIONER COMPANY

PRAYER

- (a) pass an order under Sections 391-394 of the Companies Act, 1956 read with Rules 67 to 87 of the Companies (Court) Rules, 1959, directing convening of the meeting of the Equity Shareholders of the Petitioner Company at its Registered Office at Chandigarh Road, Ludhiana Punjab-141 010 at 10:A.M. on the 11th day of December, 2004 for considering and if thought fit approving, with or without modifications, the present Scheme and necessary directions be passed fixing the quorum for the said meeting, appointment of Chairperson and approval of the notices, publication thereof in the newspapers and other incidental directions in connection with the present Scheme;
- (b) pass an order as contemplated by Sections 391-394 of the Companies Act, 1956 read with Rules 67 to 87 of the Companies (Court) Rules, 1959, directing convening of the meeting of the Secured Creditors of the Petitioner Company at its Registered Office at Chandigarh Road, Ludhiana, Punjab-141 010 at 1:00 P.M. on the 11th day of December, 2004 for considering, and if thought fit approving, with or without modifications, the present Scheme and necessary directions be passed fixing the quorum for the said meeting, appointment of Chairperson and approval of the notices, publication thereof in the newspapers and other incidental directions in connection with the present Scheme ;
- (c) pass an order as contemplated by Sections 391-394 of the Companies Act, 1956 read with Rules 67 to 87 of the Companies (Court) Rules, 1959, directing convening of the meeting of the Unsecured Creditors of the Petitioner Company at its Registered Office at Chandigarh Road, Ludhiana, Punjab-141 010 at 3.00 P.M. on the 11th day of December, 2004 for considering, and if thought fit approving, with or without modifications, the present Scheme and necessary directions be passed fixing the quorum for the said meeting, appointment of Chairperson and approval of the notices, publication thereof in the newspapers and other incidental directions in connection with the present Scheme;
- (d) pass an order under Rule 24 of the Companies (Court) Rules, 1969, dispensing from giving notice of the aforesaid meetings in the Official Gazette;
- (e) pass any such orders or directions as may be deemed fit in the facts and circumstances of the present case.

BEFORE HON'BLE MR. JUSTICE M.M. KUMAR

DATED THE 4TH MARCH, 2005

The above noted petition Nos. 161 of 2004 and 163 of 2004 came up for hearing on 29.10.2004 before Hon'ble Mr. Justice M.M. Kumar; upon reading the said petitions and the orders dated 29.10.2004 whereby separate meetings of the shareholders, secured and unsecured creditors of Transferor Company namely Vardhman Spinning and General Mills Limited and the Transferee Company namely Mahavir Spinning Mills Limited, were ordered to be convened and held on 11.12.2004 at their respective registered offices at Chandigarh Road,

Ludhiana, for the purpose of considering and, if thought fit, approving with or without modification the Scheme of Arrangement and Demerger proposed to be made between the aforesaid companies; upon perusing company appeal nos. 20 & 21 of 2004 and the order dated 8.11.2004 passed therein; and annexed to the affidavits of S/Shri Sanjay Kaushal, Advocate and Puneet Kansal, Advocate dated 30.11.2004, Punjab Government Gazette dated 12.11.2004, Hindustan Times dated 15.11.2004 and Punjab Kesri dated 16.11.2004 each containing advertisement of the notices convening of the said meetings directed to be held vide orders dated 29.10.2004 and also upon perusing the aforesaid affidavits of the respective Chairmen of the meetings showing the publication and despatch of notices convening the said meetings; the reports of the Chairmen dated 14.12.2004 as to the result of the said meetings and upon hearing Sh. Deepak Suri, advocate for the aforesaid companies and upon going through the entire material placed on record and it appearing from the reports that the scheme of Arrangement and Demerger has been approved as per provisions of the Companies Act, 1956.

This Court doth hereby sanction the Scheme of Arrangement and Demerger set forth in the petition and annexed as Annexure P-1 to the company petition 170 of 2004 and in the schedule hereto and doth hereby declare the same to be binding on the members, secured and unsecured creditors of both the transferor company and the transferee company and all concerned.

And this Court doth further order that the parties to the aforesaid Scheme of Arrangement and Demerger and any other person shall be at liberty to apply to this Court in the above matter for any direction that may be necessary in regard to the working of the said Scheme of Arrangement and Demerger.

That the said companies do file with the Registrar of Companies a certified copy of this order within 30 days from this date.

SCHEDULE

(Scheme as sanctioned by the Court.)

SCHEME OF ARRANGEMENT & DEMERGER

Among

VARDHMAN SPINNING AND GENERAL MILLS LIMITED

As the Transferor Company

And

MAHAVIR SPINNING MILLS LIMITED

As the Transferee Company

And

THEIR RESPECTIVE SHAREHOLDERS & CREDITORS

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SCHEME OF ARRANGEMENT & DEMERGER

1. Vardhman Spinning and General Mills Limited;
2. Mahavir Spinning Mills Limited;

AND THEIR RESPECTIVE SHAREHOLDERS & CREDITORS

PART - I

WHEREAS

- A. Vardhman Spinning and General Mills Limited (the "Transferor Company") is an existing company under the Companies Act, 1956 and has its registered office at Chandigarh Road, Ludhiana, Punjab 141 010.
- B. The Transferor Company is presently engaged in several distinct and diverse business activities, including:-
 - (i) Manufacture of textile (comprising primarily of yarn and fabric); and
 - (ii) Investments in securities.
- C. The Transferor Company now proposes by this Scheme of Arrangement & Demerger to separate its Textile Undertaking (as hereinafter defined) by demerging it and vesting it in Mahavir Spinning Mills Limited (the "Transferee Company") a company registered under the Companies Act, 1956 and having its registered office at Chandigarh Road, Ludhiana, Punjab-141 010 in accordance with the terms of this Scheme of

Arrangement & Demerger.

- D. The demerger of the Textile Undertaking and its vesting in Transferee Company, with effect from the Appointed Date, is in the interest of the shareholders, creditors and employees as stakeholders. The restructuring would enable a focused business approach for the maximization of benefits to all stakeholders and provide an opportunity for growth in future.
- E. The demerger of the Textile Undertaking in the Transferee Company shall be in accordance with Section 2 (19AA) of the Indian Income Tax Act, 1961;

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as mentioned hereinbelow :-

- (a) **"The Act"** means the Companies Act, 1956 (Act No.1 of 1956)
- (b) **"Appointed Date"** means April 1, 2004 and is the date with effect from which the Scheme of Arrangement & Demerger shall be applicable.
- (c) **"Effective Date"** means the date on which the last of the approvals specified in Article 5.8 of Part V of the Scheme are obtained and the Scheme made applicable with effect from the Appointed Date.
- (d) **"Transferee Company"** means Mahavir Spinning Mills Limited, a company incorporated under the Companies Act, 1956 having its registered office at Chandigarh Road, Ludhiana, Punjab-141 010.
- (e) **"Transferor Company"** means Vardhman Spinning and General Mills Limited, an existing company under the Companies Act, 1956 having its registered office at Chandigarh Road, Ludhiana, Punjab-141 010.
- (f) **"Residual Undertaking"** means all of the undertakings of the Transferor Company other than the Textile Undertaking.
- (g) **"Scheme"** means this Scheme of Arrangement & Demerger.
- (h) **"Textile Undertaking"** means the textile division of the Transferor Company and shall mean and include :
- (i) all assets whether movable or immovable, tangible or intangible, including all rights, title, interest, covenant, undertakings, including continuing rights, title and interest in connection with the land and the buildings thereon whether leasehold or otherwise, plant and machinery whether leased or otherwise, together with all present and future liability including contingent liabilities and debts appertaining thereto, of the Transferor Company all of which relate to the textile division, as are more fully set out in Schedule I hereof. In particular, the details of the material parcels of land are included in Schedule II hereof.
- (ii) all investments, loans and advances, including accrued interest thereon, of the Transferor Company appertaining to its textile division, as are more fully set out in Schedule I, and
- (iii) all debts, borrowings and liabilities, including contingent liabilities, present or future, whether secured or unsecured pertaining to the textile division of the Transferor Company as are more fully specified in Schedule I.
- (iv) all permits, quotas, rights, entitlements, licenses, tenancies, offices and depots, trademarks, service marks, patents, copyrights, domain names, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever appertaining to the textile division of the Transferor Company.
- (v) all employees of the Transferor Company engaged in or in relation to the textile division of the Transferor Company at their respective offices, branches, depots, shops at their current terms and conditions;
- (vi) all earnest monies and/or security deposits, payment against warrants or other entitlements in connection with or relating to the textile division of the Transferor Company.

PART II

2. SHARE CAPITAL

2.1 The share capital of Transferor Company and Transferee Company as on March 31, 2004 is as under:-

A. Transferor Company

A. Authorized Share Capital	Amount (Rs.)
3,00,00,000 equity shares of the face value of Rs.10/- each and 1,00,00,000/- redeemable cumulative preference shares of Rs. 10/- each	40,00,00,000/-
B. Issued Share Capital	Amount (Rs.)
1,59,58,200 equity shares of the face value of Rs. 10/- each	15,95,82,000/-
C. Subscribed & paid up capital	Amount (Rs.)
1,59,54,600 equity shares of the face value of Rs.10/- each	15,95,46,000/-

Add : Forfeited Share (Amt originally paid-up)	9,000/-
Less : Calls in Arrears from others	998/-
	15,95,54,002/-

B. Transferee Company

A. Authorized Share Capital	Amount (Rs.)
4,00,00,000 equity shares of the face value Rs.10/- each and 1,00,00,000/- redeemable cumulative preference shares of Rs.10/-each	50,00,00,000/-
B. Issued Share Capital	Amount (Rs.)
2,57,49,954 equity shares of the face value of Rs.10/- each	25,74,99,540/-
C. Subscribed & paid up capital	Amount (Rs.)
2,57,49,954 equity shares of the face value of Rs.10/- each	25,74,99,540/-
Less : Calls in Arrears from others	4,312/-
	25,74,95,228/-

2.2 The consideration of the provisions of this scheme among Transferor Company, the Transferee Company and their respective shareholders and creditors (secured and unsecured) is being proposed as the Scheme of Arrangement & Demerger as set out hereinbelow:

PART-III

3. TRANSFER OF THE TEXTILE UNDERTAKING OF TRANSFEROR COMPANY TO TRANSFEE COMPANY

- 3.1 With effect from the Appointed Date, the Textile Undertaking of Transferor Company (as more particularly described in the Scheme) shall vest in and be managed by Transferee Company without any further deed or act, together with all its properties, assets, rights, benefits and interest therein.
- 3.2 With effect from the Appointed Date, all the assets of the Textile Undertaking of Transferor Company listed out in Schedule I shall stand vested in Transferee Company, and shall become the property and an integral part of the Transferee Company.
- 3.3 With effect from the Appointed Date, in respect of such of the assets of the Textile Undertaking of Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or transfer by vesting and recordal pursuant to this Scheme, the same shall stand vested in, and shall become the property and an integral part of Transferee Company.
- 3.4 With effect from the Appointed Date, the land including those listed out in Schedule II together with the buildings standing thereon and any documents of title/rights and easements in relation thereto shall be vested in Transferee Company and shall belong to Transferee Company. With effect from the Appointed Date, Transferee Company shall in relation to such properties, be liable for ground rent and municipal taxes. The mutation of the title to the immovable properties in favour of Transferee Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and it becoming effective in accordance with the terms hereof.
- 3.5 With effect from the Appointed Date, all debts, liabilities, duties and obligations, secured or unsecured, as more particularly listed out in Schedule I, whether provided for in the books of accounts of Transferor Company, whether disclosed or undisclosed in the balance sheet, shall be the debts, liabilities, duties and obligations of Transferee Company and Transferee Company undertakes to meet, discharge and satisfy the same.
- 3.5A Upon the Scheme becoming effective, the existing working capital lenders relating to the Textile Undertaking of the Transferor Company, that have security over the Current Assets of the Transferor Company and the existing working capital lenders of the Transferee Company, that have security over the Current Assets of the Transferee Company shall be entitled to security overall the Current Assets of the Transferee Company including the Current Assets of Textile Undertaking. It is hereby clarified that the existing working capital lenders relating to the Textile Undertaking of the Transferor Company and the existing working capital lenders of the Transferee Company shall rank pari passu with each other in respect of all such secured Current Assets of the Transferee Company. For the purpose of this clause "Current Assets" in relation to a company shall mean the company's stocks, raw materials, semi-finished goods, stores and spares not relating to plant and machinery i.e. consumable stores and spares, bills, book debts and receivables etc, both present and future.

Upon the Scheme becoming effective, the existing term lenders relating to the Textile Undertaking of the Transferor Company that have security over the movable and immovable properties relating to the Textile Undertaking of the Transferor Company and the existing term lenders of the Transferee Company that have security over the movable and immovable properties of Transferee Company shall be entitled to security over all the secured properties and assets of the Transferee Company including the properties and assets of the Textile Undertaking, subject to the charge created and/ or to be created in favour of the working capital lenders. It is hereby clarified that the existing term lenders relating to the Textile Undertaking of the

Transferor Company, that have security over the movable and immovable properties relating to the Textile Undertaking of the Transferor Company and the existing term lenders of the Transferee Company, that have security over the movable and immovable properties of the Transferee Company, shall rank pari passu with each other in respect of all such secured properties and assets of the Transferee Company. It is further clarified that the charge created in favour of such existing term lenders shall, in case of the Current Assets of the Transferee Company be subject to the charge created in favour of the working capital lenders of the Transferee Company.

- 3.6 All loans raised after the Appointed Date but before the Effective Date and used and liabilities incurred by Transferor Company after the Appointed Date but before the Effective Date for operations of the Textile Undertaking of Transferor Company shall be discharged by Transferee Company. Where any of the liabilities and obligations attributed to the Textile Undertaking of the Transferor Company on the Appointed Date have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the Transferee Company.
- 3.7 With effect from the Appointed Date, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Textile Undertaking of Transferor Company to which Transferor Company is a party or to the benefit of which Transferor Company may be eligible, and all charges or security interests over the Textile Undertaking or part thereof, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour of Transferee Company and may be enforced as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party or beneficiary or obligee thereto.
- 3.8 With effect from the Appointed Date, all permits, quotas, rights, entitlements, licenses including those relating to trademarks, tenancies, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Textile Undertaking of Transferor Company to which Transferor Company is a party or to the benefit of which Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party or beneficiary or obligee thereto.
- 3.9 With effect from the Appointed Date, any statutory licenses, no objection certificates, permissions or approvals or consents, authorisations, registrations etc required to carry on operations in the Textile Undertaking of Transferor Company shall stand vested in or transferred to Transferee Company without further act or deed, and shall, if required, be appropriately mutated by the statutory authorities concerned therewith in favour of Transferee Company upon the vesting and transfer of the Textile Undertaking of Transferee Company pursuant to this Scheme. The benefit of all statutory and regulatory permissions, factory licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Textile Undertaking shall vest in and become available to Transferee Company pursuant to the Scheme. Any no-objection certificates, licenses, permissions, consents, approvals, authorisations, registrations or statutory rights as are jointly held for the Textile Undertaking of Transferor Company and its Residual Undertaking including the statutory licenses, permissions or approvals or consents required to carry on the operations in the Residual Undertaking of the Transferor Company shall be deemed to constitute separated licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights, and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the separation, upon the filing of the Scheme as sanctioned with such authorities and licensors after the same becomes effective, so as to facilitate the continuation of operations in Transferee Company without hindrance or let from the Appointed Date.
- 3.10 Transferee Company, 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, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Textile Undertaking of Transferor Company to which Transferor Company is a party in order to give formal effect to the above provisions. Transferee Company will, if necessary, also be party to the above. Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Company and to carry out or perform all such formalities or compliances referred to above on part of Transferor Company.
- 3.11 With effect from the Appointed Date, Transferee Company undertakes to have such legal or other proceedings relating to or in connection with the Textile Undertaking of Transferor Company, initiated by or against Transferor Company, transferred in its name and to have the same continued prosecuted and enforced by or against Transferee Company to the exclusion of Transferor Company. Transferee Company also undertakes to deal with all legal or other proceedings which may be initiated by or against Transferor Company or Transferee Company after the Effective Date relating to the Textile Undertaking of Transferor Company in respect of the period up to the Effective Date, in its own name and account and to the exclusion of Transferor Company, and further undertakes to pay all amounts including interest, penalties, damages, etc. which Transferor Company may be called upon to pay or secure in respect of any liability or obligation relating to the Textile Undertaking of Transferor Company for the period upto the Effective Date, and any reasonable costs incurred by Transferor Company in respect of such proceedings

started by or against it relating to the period up to the Effective Date upon submission of necessary evidence by Transferor Company to Transferee Company for making such payment.

- 3.12 With effect from the Appointed Date, all employees of Transferor Company engaged in or in relation to the Textile Undertaking as on the Effective Date, shall become employees of Transferee Company with the benefit of continuity of service on same terms and conditions being not unfavourable with the terms and conditions applicable to such employees of Transferor Company and without any breach or interruption of service. With regard to gratuity fund, superannuation fund or any other special fund or any other special scheme created or existing for the benefit of such employees of Transferor Company, upon the Scheme becoming effective, the existing amounts, whether held by way of cash and/or investments, in the gratuity fund and superannuation fund trusts created by Transferor Company for its employees including employees of the Textile Undertaking of Transferor Company shall be pro rata transferred to the Gratuity Fund and superannuation fund schemes carried on by the Transferee Company on the same terms and conditions in relation to the employees of the Transferor Company being transferred to the Transferee Company. With effect from the Effective Date, Transferee Company shall make the necessary contributions for such transferred employees of Transferor Company in relation to the existing gratuity fund, superannuation fund, provident fund benefits and benefits under any other special fund or scheme. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Textile Undertaking of Transferor Company in relation to such schemes or funds shall become those of Transferee Company. It is clarified that the services of all transferred employees of Transferor Company, to Transferee Company will be treated as having been continuous for the purpose of the aforesaid schemes or funds.
- 3.13 Transferee Company undertakes to continue to abide by any agreement(s)/settlement(s) entered into with any labour unions/employees by Transferor Company in relation to its Textile Undertaking. Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such employees with Transferor Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- 3.14 Subject to the other provisions contained in this Scheme, all contracts, business/asset purchase agreements, memoranda of undertakings, memoranda of agreement, memoranda of agreed points, letters of agreed points, arrangements, undertakings whether written or otherwise, lease rights, deeds, bonds, other agreements and instruments of whatsoever nature relating to the Textile Undertaking to which Transferor Company is a party or having effect immediately before the Effective Date, shall remain in full force and effect against and in favour of Transferee Company and may be enforced fully and effectually as if, instead of Transferor Company, Transferee Company had been a party thereto.
- 3.15 Transferor Company is entitled to various benefits under incentive schemes and policies in relation to the Textile Undertaking, including the subsidies available to certain units of the Textile Undertaking under the Technology Upgradation Fund Scheme and incentives, benefits including tax holidays available to the export oriented units (“EOUs”) of the Textile Undertaking etc. Pursuant to this Scheme it is declared that the benefits under all of such schemes and policies (including the subsidies available to certain units of the Textile Undertaking under the Technology Upgradation Fund Scheme and incentives, benefits including tax holidays available to the EOU’s of the Textile Undertaking) shall be transferred to and vest in Transferee Company and all benefits, entitlements and incentives of any nature whatsoever including sales tax concessions and incentives shall be claimed and/or be claimed by Transferee Company and these shall relate back to the Appointed Date as if Transferee Company was originally entitled to all benefits under such incentive scheme and/or policies.
- 3.16 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, tax holidays, incentives concessions and other authorizations, shall stand vested by the order of sanction of the Hon’ble High Court of Punjab & Haryana at Chandigarh in the Transferee Company, Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file.
- 3.17 It is expressly clarified that with effect from the Appointed Date, all taxes, duties, cess payable by Transferor Company relating to the Textile Undertaking and all or any refunds/ credit including MAT credit/ claims relating thereto shall be treated as the liability or refund/ credit including MAT credit/ claims, as the case may be, of Transferee Company.
- 3.18 For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Act in respect of this Scheme, Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the legal right(s) upon the vesting of such assets of the Textile Undertaking of Transferor Company in accordance with the provisions of Sections 391 and 394 of the Act. Transferor Company and Transferee Company shall jointly and severally be authorised to execute any writings as are required to remove any difficulties and carry out any formalities or compliance for the implementation of this Scheme.
- 3.19 Transferor Company shall permit Transferee Company to use its brand “**Vardhman**” and corporate logo as a part of its brand name and marketing/promotional material, subject to such terms and conditions as may be agreed to between Transferor Company and Transferee Company.

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

- (a) Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Textile Undertaking of Transferor Company for and on behalf of Transferee Company.
- (b) All income, expenditures including management costs, profits accruing to Transferor Company and all taxes thereof or losses arising or incurred by it relating to the Textile Undertaking of Transferor Company shall, for all purposes, be treated as the income, expenditures, profits, taxes or losses as the case may be of Transferee Company.

PART IV

4. REORGANISATION OF SHARE CAPITAL; MATTERS RELATING TO ACCOUNTS ETC.

- 4.1 Upon coming into effect of the Scheme and upon vesting of the Textile Undertaking of Transferor Company in Transferee Company, Transferee Company shall determine a record date ("**Record Date**") being a date post filing of the sanction order of this Scheme with the Registrar of Companies, for completion of all allotments of fully paid equity shares of the face value of Rs.10/- each at par to the shareholders of Transferor Company in accordance with this Scheme.
- 4.2 The existing paid-up equity share capital of Transferor Company of Rs.15,95,54,002/- (Rupees Fifteen Crores Ninety Five Lakhs Fifty Four Thousand and Two Only) shall be split between Transferor Company and Transferee Company in the ratio of 20:80. The total equity share capital of Transferor Company pursuant to such split shall be Rs.3,19,17,202/- (Rupees Three Crores Nineteen Lakhs Seventeen Thousand Two Hundred and Two Only) after retaining forfeited shares and calls in arrears in the Transferor Company. For every 10 equity shares held in Transferor Company, as on the Record Date, each equity shareholder of Transferor Company shall be issued 8 equity shares of face value of Rs.10/- each credited as fully paid-up in Transferee Company and shall retain 2 equity shares of face value of Rs.10/- each as fully paid-up in Transferor Company. The remaining 8 shares held by the equity shareholders in Transferor Company shall stand extinguished.
- 4.3 Transferee Company shall without any further act or deed, issue and allot to every equity shareholder of Transferor Company on the Record Date, the requisite number of equity shares in Transferee Company of face value of Rs.10/- each credited as fully paid up resulting in the issue of 1,27,63,680 (One Crores Twenty Seven Lakhs Sixty Three Thousand Six Hundred and Eighty Only) equity shares of Transferee Company amounting to Rs.12,76,36,800/- (Rupees Twelve Crores Seventy Six Lakhs Thirty Six Thousand Eight Hundred Only) Pursuant to the issue and allotment of the fresh equity shares in the Transferee Company in accordance with clause 4.2 above, the total paid up capital of the Transferee Company shall be enhanced by 1,27,63,680 (One Crore Twenty Seven Lakhs Sixty Three Thousand Six Hundred and Eighty Only) It is hereby clarified that for the purpose of such allotment of equity shares in Transferee Company, fractional entitlements, if any, of the equity shareholders in Transferor Company as on the Record Date, shall be rounded off to the nearest whole. The said equity shares in Transferee Company to be issued to the shareholders of Transferor Company shall rank *pari passu* in all respects to the existing equity shares in Transferee Company. Vardhman Threads Limited is a shareholder of the Transferor Company and a wholly owned subsidiary of Transferee Company. In accordance with the exchange ratio as well as other provisions of this Scheme, on the Record Date, it will be issued equity shares in the Transferee Company, in its capacity as shareholders of Transferor Company. It is hereby clarified that the voting rights of the said equity shares in the Transferee Company issued to Vardhman Threads Limited on the Record Date shall be suspended. The suspension of voting rights in respect of the fresh equity shares of the Transferee Company issued to Vardhman Threads Limited pursuant to this Scheme shall continue as long as Vardhman Threads Limited is the legal owner of such equity shares or till the time Vardhman Threads Limited remains a subsidiary of Transferee Company, whichever is earlier.
- 4.4 All shareholders of Transferor Company, whose names shall appear on Register of Members of Transferor Company as on the Record Date, shall surrender their share certificates for cancellation thereof to Transferor Company in accordance with the procedure stipulated by the Transferor Company. The Transferor Company shall, on receipt of share certificates from the shareholders, cancel the submitted share certificates and issue fresh share certificates to the shareholders for the equity shares in Transferor Company retained by such shareholders. All such fresh share certificates for the equity shares retained in Transferor Company shall be sent by Transferor Company to the shareholders at their respective registered addresses as appearing in the said Register (or in the case of joint holders to the address of the joint holder whose name stands first in such Register in respect of such joint holding) and Transferor Company shall not be responsible for any loss in transmission. In the event any shareholder of Transferor Company fails to submit the share certificate(s) of the Transferor Company held by him, to Transferor Company, the said share certificates of the Transferor Company shall be deemed to have been cancelled and fresh share certificates shall be issued to such shareholders for the equity shares retained by such shareholder in the Transferor Company. All such fresh share certificates for the equity shares retained in the Transferor Company, shall be sent by the Transferor Company to the shareholders at their respective registered addresses as appearing in the Register (or in the case of joint holders to the address of the joint holder whose name stands first in such Register in respect of such joint holding) and Transferor Company shall not be responsible for any loss in transmission. All fresh share certificates issued to the shareholders of the

Transferor Company, for the equity shares retained in the Transferor Company, shall be issued by the Transferor Company under a new range of distinctive numbers and the old range of distinctive numbers under which the cancelled equity share certificates were issued shall automatically stand cancelled. Each of the shareholders of Transferor Company holding their equity share in Transferor Company in certificate form as on the Record Date shall have the option, to be exercised by way of giving a notice to Transferor Company, on or before such date as may be determined by the Board of Directors of Transferor Company, to hold in dematerialized form the equity shares to be retained in Transferor Company. In respect of those shareholders of Transferor Company exercising the option to hold in dematerialized form the equity shares to be retained in Transferor Company, such members shall have opened and maintained an account with a depository participant, and shall have provided such other confirmation, information and details as may be required, to Transferor Company.

- 4.5 All certificates for the fresh equity shares in Transferee Company shall be sent by Transferee Company to the shareholders of Transferor Company at their respective registered addresses as appearing in the said Register (or in the case of joint holders to the address of that joint holder whose name stands first in such Register in respect of such joint holding) and Transferee Company shall not be responsible for any loss in transmission. All existing shareholders of Transferor Company holding their equity shares in Transferor Company in dematerialized form as on the Record Date shall be issued the fresh equity shares in Transferee Company in dematerialized form. Each of the remaining shareholders of Transferor Company as on the Record Date shall have the option, to be exercised by way of giving a notice to Transferee Company, on or before such date as may be determined by the Board of Directors of Transferee Company, to receive the fresh equity shares either in certificate form or in dematerialized form. In the event that such notice has not been received by Transferee Company in respect of any shareholder of Transferor Company by the specified date, the fresh equity shares shall be issued by Transferee Company to such members in certificate form. In respect of those shareholders of Transferor Company exercising the option to receive the equity shares in dematerialized form, such members shall have opened and maintained an account with a depository participant, and shall have provided such other confirmation, information and details as may be required, to Transferee Company.
- 4.6 Transferee Company shall, on the Record Date, issue all the equity shares which Transferee Company is entitled to receive in itself, in its capacity as shareholder of the Transferor Company (the **"Trust Shares"**) to an individual trustee or a board of trustees (including the survivors or survivor of any of the trustees comprising such board of trustees) or a corporate trustee (hereinafter referred to as the **"Trustees"**), to have and to hold the Trust Shares in trust together with all additions or accretions thereto upon trust exclusively for the benefit of Transferee Company and its successor subject to the powers, provisions, discretions, rights and agreements contained in the instrument (the **"Trust Deed"**) establishing the aforesaid trust (the **"Trust"**).
- 4.7 On the approval of the Scheme by the members of Transferee Company pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded their consent under Section 81(1A) of the Act or other provisions of the Act as may be applicable.
- 4.8 The exchange ratio stated in Clause 4.2 herein has been determined by the Board of Directors of Transferor Company and Transferee Company based on their independent judgment and taking into consideration the valuation provided by independent valuers, M/s ICICI Securities Limited.
- 4.9 With effect from the Appointed Date, and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of Transferor Company & Transferee Company be required, the individual reserves of the Transferor Company shall be accounted for and dealt with in the books of account of the Transferor Company and the Transferee Company in the following manner.
 - (i) The balance lying to the credit of the Capital Reserve of the Transferor Company shall remain in the books of the Transferor Company.
 - (ii) The balance lying to the credit of the Capital Redemption Reserve of the Transferor Company shall remain in the books of the Transferor Company.
 - (iii) Out of the balance lying to the credit of the Share Premium Account of the Transferor Company Rs.31,25,10,400 (Rupees Thirty One Crores Twenty Five Lakhs Ten Thousand Four Hundred Only) shall be credited by the Transferee Company to an account by the name of Share Premium Account existing/ to be created in the books of the Transferee Company and the same shall be extinguished from the books of the Transferor Company.
 - (iv) The balance of Rs.21,25,00,000 (Rupees Twenty One Crores Twenty Five Lakhs Only) lying to the credit of the Debenture Redemption Reserve of the Transferor Company shall be credited by the Transferee Company to an account by the name of Debenture Redemption Reserve existing/to be created in the books of the Transferee Company and the same shall be extinguished from the books of the Transferor Company.
 - (v) Out of the balance lying to the credit of the General Reserve of the Transferor Company, Rs.126,17,95,816 (Rupees One Hundred Twenty Six Crores Seventeen Lakhs Ninety Five Thousand Eight Hundred and Sixteen Only) shall be credited by the Transferee Company to an account by the name of General Reserve existing/ to be created in the books of the Transferee Company and the same

shall be extinguished from the books of the Transferor Company.

- (vi) Out of the balance lying to the credit of the Profit & Loss Account of the Transferor Company, Rs.7,03,93,886 (Rupees Seven Crores Three Lakhs Ninety Three Thousand Eight Hundred Eighty Six Only) shall be credited by the Transferee Company to an account by the name of Profit & Loss Account existing / to be created in the books of the Transferee Company and the same shall be extinguished from the books of the Transferor Company.

PART V

5. GENERAL TERMS AND CONDITIONS

- 5.1 The accounts of Transferor Company as on the Appointed Date shall be constructed in accordance with the terms of the Scheme. The balance sheet of Transferee Company shall also be constructed in accordance with the terms of this Scheme and a reference balance sheet of the Transferee Company, as of the Appointed Date, is annexed hereto as Schedule III.
- 5.2 Transferor Company and Transferee Company are expressly permitted to construct their Income Tax returns and related TDS certificates and the right to claim refund, advance tax credits including MAT credit etc. upon this Scheme becoming effective and have expressly reserved the right to make such provisions in the Income Tax returns and related TDS certificates and the right to claim refund, advance tax credits including MAT credit etc. pursuant to the sanction of this Scheme.
- 5.3 No stamp duty shall be payable in any State for vesting of the Textile Undertaking in the Transferee Company pursuant to this Scheme as no stamp duty is payable on a scheme of demerger within the States where the properties are located as given in Schedule II.
- 5.4 Transferor Company and Transferee Company shall make necessary applications before the Hon'ble High Court of Punjab and Haryana at Chandigarh for sanction of this Scheme and any disputes arising out of this agreement shall be subject to the jurisdiction of this Court only.
- 5.5 All costs, charges, taxes, including duties, levies and fees and all other expenses, if any, arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and incidental thereto shall be borne by the Transferor Company and the Transferee Company in the ratio of 20:80.
- 5.6 Transferor Company and Transferee Company, each through its directors or authorised persons may in their full and absolute discretion, assent to any alteration or modification which the Court and /or any other authority may deem fit to approve or impose or may consider necessary to settle any question or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith. Transferor Company and Transferee Company, each through its directors or authorised persons may also in their full and absolute discretion, withdraw or abandon this Scheme at any stage prior to filing the order of the Hon'ble High Court of Punjab and Haryana at Chandigarh sanctioning this Scheme with the Registrar of Companies, Punjab.
- 5.7 Upon the Scheme becoming effective and subject to the above provisions, the shareholders of Transferor Company as on the Record Date, shall receive new share certificates or demat share receipts of credit of new shares in their share accounts maintained with the depository participants reflecting the issued share capital of Transferee Company (after excluding the original issued capital) and Transferee Company shall, if so required, be eligible to issue letters of allotment for the share pending issue of share certificates or receipts for credit of the equity shares to the account of the shareholders with the depository participant under the depository system.
- 5.8 The Scheme is conditional upon and is subject to:-
- a) The Scheme being agreed to by the respective requisite majorities of the members (either by way of a meeting or a letter of consent) and the creditors of the Transferor Company and Transferee Company in accordance with Section 391 of the Act and the requisite orders of the Hon'ble High Court of Punjab and Haryana at Chandigarh sanctioning this Scheme in exercise of the powers vested in it under the Act.
 - b) All necessary certified copies of the order of the Hon'ble High Court of Punjab and Haryana at Chandigarh sanctioning this Scheme being filed with the Registrar of Companies, Punjab.
- 5.9 Upon the sanction of the Scheme and after the Scheme has become effective, with effect from the Appointed Date the following shall be deemed to have occurred in the sequential order; (i) the issue by Transferee Company of the Trust Shares to the Trustees in accordance with Clause 4.6 herein; and (ii) the demerger of the Textile Undertaking of the Transferor Company as required under Section 2 (19 AA) of the Income Tax Act, 1961.
- 5.10 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.
- 5.11 In case any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employee and/or persons entitled to or claiming any right to any shares in the Transferor or

Transferee Company as to the construction of this Scheme or as to any account, valuation or apportionment to be taken or made in connection herewith or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to the arbitration of Mr. Shardul S. Shroff (Managing Partner) Amarchand Mangaldas Suresh A. Shroff & Co., under the Arbitration and Conciliation Act 1996, whose decision shall be final and binding on all concerned.

SCHEDULE I

List of the Assets and Liabilities of the Textile Undertaking of Transferor Company as on April 1, 2004

PARTICULARS	RS. LACS	RS. LACS
TOTAL ASSETS		
FIXED ASSETS		
Gross Block		
Land	792.84	
Building	10290.48	
Plant & Machinery	53818.76	
Vehicles	258.00	
Furniture, Fixtures & Equipment	752.56	65912.64
Less : Depreciation		28974.77
Balance		36937.87
Add : Capital Work in Progress		424.27
NET BLOCK		37362.14
INVESTMENTS		
5 shares of Rs. 50/- each in Dalamal House Commercial Complex Premises Co-operative Society Ltd, Mumbai, 5 shares of Rs. 50/- each in Nariman Bhawan Premises Co-operative Society Ltd, Mumbai, 40 shares of Rs. 50/- each in Valencia Co-operative Housing Society Ltd. Mumbai.		0.01
CURRENT ASSETS, LOANS & ADVANCES		
Inventories		19512.16
Sundry Debtors		6019.92
Cash & Bank Balances		865.60
Loans & Advances		5607.78
TOTAL CURRENT ASSETS		32005.46
LESS: CURRENT LIABILITIES & PROVISIONS		6111.55
NET CURRENT ASSETS		25893.91
DEFERRED REVENUE EXPENDITURE		53.11
TOTAL ASSETS		63309.16
TOTAL LIABILITIES		
SECURED LOANS		
DEBENTURES		
14% Non-convertible Secured Redeemable Debentures of Rs. 35 Lakhs each	1225.00	
12.10% Non-convertible Secured Redeemable Debentures of Rs. 100 Lakhs each	2500.00	
7.90% Non-convertible Secured Redeemable Debentures of Rs. 100 Lakhs each	2500.00	
TERM LOANS		
Financial Institutions	8225.00	

Banks	11068.76	
WORKING CAPITAL LOANS FROM BANKS	<u>9011.86</u>	34530.62
UNSECURED LOANS		
Fixed Deposits	186.57	
Loans from Bank	3500.00	
Loans from Body Corporate	<u>178.50</u>	3865.07
Deferred Tax Liability		5065.10
TOTAL LIABILITIES		43460.79

Note :

The reference opening Balance Sheet of Mahavir Spinning Mills Ltd. (MSML) has been drawn up in accordance with the Scheme of Arrangement and De-merger among Vardhman Spinning & General Mills Ltd. (VSGM) as the Transferor Company and MSML as the Transferee Company and their respective shareholders and creditors' which is subject to the approval of the Hon'ble High Court of Punjab & Haryana. The figures indicated in the said Balance Sheet are the aggregate of the figures as appearing in the audited Balance sheet of MSML as at 31st March 2004 and the figures of assets, liabilities and reserves of VSGM being transferred to MSML pursuant to the aforesaid scheme.

SCHEDULE II

List of the Immovable Properties of the Textile Undertaking of Transferor Company as on August 31, 2004

1. Plots of land in Village Jamalpur Awana, Ludhiana in the state of Punjab having details as under:-
 - i) Sale Deed No. 3014 Dated 23.05.1963 in respect of land measuring 110 K-06 M (Registered).
 - ii) Sale Deed No. 153 Dated 01.01.1964 in respect of land measuring 02 K-04 M (Registered).
 - iii) Sale Deed No. 863 Dated 04.06.1964 in respect of land measuring 45 K-10 M (Registered).
 - iv) Sale Deed No. 21517 Dated 20.09.1994 in respect of land measuring 60 K-00 M (App.) (Registered).
 - v) Allotment letter No. UE-262/80/13733 dated 24.06.1980 in respect of land measuring 137 Kanal 12 Marla, the possession of which was handed over on 25.06.1980 vide Agreement dated 10.06.1980 between the company and the Govt. of Punjab (Unregistered).

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Kanal	Marlas
Ludhiana	Ludhiana	Jamalpur Awama		K	M
			73//5	6	7
			6	8	0
			7	8	0
			8	8	0
			9	8	0
			15	8	0
			16/1	4	0
			25/2	1	11
			74//1/2	4	0
			10	8	0
			11	8	0
			20	8	0
			21	7	12
			26	0	8
			83//1	8	0
			10	7	18
			84//5/2	4	0
			6/1	2	10
			110K – 06M		
			73//27 (1/2 share)	0	4
			73//25/3	2	2
			2K –04M		

73//14	8	0
16/2	4	0
17	8	0
24	8	0
25/1	3	15
26	0	5
84//4	8	0
5/1	4	0
6/2	1	10

45K – 10M

60K – 00M

(App.)		
73//10	0	8
12/1	4	0
12/2	3	16
13	8	0
18	8	0
19	7	12
23	8	0
74//1/1	0	7
1/1/3	0	18
8	5	16
9	8	18
12	8	0
13	8	0
17	8	0
18	8	0
19	8	0
22	8	0
23	7	9
24	7	11
83//2	8	0
3	8	0
4	8	0
8	8	0
9	8	0
12	3	16
13	7	16
84//3	4	2

137K – 12M

2. Two Plots of land measuring 500 Sq. Yds each (i.e. 1000 Sq. Yds.) situated in Village Taraf Karabara presently known as Gurdev Nagar, Ludhiana in the state of Punjab acquired vide

- i) Sale Deed No. 7224 Dated 02.09.1983 in respect of land measuring 500 Sq. Yds. (Registered)
- ii) Sale Deed No. 7226 Dated 02.09.1983 in respect of land measuring 500 Sq. Yds. (Registered)

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	Karabare	(Out of Khasra Nos.)	
			287/3	500 Sq. Yds.
			287/3	500 Sq. Yds.

3. Land measuring 31 Kanal 04 Marla situated at Tajpur Road, Ludhiana in the state of Punjab acquired vide

- i) Sale Deed No. 14405 Dated 26.09.1997 in respect of land measuring 10K-00M (Registered)
- ii) Sale Deed No. 14308 Dated 29.09.1997 in respect of land measuring 10K-02M (Registered)

iii) Sale Deed No. 14548 Dated 30.09.1997 in respect of land measuring 10K-00M (Registered)

iv) Sale Deed No. 14309 Dated 25.09.1997 in respect of land measuring 01K-02M (Registered)

District	Tehsil	Village	Khasra Nos.	Area	
Ludhiana	Ludhiana	Tajpur& Bhamian Kalan	(Out of Khasra Nos.)		
			200/604	Kanal	Marlas
			29//24	6	19
			37//4	4	12
			5/1	4	0
			6/2	0	6
			7	0	13
			29//16/2	4	0
			17//2	1	18
			25/1	7	14

10K-00M

204/604		
29//24	6	19
37//4	4	12
5/1	4	0
6/2	0	6
7	0	13
29//16/2	4	0
17//2	1	18
25/1	7	14

10K-02M

200/604		
29//24	6	19
37//4	4	12
5/1	4	0
6/2	0	6
7	0	13
29//16/2	4	0
17//2	1	18
25/1	7	14

10K-00M

27//24/1	0	17
24/2	0	5

01K-02M

4. Land measuring 74 Kanal 7 Marla situated at Village Bholapur, Ludhiana in the state of Punjab acquired vide

- i) Sale Deed No. 7963 Dated 13.03.1981 (Registered)
- ii) Sale Deed No. 7936 Dated 12.03.1981 (Registered)
- iii) Sale Deed No. 8011 Dated 16.03.1981 (Registered)
- iv) Sale Deed No. 8072 Dated 18.03.1981 (Registered)
- v) Sale Deed No. 7881 Dated 11.03.1981 (Registered)
- vi) Sale Deed No. 284 Dated 15.04.1981 (Registered)
- vii) Sale Deed No. 7645 Dated 02.03.1981 (Registered)
- viii) Sale Deed No. 7859 Dated 10.03.1981 (Registered)
- ix) Sale Deed No. 7801 Dated 09.03. 1981 (Registered)
- x) Sale Deed No. 7749 Dated 06.03.1981 (Registered)
- xi) Sale Deed No. 7646 Dated 02.03.1981 (Registered)

District	Tehsil	Village	Khasra Nos.	Area	
Ludhiana	Ludhiana	Bholapur	(Out of Khasra Nos.)	Kanal	Marlas

	K	M
39//2	8	0
9/2	6	16
11/2/2	3	8
12/1	6	16
39//4	8	0
39//1	8	0
40//5	7	12
6	7	12
40//4/2	3	1
39//10/2	7	2
27//16	7	14
27//24	8	0
25	7	4
26//24	0	6
25	6	5
27//21	8	0
22	8	0
27//23	8	0
39//3	8	0
5	7	12
19/2	6	16
20/2	2	15
20/1/2	0	7
21/1	0	1
22/2/1	1	0
40//15	7	12
42//2/2/1	1	3
3/2	0	8

74K-07M

5. Residential Property measuring 2000 Sq. Yds bearing Kothi No. 76 in Sector 9-A, Chandigarh in the Union Territory of Chandigarh acquired vide.

i) Sale Deed No. 2205 Dated 04.01.2001 (Registered)

District	Tehsil	Village	Khasra Nos.	Area
Chandigarh	Chandigarh	—	—	2000 Sq.Yds.

6. a) Land measuring 500 Bigha 04 Biswa (Registered) situated at Baddi Tehsil Nalagarh, Distt Solan in the state of Himachal Pradesh acquired vide.

i) Sale Deed No. 27 Dated 05.01.1990

ii) Sale Deed No. 21 Dated 05.01.1990

iii) Sale Deed No. 31 Dated 05.01.1990

iv) Sale Deed No. 23 Dated 05.01.1990

v) Sale Deed No. 25 Dated 05.01.1990

vi) Sale Deed No. 26 Dated 05.01.1990

vii) Sale Deed No. 24 Dated 05.01.1990

viii) Sale Deed No. 28 Dated 05.01.1990

ix) Sale Deed No. 19 Dated 05.01.1990

x) Sale deed No. 32 Dated 05.01.1990

xi) Sale Deed No. 30 Dated 05.01.1990

xii) Sale Deed No. 28 Dated 05.01.1990

xiii) Sale Deed No. 20 Dated 05.01.1990

xiv) Sale Deed No. 15 Dated 05.01.1990

- xv) Sale Deed No. 16 Dated 05.01.1990
xvi) Sale Deed No. 17 Dated 05.01.1990
xvii) Sale Deed No. 14 Dated 05.01.1990
xviii) Sale Deed No. 149 Dated 19.02.1990
xix) Sale Deed No. 18 Dated 05.01.1990
xx) Sale Deed No. 22 Dated 05.01.1990
xxi) Sale Deed No. 872 Dated 06.10.1994
xxii) Sale Deed No. 875 Dated 06.10.1994
xxiii) Sale Deed No. 873 Dated 06.10.1994
xxiv) Sale Deed No. 882 Dated 06.10.1994
xxv) Sale Deed No. 874 Dated 06.10.1994
xxvi) Sale Deed No. 870 Dated 06.10.1994
xxvii) Sale Deed No. 876 Dated 06.10.1994
xxviii) Sale Deed No. 881 Dated 06.10.1994
xxix) Sale Deed No. 886 Dated 06.10.1994
xxx) Sale Deed No. 877 Dated 06.10.1994
xxxi) Sale Deed No. 884 Dated 06.10.1994
xxxii) Sale Deed No. 871 Dated 06.10.1994
xxxiii) Sale Deed No. 885. Dated 06.10.1994
xxxiv) Sale Deed No. 880 Dated 06.10.1994
xxxv) Sale Deed No. 878 Dated 06.10.1994
xxxvi) Sale Deed No. 887 Dated 06.10.1994
xxxvii) Sale Deed No. 883 Dated 06.10.1994
xxxviii) Sale Deed No. 960 Dated 13.11.1991
xxxix) Sale Deed No. 966 Dated 13.11.1991
xl) Sale Deed No. 958 Dated 13.11.1991
xli) Sale Deed No. 965 Dated 13.11.1991
Sale Deed No.962 Dated 13.11.1991
xlii) Sale Deed No. 961 Dated 14.11.1991
xliii) Sale Deed No. 959 Dated 13.11.1991
xliv) Sale Deed No. 969 Dated 13.11.1991
xlv) Sale Deed No. 964 Dated 13.11.1991
xlvi) Sale Deed No. 963 Dated 13.11.1991
xlvii) Sale Deed No. 967 Dated 13.11.1991
xlviii) Sale Deed No. 968 Dated 13.11.1991
xlix) Sale Deed No. 957 Dated 13.11.1991
l) Sale Deed No. 1703 Dated 15.07.2004
li) Sale Deed No. 1778 Dated 23.07.2004
lii) Sale Deed No. 1780 Dated 27.07.2004
liii) Sale Deed No. 1756 Dated 21.07.2004

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Bigha	Biswa
Solan	Nalagarh	Dharpur		B	B
			504	13	13
			507	4	12
			508	1	16
			537	7	07
			538	5	03
			535	3	17
			539	5	05
			503	4	02

	509	6	08
	510	9	10
	511	8	03
	512	4	05
	513	3	01
	514	2	02
	517	3	11
	515	1	13
	533	4	19
	516	1	03
	518	0	12
	532	4	04
	534	9	11
	541	3	02
	536	6	00
	771/505	6	13
	506	4	02
	774/542	3	10
	543	4	16
	547	1	00
	769/505	0	15
	770/505	1	13
	767/505	0	10
	773/542	2	11
Batoli	33	0	05
Khurd	35	0	08
	39	0	11
	43	0	13
	44	0	13
	22	0	14
	34	0	07
	36	0	05
	37	0	09
	38	0	10
	21	0	10
	40	0	10
	42	0	14
	45	2	14
	29	0	14
	31	2	00
	46	1	08
	32	1	19
	47	2	13
	48	0	03
	78/1	2	17
Dharpur	540, 544	7	12
	546		
	562	3	19
	560, 561	14	06
	568		

	556	20	12
	557,	10	15
	578/558		
	571		
	559,569	1	12
	579/558	4	00
	570	2	07
	545,567	0	12
	565	1	15
	566	8	03
	564	0	09
	563	4	17
Dhakru	229/183	2	04
Majra	209	0	12
	230/183	2	03
	210	0	11
	232/212	5	08
	206	8	03
	231/212	4	00
	208	1	09
	207	2	10
	197	5	06
	198	9	05
	203	10	04
	199	4	12
	200	4	00
	201	7	09
	202	4	05
Katha	189	9	14
	185	12	01
	184	4	01
	140	4	16
	181	5	08
	182	13	09
	183	10	15
	180	1	14
	237	12	18
	229,232	16	10
	233		
	235	4	08
	193	8	15
	194	2	16
	195	1	12
	191	1	12
	192	1	10
	196	12	07
Dharpur	491	7	17
Batoli Khurd	41	1	14
	409/16	0	11
Katha	205	02	16

224	01	11
225	01	15
226	04	03
227	02	02
228	07	00
230	04	11
204	00	17
206	04	07
207	01	17
208	01	17
209	03	08
210	01	17
212	09	02
213	00	14
214	04	13
Total	500	04

b) 183 Bigha 09 Biswa (Unregistered) situated at Baddi, Tehsil Nalagarh, Distt Solan in the State of Himachal Pradesh acquired vide various Agreements to Sell

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Bigha	Biswa
Solan	Nalagarh	Dharpur		B	B
			814/492	4	16
			495	3	04
			815/492	3	02
			496/3	1	10
			497/3	1	09
			494/2	3	07
			496/1	0	17
			497/1	0	14
			496/2	0	05
			497/2	0	03
			494/1	0	12
			494/3/2	4	10
			497/4	0	02
			498	11	08
			488	10	03
	Batoli		370/19,24	3	15
	Khurd		389/13/1	0	17
			389/13/2	1	01
			390/13/1	1	19
			15/1	1	03
			407/16	0	11
			408/16	0	12
			17	3	00
			20	2	02
			23	0	15
			25	1	19
			26	2	11
			28	2	03
			27	2	10
			30	1	01
			67		

	51	1	02
	52	4	01
	369/19	3	03
	371/19	2	08
	370/19	1	05
	74	7	04
Katha	178	07	04
	179	13	04
	241	08	13
	238	02	04
	240	13	17
	166	04	13
	167	00	14
	168	06	00
	169	01	05
	171	00	16
	173	10	13
	164	18	05
	154/1	01	06
	155/1	00	10
	438/1	00	08
	433/1	00	16
	229) 1/10 th	01	17
	232) share		
	233)		
	Total	183	09

7. Property measuring 4 Bigha & 8 Biswa situated at Transport Nagar, Delhi in the state of Delhi acquired vide
- i) Sale Deed No. 182 Dated 25.07.1995 in respect of land measuring 1 Bigha 00 Biswa (Registered)
- ii) Sale Deed No. 341 Dated 25.07.1995 in respect of land measuring 1 Bigha 19 Biswa (Registered)
- iii) Sale Deed No. 340 Dated 25.07.1995 in respect of land measuring 1 Bigha 09 Biswa (Registered)

District	Tehsil	Village	Khasra Nos.	Area	
Delhi	—	Khera Kalan	(Out of Khasra Nos.)	Bigha	Biswa
				B	B
			46//12 Min	1	00
			46//19 Min	1	19
			46//19 Min	1	09

8. Property measuring 543.61 Sq. Mtr situated at Rohtak Road, Transport Centre, Delhi in the State of Delhi acquired vide

i) Perpetual Lease Deed No. Nil Dated 29-11-1989.

District	Tehsil	Village	Khasra Nos.	Area
Delhi	—	—	—	543.61 Sq. Mtrs.

9. Property (Office) No. 309 measuring 1105 Sq. ft. situated at 3rd Floor, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi was acquired in the state of Delhi vide

i) Agreement Dated 08.03.2000 (Unregistered).

District	Tehsil	Village	Khasra Nos.	Area
Delhi	—	—	—	1105 Sq. Ft.

10. Property (Office) No. 501 measuring 1147 Sq. Ft. situated at 5th Floor, Sagar Plaza, 19, Laxmi Nagar, Distt. Centre, Vikas Marg, New Delhi in the state of Delhi acquired vide

i) Agreement Dated 17.01.2003 (Unregistered).

District	Tehsil	Village	Khasra Nos.	Area
Delhi	—	—	—	1147 Sq. Ft.

11. Property measuring 500 Sq. Yds. situated at C-18, Westend Colony, New Delhi in the State of Delhi acquired vide

i) Conveyance Deed No. Nil Dated 15.10.1985 (Registered).

District	Tehsil	Village	Khasra Nos.	Area
Delhi	Delhi	—	—	500 Sq. Yds.

12. Property measuring 326 Sq. Yds situated at Bathinda in the state of Punjab acquired vide

i) Sale Deed No. 4229 Dated 29.09.1993 (Registered)

District	Tehsil	Village	Khasra Nos.	Area
Bathinda	Bathinda	—	(Out of Khasra Nos.) 5333/1813/4	326 Sq. Yds.

13. Property (Shop) measuring 260 Sq. Ft bearing Shop No. G-19, Ground Floor situated at Guru Nanak Dev Centenary Celebration Committee, Ludhiana in the state of Punjab acquired vide

i) Sale Deed No. 1506 Dated 31.03.2000

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	—	—	260 Sq. Ft

14. Property (Shop) measuring 56 Sq. Yds situated at Chandigarh Road, Ludhiana in the state of Punjab acquired vide

i) Sale Deed No. 9083 Dated 07.11.2002 (Registered)

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	Sherpur Kalan	(Out of Khasra Nos.) 6//7/1 6//6/2	56 Sq.Yds.

15. Plot measuring 421 Sq. Yds situated at Chandigarh Road, Ludhiana in the state of Punjab acquired vide

i) Sale Deed No.9082 Dated 07.11.2002 (Registered)

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	Sherpur Kalan	(Out of Khasra Nos.) 6//7/1 5//6/2	421 Sq.Yds.

16. Land measuring 3 Acres 3 Kanal 17 Marla situated at Mundian Khurd, Ludhiana in the state of Punjab acquired vide

i) Sale Deed No.23209 Dated 17.01.1997 (Registered)

District	Tehsil	Village	Khasra Nos.	Area	
Ludhiana	Ludhiana	Mundian Khurd	(Out of Khasra Nos.)	Kanal	Marias
				K	M
			22/9	4	0
			12	8	0
			29//22	8	0
			23	7	11
			24	7	11
			25	1	1
			Equivalent to 3 Acres 3 Kanal 17 Marla	27K	—
				17M	

17. Eight Houses measuring 160 Sq. Yds each situated (160X8=1280 Sq. Yds) at Jamalpur Awana, Ludhiana in the state of Punjab allotted by the Punjab Housing Board Colony, (PUDA) acquired vide.

i) Allotment Letter No. 14329 Dated 08.09.1976 (Unregistered)

ii) Allotment Letter No. 14331 Dated 08.09.1976 (Unregistered)

iii) Allotment Letter No. 14333 Dated 08.09.1976 (Unregistered)

iv) Allotment Letter No. 14335 Dated 08.09.1976 (Unregistered)

v) Allotment Letter No. 14337 Dated 08.09.1976 (Unregistered)

vi) Allotment Letter No. 14339 Dated 08.09.1976 (Unregistered)

vii) Allotment Letter No. 14341 Dated 08.09.1976 (Unregistered)

viii) Allotment Letter No. 14343 Dated 08.09.1976 (Unregistered)

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	Dhandari Kalan	—	1280 Sq. Yds. i.e.160 Sq.Yds. each

together with building and structure thereon and all plant and machinery attached to the earth or permanently fastened anything attached to the earth.

SCHEDULE III

Reference Balance Sheet of the Transferee Company as on the Appointed Date

Particulars	(Rs. in Lakhs)
I SOURCES OF FUNDS	
1 Shareholders' funds	
a) Capital	3,851.32
b) Reserves & Surplus	66,051.28
	69,902.60
2. Loans Funds	
a) Secured Loans	81,482.52
b) Unsecured Loans	8,653.47
	90,136.00
3. Deferred Tax Liability	10,431.64
TOTAL	1,70,470.24
II APPLICATION OF FUNDS	
I Fixed Assets	
a) Gross Block	1,44,196.08
b) Less: Depreciation	64,579.13
c) Net Block	79,616.95
d) Capital Work-in-Progress	1,317.71
	80,934.66
2. Investment	
3. Current Assets, Loans and Advances	
a) Inventories	59,622.11
b) Sundry Debtors	19,176.56
c) Cash and Bank Balances	2,673.18
d) Loans and Advances	12,848.31
	(A) : 94,320.16
Less: Current Liabilities and Provisions	
a) Liabilities	12,409.80
b) Provisions	2,066.89
	(B) : 14,476.69
Net Current Assets (A-B)	79,843.47
4. Miscellaneous Expenditure (To the extent not written off or adjusted) Deferred Revenue Expenses	53.11
TOTAL :	170,470.24

Dated, this 4th day of March, 2005

(By the Court)

Sd/- . Court Secretary Liqn.
For Registrar(J)

**IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA AT CHANDIGARH
ORIGINAL COMPANY JURISDICTION**

COMPANY PETITION NO. 170 OF 2004

CONNECTED WITH COMPANY PETITION ON.161 OF 2004

IN THE MATTER OF:-

The Companies Act, 1956

IN THE MATTER OF:-

Sections 391 to 394 of the Companies Act, 1956

IN THE MATTER OF:-

Scheme of Arrangement and Demerger between Vardhman Spinning and General Mills Limited and Mahavir Spinning Mills Limited, both existing companies under the Indian Companies Act, 1956 and having their Registered Offices at Chandigarh Road, Ludhiana, Punjab-141 010.

IN THE MATTER OF:-

Mahavir Spinning Mills Limited,
an existing company under the Indian Companies
Act, 1956 and having its Registered Office at
Chandigarh Road, Ludhiana,Punjab-141010
Through Sh. Darshan Lal Sharma

Petitioner/Transferee Company

AND

Vardhman Spinning and General Mills Limited.
An existing company under the Indian Companies Act,
1956 and having its Registered Office at
Chandigarh Road, Ludhiana, Punjab-141 010

Transferor Company

**PETITIONS UNDER SECTIONS 391 –394 OF THE COMPANIES ACT, 1956 FOR
SANCTION AND APPROVAL BY THIS HON'BLE COURT OF THE SCHEME OF
ARRANGEMENT AND DEMERGER BETWEEN VARDHMAN SPINNING AND
GENERAL MILLS LIMITED ("TRANSFEROR COMPANY") AND THE PETITIONER
COMPANY.**

PRAYER

In view of what has been stated herein above, in the facts and circumstances of the case and in exercise of its powers under Sections 391-394 of the Companies Act, 1956 and Rule 9 of the Companies (Court) Rules, 1959 it is most respectfully prayed that this Hon'ble Court be pleased to:

- (a) Sanction the present Scheme of Arrangement and Demerger between the Transferor Company and the Petitioner/ Transferee Company, as annexed herewith and marked as "**Annexure P-1**" so as to be binding upon the Transferor and the Petitioner/Transferee Company.
- (b) issue appropriate directions in connection with the present Petition and the present Scheme of Arrangement in respect of notices to be published and issuance of Dasti Notices to the Regional Director, Department of Company Affairs, Northern Region, Kanpur in accordance with law:
- (c) the Regional Director, Department of Company Affairs be directed to file his report within a period of 4 weeks from the date of the order made hereon and serve a copy of the report on the Petitioner's;
- (d) pass such other and further orders as are deemed necessary in the facts and circumstances of the case.

AND

COMPANY PETITION NO.169 OF 2004

CONNECTED WITH COMPANY PETITION NO.163 OF 2004

IN THE MATTER OF:

The companies Act, 1956

IN THE MATTER OF:

Sections 391 to 394 of the Companies Act, 1956.

IN THE MATTER OF:

Scheme of Arrangement and Demerger between Vardhman Spinning and General Mills Limited and Mahavir Spinning Mills Limited, both existing companies under the Indian Companies Act, 1956 and having their Registered Officers at Chandigarh Road, Ludhiana, Punjab-141 010.

IN THE MATTER OF:

Vardhman Spinning and General Mills Limited an existing company under the Indian Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana
Punjab-141 010, through Shri Sachit Jain,

Petitioner/Transferor Company

AND

Mahavir Spinning Mills Limited, An existing company
Under the Indian Companies Act, 1956 and having its
Registered Office at Chandigarh Road,
Ludhiana, Punjab-141 010.

Transferee Company

**PETITIONS UNDER SECTIONS 391-394 OF THE COMPANIES ACT, 1956 FOR
SANCTION AND APPROVAL BY THIS HON'BLE COURT OF THE SCHEME OF
ARRANGEMENT AND DEMERGER BETWEEN THE PETITIONER COMPANY
AND MAHAVIR SPINNING MILLS LIMITED ("THE TRANSFEREE COMPANY")**

PRAYER

In view of what has been stated herein above, in the facts and circumstances of the case and in exercise of its powers under Sections 391-394 of the Companies Act, 1956 and Rule 9 of the Companies (Court) Rules, 1959, it is most respectfully prayed that this Hon'ble Court be pleased to:

- (a) sanction the present Scheme of Arrangement and Demerger between the Petitioner/Transferor Company, as annexed herewith and marked as "**Annexure P-1**" so as to be binding upon the Petitioner/Transferor and the Transferee Company.
- (b) issue appropriate directions in connection with the present Petition and the present Scheme of Arrangement in respect of notices to be published and issuance of Dasti Notices to the Regional Director, Department of Company Affairs, Northern Region, Kanpur, in accordance with law;
- (c) the Regional Director, Department of Company Affairs be directed to file his report within a period of 4 weeks from the date of the order made heron and serve a copy of the report on the Petitioner's ;
- (d) pass such other and further orders as are deemed necessary in the facts and circumstances of the case.

BEFORE HON'BLE MR. JUSTICE M.M. KUMAR

DATED THE 4TH MARCH, 2005

The above noted petition Nos. 169 and 170 of 2004 came up for hearing on 4th March, 2005 duly supported by Affidavits of Mr. Sachit Jain authorised representative of the Transferor Company and Shri Darshan Lal Sharma, authorised representative of the Transferee Company; upon perusing the said petitions and the orders dated 16.12.2004 whereby notices of aforesaid company petitions were ordered to be issued to the Central Government through Regional Director, Department of Company Affairs, Kanpur and the Official Liquidator and further notices of the aforesaid petitions were also directed to be published in the Tribune, Punjab Kesri and the Official Gazette of the Government of Punjab; and also upon perusing the affidavit of Shri U.C. Nahta, Regional Director (Northern Region) Department of Company Affairs, Kanpur in C.P. No.170 of 2004 dated 1.3.2005 stating that the Central Government has no objection; upon hearing Mr. Deepak Suri , Advocate and perusing all other materials placed on record this Court doth order:-

- i) That all the property, rights and powers of the Transferor Company relating to "Textile Undertaking" as specified in the schedule hereto and all other property, rights and powers of the Transferor company relating to said "Textile Undertaking" be transferred without further act or deed to the transferee company and accordingly the same shall, pursuant to Section 394(2) of the Companies Act, 1956, be transferred to and vest in the Transferee Company for all the estate and interest of the Transferor company therein but nevertheless to all charges now affecting the same;
- ii) That all the liabilities and duties of the Transferor Company relating to said "Textile Undertaking" be transferred without further act or deed to the transferee company and accordingly the same shall, pursuant to section 394 (2) of the Companies Act, 1956, be transferred to and become the liabilities and duties of the Transferee Company;
- iii) That all the proceedings now pending by or against the transferor company relating to said "Textile Undertaking" be continued by or against the transferee company;
- iv) That the Transferee company do without further application allot to the members of Transferor company, the shares in the Transferee company to which they are entitled under the aforesaid scheme of Arrangement and Demerger;
- v) That the said companies do within thirty days after the date of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copies being so delivered the Registrar of companies shall place all documents relating to the Transferor and transferee companies accordingly; and
- vi) That any person interested shall be at liberty to apply to the court in the matter for any directions that may be necessary.

SCHEDULE

(As supplied by the Counsel)

IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA AT CHANDIGARH AT ORIGINAL

COMPANY JURISDICTION

COMPANY PETITION NO.169 OF 2004

CONNECTED WITH COMPANY PETITION NO.163 of 2004

In the matter of:

The Companies Act, 1956

And

In the matter of:

Scheme of Arrangement and Demerger between Vardhman Spinning and General Mills Limited and its shareholders and creditors and Mahavir Spinning Mills Limited, and its shareholders and creditors, both existing companies under the Indian Companies Act, 1956 and having their Registered Offices at Chandigarh Road, Ludhiana, Punjab –141 010

In the matter of :

Vardhman Spinning and General Mills Limited,

An existing company under the Indian

Companies Act, 1956 and having its Registered

Office at Chandigarh Road, Ludhiana, Punjab 141-010

.....Petitioner/Transferor Company

FORM 42

SCHEDULE

1. Part I: Short Description of the freehold property pertaining to the Textile Undertaking of the Transferor Company:

1. **Plots of land in Village Jamalpur Awana, Ludhiana in the state of Punjab having details as under:-**

- i) Sale Deed No. 3014 Dated 23.05.1963 in respect of land measuring 110 K-06 M (Registered)
- ii) Sale Deed No. 153 Dated 01.01.1964 in respect of land measuring 02 K-04 M (Registered)
- iii) Sale Deed No. 863 Dated 04.06.1964 in respect of land measuring 45 K-10 M (Registered)
- iv) Sale Deed No. 21517 Dated 20.09.1994 in respect of land measuring 60 K-00 M (App). (Registered)
- v) Sale Deed No. 20014 Dated 25.02.2005 in respect of land measuring 137 K-12 M (Registered)

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	Jamalpur Awana	(Out of Khasra Nos. 73//5 6 7 8 9 15 16/1 25/2 74//1/12 10 11 20 21 26 83//1 10 84//5/2 6/1	Kanal Marlas K M 6 7 8 0 8 0 8 0 8 0 4 0 1 11 4 0 8 0 8 0 7 12 0 8 7 18 4 0 2 10
			110 K-06M	
			73//27 (1/2 share)	0 4
			73//25/3	2 2

2K-04M

73//14	8	0
16/2	4	0
17	8	0
24	8	0
25/1	3	15
26	0	5
84//4	8	0
5/1	4	0
6/2	1	10

45K-10M

60K-00M (App.) (Khasra No.Nil)

73//10	8	0
12/1	4	0
12/2	3	16
13	8	0
18	8	0
19	7	12
23	8	0
74//1/1/12	0	7
1/1/3	0	18
8	5	16
9	8	18
12	8	0
13	8	0
17	8	0
18	8	0
19	8	0
22	8	0
23	7	9
24	7	11
83//2	8	0
3	8	0
4	8	0
8	8	0
9	8	0
12	3	16
13	7	16
84//3	4	2

137K -12M

2. **Two Plots of land measuring 500 Sq. Yds each (i.e. 1000 Sq.Yds.) situated in Village Taraf Karabara presently known as Gurdev Nagar, Ludhiana in the state of Punjab acquired vide**

i) Sale Deed No.7224 Dated 02.09.1983 in respect of land measuring 500 Sq.Yds. (Registered)

ii) Sale Deed No.7226 Dated 02.09.1983 in respect of land measuring 500 Sq.Yds. (Registered)

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	Karabare	(Out of Khasra Nos. 287/3	500 Sq. Yds.
			287/3	500 Sq. Yds

3. **Land measuring 31 Kanal 04 Marla situated at Tajpur Road, Ludhiana in the State of Punjab acquired**

vide

- i) Sale Deed No. 14405 Dated 26.09.1997 in respect of land measuring 10 K-00 M (Registered)
- ii) Sale Deed No. 14308 Dated 29.09.1997 in respect of land measuring 10 K-02 M (Registered)
- iii) Sale Deed No. 14548 Dated 30.09.1997 in respect of land measuring 10 K-00 M (Registered)
- iv) Sale Deed No. 14309 Dated 25.09.1997 in respect of land measuring 01 K-02 M (Registered)

District	Tehsil	Village	Khasra Nos.	Kanal	Marlas
Ludhiana	Ludhiana	Tajpur & Bhamian Kalan	200/604 29//24 37//4 5/1 6/2 7 29//16/2 17//2 25/1	6 4 4 0 0 4 1 7	19 12 0 6 13 0 18 14
			10K-00M 204/604 29//24 37//14 5/1 6/2 7 29//16/2 17//2 25/1	6 4 4 0 0 4 1 7	19 12 0 6 13 0 18 14
			10K-02M 200/604 29//24 37//4 5/1 6/2 7 29//16/2 17//2 25/1	6 4 4 0 0 4 1 7	19 12 0 6 13 0 18 14
			10M-00M 27//24/1 24/2	0 0	17 5
			01K-02M		

4. **Land measuring 74 Kanal 7 Marla (As per Revenue Records) situated at Village Bholapur, Ludhiana in the state of Punjab acquired vide.**

- i) Sale Deed No. 7963 Dated 13.03.1981 (Registered)
- ii) Sale Deed No. 7936 Dated 12.03.1981 (Registered)
- iii) Sale Deed No. 8011 Dated 16.03.1981 (Registered)
- iv) Sale Deed No. 8072 Dated 18.03.1981 (Registered)
- v) Sale Deed No. 7881 Dated 11.03.1981 (Registered)
- vi) Sale Deed No. 284 Dated 15.04.1981 (Registered)
- vii) Sale Deed No. 7645 Dated 02.03.1981 (Registered)
- viii) Sale Deed No. 7859 Dated 10.03.1981 (Registered)
- ix) Sale Deed No. 7801 Dated 09.03.1981 (Registered)

x) Sale Deed No. 7749 Dated 06.03.1981 (Registered)

xi) Sale Deed No. 7646 Dated 02.03.1981 (Registered)

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Kanal	Marlas
Ludhiana	Ludhiana	Bholapur	39//2	8	0
			9/2	6	16
			11/2/2	3	8
			12/1	6	16
			39//4	8	0
			39//1	8	0
			40//5	7	12
			6	7	12
			40//4/2	3	1
			39//10/2	7	2
			27//16	7	14
			27//24	8	0
			25	7	4
			26//24	0	6
			25	6	5
			27//21	8	0
			22	8	0
			27//23	8	0
			39//3	8	0
			5	7	12
			19/2	6	16
			20/2	2	15
			20/1/2	0	7
			21/1	0	1
			22/2/1	1	0
			40//15	7	12
			42//2/2/1	1	3
			3/2	0	8

74K-07M

5. **Residential Property measuring 2000 Sq. Yds bearing Kothi No.76 in Sector 9-A, Chandigarh in the Union Territory of Chandigarh acquired vide**

i) Sale Deed No.2205 Dated 04.01.2001 (Registered)

District	Tehsil	Village	Khasra Nos.	Area
Chandigarh	Chandigarh	—	—	2000 Sq. Yds.

6. **Land measuring 613 Bigha 01 Biswa (Registered) situated at Baddi Tehsil Nalagarh, Distt Solan in the State of Himachal Pardesh acquired vide**

i) Sale Deed No. 27 Dated 05.01.1990

ii) Sale Deed No. 21 Dated 05.01.1990

iii) Sale Deed No. 31 Dated 05.01.1990

iv) Sale Deed No. 23 Dated 05.01.1990

v) Sale Deed No. 25 Dated 05.01.1990

vi) Sale Deed No. 26 Dated 05.01.1990

vii) Sale Deed No. 24 Dated 05.01.1990

vii) Sale Deed No. 28 Dated 05.01.1990

ix) Sale Deed No. 19 Dated 05.01.1990

x) Sale Deed No. 32 Dated 05.01.1990

xi) Sale Deed No. 30 Dated 05.01.1990

- xii) Sale Deed No. 28 Dated 05.01.1990
- xiii) Sale Deed No. 20 Dated 05.01.1990
- xiv) Sale Deed No. 15 Dated 05.01.1990
- xv) Sale Deed No. 16 Dated 05.01.1990
- xvi) Sale Deed No. 17 Dated 05.01.1990
- xvii) Sale Deed No. 14 Dated 05.01.1990
- xviii) Sale Deed No. 149 Dated 19.02.1990
- xix) Sale Deed No. 18 Dated 05.01.1990
- xx) Sale Deed No. 22 Dated 05.01.1990
- xxi) Sale Deed No. 872 Dated 06.10.1994
- xxii) Sale Deed No. 875 Dated 06.10.1994
- xxiii) Sale Deed No. 873 Dated 06.10.1994
- xxiv) Sale Deed No. 882 Dated 06.10.1994
- xxv) Sale Deed No. 874 Dated 06.10.1994
- xxvi) Sale Deed No. 870 Dated 06.10.1994
- xxvii) Sale Deed No. 876 Dated 06.10.1994
- xxviii) Sale Deed No. 881 Dated 06.10.1994
- xxix) Sale Deed No. 886 Dated 06.10.1994
- xxx) Sale Deed No. 877 Dated 06.10.1994
- xxxi) Sale Deed No. 884 Dated 06.10.1994
- xxxii) Sale Deed No. 871 Dated 06.10.1994
- xxxiii) Sale Deed No. 885 Dated 06.10.1994
- xxxiv) Sale Deed No. 880 Dated 06.10.1994
- xxxv) Sale Deed No. 878 Dated 06.10.1994
- xxxvi) Sale Deed No. 887 Dated 06.10.1994
- xxxvii) Sale Deed No. 883 Dated 06.10.1994
- xxxviii) Sale Deed No. 960 Dated 13.11.1991
- xxxix) Sale Deed No. 966 Dated 13.11.1991
- xl) Sale Deed No. 958 Dated 13.11.1991
- xli) Sale Deed No. 965 Dated 13.11.1991
- Sale Deed No. 962 Dated 13.11.1991
- xlii) Sale Deed No. 961 Dated 14.11.1991
- xliiii) Sale Deed No. 959 Dated 13.11.1991
- xliv) Sale Deed No. 969 Dated 13.11.1991
- xlv) Sale Deed No. 964 Dated 13.11.1991
- xlvi) Sale Deed No. 963 Dated 13.11.1991
- xlvii) Sale Deed No. 967 Dated 13.11.1991
- xlviii) Sale Deed No. 968 Dated 13.11.1991
- xliv) Sale Deed No. 957 Dated 13.11.1991
- l) Sale Deed No. 1703 Dated 15.07.2004
- li) Sale Deed No. 1778 Dated 23.07.2004
- lii) Sale Deed No. 1780 Dated 27.07.2004
- liii) Sale Deed No. 1756 Dated 21.07.2004
- liv) Sale Deed No. 2764 Dated 20.11.2004
- lv) Sale Deed No. 2555 Dated 23.10.2004
- lvi) Sale Deed No. 2557 Dated 23.10.2004
- lvii) Sale Deed No. 2762 Dated 20.11.2004
- lviii) Sale Deed No. 2761 Dated 20.11.2004
- lix) Sale Deed No. 2556 Dated 23.10.2004
- lx) Sale Deed No. 2566 Dated 23.10.2004
- lxi) Sale Deed No. 2795 Dated 24.11.2004

- Ixii) Sale Deed No. 2760 Dated 24.11.2004
 Ixiii) Sale Deed No. 2565 Dated 23.10.2004
 Ixiv) Sale Deed No. 2564 Dated 23.10.2004
 Ixv) Sale Deed No. 2562 Dated 23.10.2004
 Ixvi) Sale Deed No. 2765 Dated 20.11.2004
 Ixvii) Sale Deed No. 2763 Dated 20.11.2004
 Ixviii) Sale Deed No. 2561 Dated 23.10.2004
 Ixix) Sale Deed No. 2360 Dated 22.09.2004

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Bigha B	Area Biswa B
Solan	Nalagarh	Dharpur	504	13	13
			507	4	12
			508	1	16
			537	7	07
			538	5	03
			535	3	17
			539	5	05
			503	4	02
			509	6	08
			510	9	10
			511	8	03
			512	4	05
			513	3	01
			514	2	02
			517	3	11
			515	1	13
			533	4	19
			516	1	03
			518	0	12
			532	4	04
			534	9	11
			541	3	02
			536	6	00
			771/505	6	13
			506	4	02
			774/542	3	10
			543	4	16
			547	1	00
			769/505	0	15
			770/505	1	13
			767/505	0	10
			773/542	2	11
			540,544	7	12
			546		
			562	3	19
			560,561	14	06
			568		
			556	20	12
			557	10	15

	578/558,		
	571		
	559,569	1	12
	579/558	4	00
	570	2	07
	545,567	0	12
	565	1	15
	566	8	03
	564	0	09
	563	4	17
	491	7	17
	814/492	4	16
	495	3	04
	815/492	3	02
	496/3	1	10
	497/3	1	09
	494/2	3	07
	496/1	0	17
	497/1	0	14
	496/2	0	05
	497/2	0	03
	494/1	0	12
	494/3/2	4	10
	497/4	0	02
	498	11	08
	488	10	03
Batoli	33	0	05
Khurd	35	0	08
	39	0	11
	43	0	13
	44	0	13
	22	0	14
	34	0	07
	36	0	05
	37	0	09
	38	0	10
	21	0	10
	40	0	10
	42	0	14
	45	2	14
	29	0	14
	31	2	00
	46	1	08
	32	1	19
	47	2	13
	48	0	03
	78/1	2	17
	41	1	14
	409/16	0	11
	370/19,24	3	15

	389/13/1	0	17
	389/13/2	1	01
	390/13/1	1	19
	15/1	1	03
	17	3	00
	20	2	02
	23	0	15
	25	1	19
	26	2	11
	28	2	03
	27	2	10
	30	1	01
	51	1	02
	52	4	01
	369/19	3	03
	371/19	2	08
	74	7	04
Dhakru	229/183	2	04
Majra	209	0	12
	230/183	2	03
	210	0	11
	232/212	5	08
	206	8	03
	231/212	4	00
	208	1	09
	207	2	10
	197	5	06
	198	9	05
	203	10	04
	199	4	12
	200	4	00
	201	7	09
	202	4	05
Katha	189	9	14
	185	12	01
	184	4	01
	140	4	16
	181	5	08
	182	13	09
	183	10	15
	180	1	14
	237	12	18
	229,232,	16	10
	233		
	235	4	08
	193	8	15
	194	2	16
	195	1	12
	191	1	12
	192	1	10

196	12	07
205	02	16
224	01	11
225	01	15
226	04	03
227	02	02
228	07	00
230	04	11
204	00	17
206	04	07
207	01	17
208	01	17
209	03	08
210	01	17
212	09	02
213	00	14
214	04	13
166	04	13
167	00	14
168	06	00
169	01	05
171	00	16
173	10	13
Total	613	01

B) 70 Bigha 12 Biswa (Unregistered) situated at Baddi, Tehsil Nalagarh, Distt Solan in the State of Himachal Pradesh acquired vide various Agreements to Sell

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Bigha B	Biswa B
Solan	Nalagarh	Batoli	407/16	0	11
		Khurd	408/16	0	12
			370/19	1	05
	Katha		178	07	04
			179	13	04
			241	08	13
			238	02	04
			240	13	17
			164	18	05
			154/1	01	06
			155/1	00	10
			438/1	00	08
			433/1	00	16
			229) 1/10 th	01	17
			232)Share		
			233)		
	Total			70	12

7 Property measuring 4 Bigha 8 Biswa situated at Khera Kalan, Near Sanjay Gandhi Transport Nagar, Delhi (Delhi Sonepat Road) in the state of Delhi acquired Vide

- i) Sale Deed No. 182 Dated 25.07.1995 in respect of land measuring 1Bigha 00 Biswa (Registered)

- ii) Sale Deed No. 341 Dated 25.07.1995 in respect of land measuring 1Bigha 19 Biswa (Registered)
 iii) Sale Deed No. 340 Dated 25.07.1995 in respect of land measuring 1Bigha 09 Biswa (Registered)

District	Tehsil	Village	Khasra Nos.	Area	
Delhi	—	Khera	Out of Khasra Nos.	Bigha	Biswa
		Kalan		B	B
			46//12 Min	1	00
			46//19Min	1	19
			46//19 Min	1	09

8 **Property (Office) No.309 measuring 1105 Sq. Ft. situated at 3rd floor, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi was acquired in the state of Delhi vide**

- i) Agreement Dated 08.03.2000 (Unregistered)

District	Tehsil	Village	Khasra Nos.	Area
Delhi	—	—	—	1105/Sq.Ft.

9 **Property (Office) No.501 measuring 1147 Sq. Ft. situated at 5th floor, Sagar Plaza, 19, Laxmi Nagar, Distt. Centre, Vikas Marg New Delhi in the state of Delhi acquired vide**

- i) Agreement Dated 17.01.2003 (Unregistered)

District	Tehsil	Village	Khasra Nos.	Area
Delhi	—	—	—	1147/Sq.Ft.

10 **Property measuring 500 Sq. Yds situated at C-18, Westend Colony, New Delhi in the State of Delhi acquired vide**

- i) Conveyance Deed No. Nil Dated 15.10.1985 (Registered)

District	Tehsil	Village	Khasra Nos.	Area
Delhi	Delhi	—	—	500 Sq. Yds.

11 **Property measuring 326 Sq. Yds situated at Bathinda in the State of Punjab acquired vide**

- i) Sale Deed No. 4229 Dated 29.09.1993 (Registered)

District	Tehsil	Village	Khasra Nos.	Area
Bathinda	Bathinda	—	(Out of Khasra Nos.)	
			5333/1813/4	326 Sq.Yds..

12 **Property (Shop) measuring 56 Sq. Yds situated at Chandigarh Road, Ludhiana in the State of Punjab acquired vide**

- i) Sale Deed No. 9083 Dated 07.11.2002(Registered)

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	Sherpur	(Out of Khasra Nos.)	
		Kalan	6//7/1)	56 Sq.Yds..
			6//6/2)	

13 **Property measuring 421 Sq. Yds situated at Chandigarh Road, Ludhiana in the State of Punjab acquired vide**

- i) Sale Deed No. 9082 Dated 07.11.2002(Registered)

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	Sherpur	(Out of Khasra Nos.)	
		Kalan	6//7/1)	421 Sq.Yds..
			5//6/2)	

14. **Land measuring 3 Acres 3 Kanal 17 Marla out of 30 Acres of land situated at Mundian Khurd, & Dhandari Kalan, Ludhiana in the State of Punjab acquired vide**

- i) Sale Deed No. 23209 Dated 17.01.1997 (Registered)

District	Tehsil	Village	Khasra Nos.	Area	
Ludhiana	Ludhiana	Mundian	(Out of Khasra Nos.)	Kanal	Marlas
		Khurd		K	M
			22//9	4	0
			12	8	0
			29//22	8	0

23	7	11
24	7	11
25	1	1
	27K-	17M

Equivalent to 3 Acres 3 Kanal 17 Marla

15 **Eight Houses measuring 160 Sq. Yds each situated (160X8=1280 Sq. Yds) at Jamalpur Awana, Ludhiana in the state of Punjab allotted by the Punjab Housing Board Colony, (PUDA) acquired vide**

- i) Allotment Letter No.14329 Dated 08.09.1976 (Unregistered).
- ii) Allotment Letter No.14331 Dated 08.09.1976 (Unregistered).
- iii) Allotment Letter No.14333 Dated 08.09.1976 (Unregistered).
- iv) Allotment Letter No.14335 Dated 08.09.1976 (Unregistered).
- v) Allotment Letter No.14337 Dated 08.09.1976 (Unregistered).
- vi) Allotment Letter No.14339 Dated 08.09.1976 (Unregistered).
- vii) Allotment Letter No.14341 Dated 08.09.1976 (Unregistered).
- viii) Allotment Letter No.14343 Dated 08.09.1976 (Unregistered).

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	Dhandari	—	1280 Sq. Yds.
		Kalan		i.e. 160 Sq. Yds.each

together with building and structure thereon and all plant and machinery attached to the earth or permanently fastened anything attached to the earth.

2. Part II: Short Description of the leasehold property pertaining to the Textile Undertaking of the Transferor Company:

1. Property measuring 543.61 Sq. Mtr. situated at Rohtak Road, Transport Centre, Delhi in the State of Delhi acquired vide.

- i) Perpetual Lease Deed No. Nil Dated 29.11.1989

District	Tehsil	Village	Khasra Nos.	Area
Delhi	—	—	—	543.61 Sq. Mtrs.

2. Property (Shop) measuring 260 Sq. Ft. taken on 99 years lease bearing Shop No.G-19, Ground Floor situated at Guru Nanak Dev Centenary Celebration Committee, Ludhiana in the State of Punjab acquired vide.

- i) Lease Deed No. 1506 Dated 31.03.2000

District	Tehsil	Village	Khasra Nos.	Area
Ludhiana	Ludhiana	—	—	260 Sq. Ft.

together with building and structure thereon and all plant and machinery attached to the earth or permanently fastened anything attached to the earth.

3. Part III: Short Description of all stocks, shares, debentures and other charges in action pertaining to the Textile Undertaking of the Transferor Company:

NIL

4. Indicative list of licenses, exemption certificates and statutory approvals under various applicable laws pertaining to the Textile Undertaking:

All licenses, consents, certificates, registrations, permissions, sanctions, approvals, petitions, applications, remissions, authorisations, reservations, concessions, deductions, exemptions, tax holidays, benefits, entitlements, incentives, refunds, claims, demands, liabilities, quotas, permits and miscellaneous matters pertaining to the Textile Undertaking of the Transferor Company, inter-alia comprising Vardhman Spinning and General Mills Limited, Units I & II located at Ludhiana, Auro Spinning Mills, Auro Weaving Mills, Auro Dyeing, Vardhman Spinning & General Mills Limited (100% EOU) and Auro Textiles located at Baddi together with all their branches shall be passed on to the Transferee Company, including but not limited to the following:-

Pertaining to Customs, Import-Export and related matters of the Textile Undertaking of the Transferor Company to be passed on to the Transferee Company:

- All Advance Licenses, DEPB Scrips, EPCG Licenses, Green Cards, Duty Free Replenishment Certificates and Duty Drawback Claims and pending applications in respect of the foregoing.
- Importer Exporter Codes & EDI (Electronic Data Interchange) Registration.
- Star Export House Certificates, Three Star Performer Certificates and/ or Star Performer Certificates.
- Registration-cum-Memberships of Cotton Textile Export Promotion Council, Synthetic and Rayon

Textiles Export Promotion Council, Textile Committees, Export Promotion Councils, Federation of Indian Exports Organisation, Export Promotion Council of EOUs etc.

- Permissions given by the Development Commissioner, Noida (Noida Special Economic Zone) (NSEZ) like permissions for DTA (Domestic Tariff Area) Sales, Duty Free Imports and LOPs (Letters of Permission) etc. of EOUs.
- All benefits and entitlements based on Net Foreign Exchange Earnings (in case of EOUs), Deemed Exports and any other.
- CST Reimbursement Claims and Duty Drawback Claims on purchase of Furnace Oil by EOUs and other benefits/entitlements granted by NSEZ to EOUs and pending applications in respect of the forgoing matters.
- General Bonds submitted by EOUs to different authorities.
- Bonds submitted to customs department, shipping companies, DGFT etc.
- All pending demands, liabilities, refunds, claims etc. under the Customs Act and related matters.
- All pending appeals, applications, petitions, litigations, under the Customs Act or related matters.

Pertaining to Income-Tax and related matters of the Textile Undertaking of the Transferor Company to be passed on to the Transferee Company:

- Tax Deduction Account Numbers, Tax Collection at Source Numbers and pending applications in respect of the foregoing.
- Credit in respect of TDS, Advance Tax, MAT Credits, Self-Assessment Tax, under Income Tax Act and Wealth Tax Act.
- Deductions, exemptions, tax holidays and other incentives & benefits under the Income Tax Act.
- All pending demands, liabilities, refunds, claims etc. under the Income Tax Act and Wealth Tax Act.
- All pending assessments, appeals, applications, petitions, litigations, etc. under the Income-Tax Act and Wealth Tax Act.

Pertaining to Excise Matters of the Textile Undertaking of the Transferor Company to be passed on to the Transferee Company:

- All registrations, licenses and permissions under the Central Excise Act including but not limited to permissions for factory stuffing, Self-Sealing and Self-Certification of Containers, removal of excisable goods without payment of duty, licenses for private bonded warehouses, permissions for imports at concessional rate of duty for Capital Goods Spares and others, Permissions for Job-work and pending applications in respect of the foregoing.
- CENVAT Credits.
- Exemptions, tax holidays and other incentives & benefits under the Central Excise Act.
- All pending demands, liabilities, refunds, claims etc. under the Central Excise Act.
- All pending appeals, applications, petitions, litigations, etc. under the Central Excise Act.
- Letter of Undertaking (LUTs), Bonds and other undertaking given under the Excise legislations.

Pertaining to Sales Tax, Service Tax and related matters of the Textile Undertaking of the Transferor Company to be passed on to the Transferee Company:

- Registrations under the Central and State Sales Tax Acts, VAT Registrations alongwith pending applications in relation thereto.
- Eligibility Certificates, Sales Tax Exemption Certificates and rights accruing thereunder.
- Registrations under Service Tax Act and pending application in relation thereto.
- All pending demands, liabilities, refunds, claims etc. under the Sales Tax Acts and Service Tax Act.
- All pending appeals, assessments, applications, petitions, litigations etc. under the Sales Tax Acts and Service Tax Act.

Pertaining to Electricity Matters of the Textile Undertaking of the Transferor Company to be passed on to the Transferee Company:

- Electricity Connections and Load Sanctions along with Security deposits, from the State Electricity Boards. This shall include, inter-alia, Sanctioned load of 9983.340 KW & Sanctioned Maximum Demand of 7100KVA by the Punjab State Electricity Board (Along with Deposit of Rs. 30.16 lac approximately) and Sanction for Total Connected Load of 18472 KW with a Contract Demand of 17446 KVA by the Himachal Pradesh State Electricity Board (Along with Deposit of Rs. 225 lac. approximately).
- All applications for electricity connections, load sanctions and for any other purpose pending with the State Electricity Boards.
- All approvals for installation of Diesel Generating sets, captive power plants, stand by Diesel Generating sets or any other; approvals for Electrical Equipments, Installations and Electrical Drawings, Fire Fighting Systems etc.

- All refunds, claims demands, liabilities, etc, due from and /or pending from and/or to the State Electricity Boards.

Pertaining to Financial Matters of the Textile Undertaking of the Transferor Company to be passed on to the Transferee Company:

- All Loan Agreements, declarations and undertakings given and charges created thereunder and availment of benefits under the Technology Upgradation Fund Scheme.
- Debenture Trust Deed and Trusteeship Agreements.
- Working Capital Agreements, Agreements for Hypothecation, Letters of Arrangement and Bank Consortium Agreements.
- Bank Accounts, Letters of Credit, Forward Contracts, ISDA Agreements and Bank Guarantees given by vendors.

Pertaining to Labour Matters of the Textile Undertaking of the Transferor Company to be passed on to the Transferee Company:

- Provident Fund registration.
- Employees State Insurance registration.
- Registration under Contract Labour Regulation Act, Apprenticeship Act, Standing Orders, and all agreements, registrations under various labour laws and all pending applications in relation to foregoing.

Pertaining to Factory Related and Industrial Matters of the Textile Undertaking of the Transferor Company to be passed on to the Transferee Company:

- Approvals and licenses issued by the various Departments of the Government in respect of the setting up of the units etc. from time to time.
- Investment subsidies, Freight Subsidies, deductions, tax holidays and other incentives under various Government Policies and legislations.
- Certificates of Commercial Production, Entry Tax Exemption Certificates, and any other certificate issued by and approval given by the District Industries Centre.
- All No-Objection Certificates, Essentiality Certificates, permissions and approvals along with pending applications in connection with all land/property matters including transfers thereof, being issued by District Industry Centre, State Govt. or any other authority; including but not limited to all No-Objection Certificates/permissions issued by the Himachal Pradesh State Government under Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, Essentiality Certificates issued by the District Industries Centre, all permissions under the Himachal Pradesh Ceiling on Land Holdings Act, and any other applicable laws in connection therewith together with all approvals received from the Department of Town and Country Planning, Government of Himachal Pradesh and all pending applications in relation to the foregoing.
- Licenses and permissions given by Municipal Corporation, Town Area Committees, Panchayats and also approvals under various building bye-laws.
- Factory Licenses, Industrial Licenses and registrations under the Industrial Entrepreneur Memorandum.
- Mill Serial number for Hank Yarn Obligation, Textile Mills Registration and Serial Numbers granted by the Textile Commissioner.
- Approvals for Discharge of Effluents and Emissions and other consents given by the Pollution Control Boards and permissions for Operating facility for collection and storage of Hazardous Waste and pending applications in respect of the foregoing matters.
- Registrations with the Inspector of Factories and Labour Commissioner.
- Consents and verifications pertaining to weights and other measurements
- BIS/ISO Certifications.
- Boiler Inspection Certificates.
- Explosives Licenses, Licenses for Weapons and Licenses for procurement and storage of Petroleum Products.
- Water and sewerage connections.
- Telephone Connections, leased lines, ISDN lines and VSAT usages.
- Collaborations and Joint Ventures for import of technical know-how or for any other purpose.

Pertaining to Miscellaneous Matters of the Textile Undertaking of the Transferor Company to be passed on to the Transferee Company:

- Registrations for Professional Tax and registration under the Shops and Establishments Act.
- Trade and Health Licenses.
- Vehicles Registrations.
- Trade Mark Registrations and Copyright Registrations and applications pending registration.

- Insurance Policies.
- All pending legal cases or other proceedings.
- All pending assessments, appeals, petitions, litigations, applications, refunds, claims, demands, liabilities, etc. under various applicable laws.
- Earnest monies and Security Deposits.
- All licenses, contracts, settlements and other agreements.

(For Vardhman Spinning and General Mills Limited-Transferor Company)

Sd/-

(S. P. OSWAL)

Authorised Signatory

**IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA
AT CHANDIGARH**

**COMPANY JURISDICTION
COMPANY PETITION NO. 59 OF 2007
CONNECTED WITH
COMPANY PETITION NO. 34 OF 2007**

IN THE MATTER OF:

The Companies Act, 1956;

AND

IN THE MATTER OF:

Petition under Section 391 -394 of the Companies Act, 1956;

AND

IN THE MATTER OF:

SCHEME OF ARRANGEMENT, REORGANISATION AND DEMERGER BETWEEN VARDHMAN TEXTILES LIMITED, VARDHMAN THREADS LIMITED AND VARDHMAN YARNS & THREADS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...TRANSFEROR/PETITIONER COMPANY NO.1

VARDHMAN THREADS LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...TRANSFEROR/PETITIONER COMPANY NO.2

VARDHMAN YARNS & THREADS LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...TRANSFEREE/PETITIONER COMPANY NO.3

PETITION UNDER SECTION 391-394 OF THE COMPANIES ACT, 1956 FOR SANCTION OF THE SCHEME OF ARRANGEMENT, REORGANISATION AND DEMERGER BETWEEN VARDHMAN TEXTILES LIMITED, VARDHMAN THREADS LIMITED AND VARDHMAN YARNS & THREADS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

PRAYER

- (a) Sanctioning the Scheme of Arrangement, Reorganisation and Demerger between Vardhman Textiles Limited, Vardhman Threads Limited and Vardhman Yarns & Threads Limited and their respective shareholders and creditors being Annexure 'P-1' to the Petition so as to be binding on the Petitioner Companies and its Shareholders and Creditors.
- (b) Directing publication of the general notice of hearing in the newspapers, 'The Tribune' (English Edition) and Dainik Tribune' (Hindi Edition) and the Punjab Government Gazette.
- (c) Directing service of Notice of this Petition on the Regional Director, Department of Company Affairs, Northern Region, P,DIL Bhawan, Ground Floor (near Indian Oil Circle), Sector 1, Noida (U.P.).
- (d) Directing the Regional Director to make their report, if any, to this Hon'ble Court in terms of the Act within a period of 3 weeks from the date of the order to be made hereon and the Regional Director, serve a copy of their report on the Petitioner Companies' Advocate.
- (e) Exempt the Petitioner from filing fair type copies of the Annexures and permission may be granted to file original/photo copies of the Annexures.
- (f) Pass such further and other orders as deemed proper in the facts and circumstances of the case.

CP NO.59 OF 2007

**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

DATE OF DECISION : 24.1.2008

IN THE MATTER OF:

Scheme of Arrangement, Re-organisation and De-merger

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED

... PETITIONER/TRANSFEROR COMPANY NO.1

VARDHMAN THREADS LIMITED

...PETITIONER/TRANSFEROR COMPANY NO.2

AND

VARDHMAN YARNS & THREADS LIMITED

...PETITIONER/TRANSFEREE COMPANY NO.3

CORAM

HON'BLE MR. JUSTICE PERMOD KOHLI

PRESENT : Mr. Deepak Suri, Advocate for petitioners-Companies

Mr. D.P. Ojha, Official Liquidator

Permod Kohli, J.

This Second Motion Petition under Sections 391-394 of the Companies Act, 1956 has been preferred by Vardhman Textiles Limited (hereinafter referred to as "Transferor Company No.1"), Vardhman Threads Limited (hereinafter referred to as "the Transferor Company No.2") and Vardhman Yarns & Threads Limited (hereinafter referred to as "Transferee Company") to sanction the Scheme of Arrangement, Re-organisation and De-merger between Transferor Companies and Transferee Company.

The Transferor Company No.1-Vardhman Textiles Limited was originally incorporated under the Companies Act as "Mahavir Spinning Mills Ltd." on 8.10.1973. Subsequently, the name of this Company was changed to the present one i.e. Vardhman Textiles Limited. Its registered office is situated at Chandigarh Road, Ludhiana-141010 (Punjab). The main objects for which this Company was established are to carry on all or any of the business of cotton spinners and doublers, flax, hemp and jute spinners, linen and cloth manufacturers etc. and to weave and manufacture, buy and sell and deal in various types of cloths etc. Its Memorandum and Articles of Association is placed on record as Annexure P-2. Its authorized share capital as on 31.1.2007 is Rs.100,00,00,000/- divided into 9,00,00,000 equity shares of Rs.10/- each and 1,00,00,000 preference shares of Rs.10/- each. Its issued share capital is Rs.57,76,95,270/- divided into 5,77,69,527 equity shares of Rs.10/-each. Its subscribed and paid up share capital is Rs.57,76,95,270/- divided into 5,77,69,527 equity shares of Rs.10/- each. Its net paid up capital is Rs.57,76,90,958. Its Annual report ending on 31.3.2006 is placed on record as Annexure P-3.

Transferor Company No.2-Vardhman Threads Limited was originally incorporated under the Companies Act as "Barbour Vardhman Threads Limited" on 23.2.1994. Subsequently, the name was changed to the present one i.e. Vardhman Threads Limited. Its Registered Office is situated at Chandigarh Road, Ludhiana 141010. The main objects for which this Company was established are to carry on the business of manufacturers and distributors of all types of sewing threads, twines and braids, whether natural, artificial or synthetic, to sort, blend, prepare, buy, sell, import, export and deal in fibres and threads etc. Its Memorandum and Articles of Association is placed on record as Annexure P-4. Its Authorized share capital as on 31.1.2007 is Rs.10,00,00,000/- divided into 1,00,00,000 equity shares of Rs.10/- each. Its issued share capital is Rs.8,00,00,000/- divided into 80,00,000 equity shares of Rs.10/- each. Copy of the Annual Report of this Company ending on 31.3.2006 is placed on record as Annexure P-5.

CP NO.59 OF 2007

Transferee Company-Vardhman Yarns and Threads Limited was incorporated under the Companies Act, 1956. Its registered office is situated at Chandigarh Road, Ludhiana- 141010 (Punjab). The main objects for which this Company was established are to carry on the business of manufacturers and distributors of all types of sewing threads, twines and braids, whether natural, artificial or synthetic, to sort, blend, prepare, comb, dye, buy, sell, import, export and deal in fibres and threads etc. Its Memorandum and Articles of Association is placed on record as Annexure P-6. Its authorized share capital is Rs.1,00,00,000/- divided into 10,00,000 equity shares of Rs.10/- each. Its issued share capital is Rs.5,10,000/- divided into 51,000 equity shares of Rs.10/- each. Its subscribed and paid up share capital is Rs.5,10,000/- divided into 51,000 equity shares of Rs.10/- each. Its Annual Report ending on 31.3.2006 is placed on record as Annexure P-7.

It is stated that the Board of Directors of all the petitioner Companies have duly approved the proposed Scheme vide Annexures P-8, P-8/A & P-8/B, respectively. It is stated that the Bombay Stock Exchange and the National Stock Exchange have also given No Objection Certificates to the proposed Scheme vide Annexure P-9 (Colly.)

It is stated that this Court vide its order dated 26.4.2007 passed in CP No.34 of 2007 dispensed with the requirement of convening the meetings of equity shareholders of Transferor Company No.2 and Equity shareholders, secured creditors and unsecured creditors of Transferee Company. This Court further directed convening of the meetings of the equity shareholders, secured creditors and unsecured creditors of the Transferor Company No.1 and secured creditors and unsecured creditors of Transferor Company No.2. Copy of the order dated 26.4.2007 is placed on record as Annexure P-10. In compliance with the order of this Court. necessary notice regarding holding of meeting was published in the Tribune (English) and Dainik Tribune (Hindi)

as also in the Punjab Govt. Official Gazette. The meeting of the equity shareholders of the Transferor Company No.1 was held at its registered office on 16.6.2007 at 10.00 a.m. The said meeting was attended in person and by proxy by 71 equity shareholders of Transferor Company No.1. 35 equity shareholders (valid votes) which represented 100% in number and 100% in value (valid votes) of the equity shareholders present and voting, voted in favour of the proposed Scheme. No vote was cast against the proposed scheme. The votes of 34 equity shareholders were declared invalid. The equity shareholders of Transferor Company No.1 has approved the Scheme. The Chairperson's report regarding the meeting of the equity shareholders is placed on record as Annexure P-11.

Similarly, meeting of the secured creditors of Transferor company No.1 was held on 16.6.2007 at 12.00 noon. The meeting was attended in person and by proxy by 5 secured creditors of the Transferor Company No.1. 4 Secured Creditors (valid votes) which represented 100% in number and 100% (valid votes) in value present and voting, voted in favour of the Scheme. No vote was cast against the Scheme. The vote of one secured creditor was declared invalid. The Secured creditors have approved the Scheme The Report of the Chairperson dated 2.7.2007 is placed on record as Annexure P-12.

Similarly, meeting of the unsecured creditors of Transferor Company No.1 was held on 16.6.2007 at 1.00 p.m. 27 Unsecured creditors (valid votes) which represented 100% in number and 100% in value (valid votes) of the unsecured creditors present, and voting, voted in favour of the Scheme. No vote was cast against the Scheme. The votes of 55 unsecured creditors were declared invalid. Its unsecured creditors have approved the Scheme. The report of the Chairperson on the meeting of the unsecured creditors is placed on record as Annexure P-13.

Similarly, meeting of the Secured Creditors of Transferor Company No.2 was held on 16.6.2007 at 3.00 p.m. One secured creditor which represented 100% in number and 100% in value approved the Scheme. The report of the Chairperson on the meeting of the Secured Creditors has been placed on record as Annexure P-

14.

Similarly, meeting of the unsecured creditors of Transferor Company No.2 was held on 16.6.2007 at 4.00 p.m. Six unsecured creditors which represented 100% in number and 100% in value (valid votes) of the Unsecured Creditors approved the Scheme. The vote of one unsecured creditor was declared invalid. The report of the Chairperson on the meeting of the unsecured creditors is placed on record as Annexure P-15.

On filing this petition, notice of this petition was directed to be published in the Tribune and Dainik Tribune as also in the Official Gazette of Government of Punjab. Notice was also issued to the Regional Director, Northern Region, Department of Company Affairs, Noida and Official Liquidator. Affidavit of publication has been filed and the copy of the official gazette in its issue dated 27.7.2007 whereby the notice has been published is

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also placed on record.

The Regional Director has filed its affidavit wherein it has been stated that usually under the Scheme of Arrangement, shares are allotted to the equity shareholders of De-merged/Transferor Company by the Resulting/Transferee Company. However, in the present Scheme of Arrangement, the Transferee Company is paying an amount of Rs.260 crores to the Demerged/Transferor Company instead of allotting of shares to the shareholders of de-merged/Transferor Company, in consideration of transfer of "Transferred Undertaking" of the De-merged/Transferor Company. It is also stated that the valuation prepared by Ws ICICI. Securities which are Investment Bankers/Merchant Bankers and not a firm of Chartered Accountants. Normally, the valuation of shares and swap ratio are calculated by the professional firm of Chartered Accountant. However, in the present case, it is done by M/s ICICI Securities which are Merchant Bankers. In response to the aforesaid objections by the Regional Director, the petitioner-companies have filed affidavit. It is stated that the equity share allotment ratio and the lump sum consideration to be paid under the Scheme have been determined based on the valuation reports prepared by an independent valuer, M/s ICICI Securities Limited. It is further stated that M/s ICICI Securities Limited is India's leading investment banking firm and experience in every aspect of business, from domestic and international capital markets advisory to Mergers & Acquisitions, Private Equity syndication etc. In this case, the valuation reports have been prepared by a team of ICICI Securities, comprising of senior Chartered Accountants and a financial consultant. In this regard, ICICI Securities Limited has provided a certificate detailing the profile of the professionals who have prepared the valuation reports dated 15.2.2007 which is placed on record as Annexure A-2. In view of this reply submitted by the petitioner-companies; I am satisfied that the objections raised by the Regional Director have been properly replied.

I have perused the Scheme of Amalgamation. The Transferor and Transferee Companies are engaged in the similar business activities. The proposed Scheme contemplates the consolidation of the thread business of the Transferor Companies No.1 and 2, in order to achieve synergy and efficiency of operations and management and for possible creation of strategic relations which may ameliorate the operations of the Transferee Company. Accordingly, I am of the opinion that the Scheme will provide better and more efficient and effective conduct of business of the companies and is for the benefit of the shareholders and is not against the public interest. The Scheme also provides for the transfer of the services of all the permanent employees of the VTEX Threads Undertaking and VTL Threads Undertaking of Transferor Companies No.1 and 2, respectively to the Transferee Company without break or interruption in their service and change or alter in their condition of service. No

proceedings under Section 235 and 250A of the Companies Act are pending against the petitioner-Companies. Nobody has objected to the scheme after its publication in the newspapers/official gazette.

In view of the above, I am satisfied that the prayer made in the petition deserves to be allowed. The Scheme of Arrangement (Annexure P-1) is accordingly sanctioned. The Scheme shall come into operation from the effective date after completion of all formalities.

Let the notice of this order be published in the Tribune, Dainik Tribune and Punjab Govt. Gazette, within 30 days.

Let formal orders be drawn in accordance with law.

sd/- Permod Kohli
Judge

24.1.2008

MFK

True Copy

Examiner
IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA
AT CHANDIGARH
COMPANY JURISDICTION
COMPANY PETITION NO 59 OF 2007
CONNECTED WITH
COMPANY PETITION NO. 34 OF 2007

IN THE MATTER OF:

The Companies Act, 1956; AND

IN THE MATTER OF:

Petition under Section 391-394 of the Companies Act, 1956;

AND

IN THE MATTER OF:

SCHEME OF ARRANGEMENT, REORGANIZATION AND DEMERGER BETWEEN VARDHMAN TEXTILES LIMITED, VARDHMAN THREADS LIMITED AND VARDHMAN YARNS & THREADS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana -141 010 (Punjab).

...TRANSFEROR/PETITIONER COMPANY NO.1

VARDHMAN THREADS LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana -114411 010 (Punjab).

...TRANSFEROR/PETITIONER COMPANY NO.2

VARDHMAN YARNS & THREADS LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...TRANSFEREE/PETITIONER COMPANY NO.3

PETITION UNDER SECTION 391-394 OF THE COMPANIES ACT, 1956 FOR SANCTION OF THE SCHEME OF ARRANGEMENT, REORGANIZATION AND DEMERGER BETWEEN VARDHMAN TEXTILES LIMITED, VARDHMAN THREADS LIMITED AND VARDHMAN YARNS & THREADS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

PRAYER

- (a) Sanctioning the Scheme of Arrangement, Reorganisation and Demerger between Vardhman Textiles Limited, Vardhman Threads Limited and Vardhman Yarns & Threads Limited and their respective shareholders and creditors being Annexure 'P-I' to the Petition 'so as to be binding on the Petitioner Companies and its Shareholders and Creditors.
- (b) Directing publication of the general notice of hearing in the newspapers, 'The Tribune' (English Edition) and 'Dainik Tribune' (Hindi Edition) and the Punjab Government Gazette.

- (c) Directing service of Notice of this Petition on the Regional Director, Department of Company Affairs, Northern Region, PDIL Bhawan, Ground Floor (near Indian Oil Circle), Sector 1, Noida (U.P.).
- (d) Directing the Regional Director to make their report, if any, to this Hon'ble Court in terms of the Act within a period of 3 weeks from the date of the order to be made hereon and the Regional Director serve a copy of their report on the Petitioner Companies' Advocate.
- (e) Exempt the Petitioner from filing fair type copies of the Annexures and permission may be granted to file original/photo copies of the Annexures.
- (f) Pass such further and other orders as deemed proper in the facts and circumstances of the case.

Hon'ble Mr. Justice Permod kohli

Dated 24th January, 2008

Order on Petition

The above noted Company Petition No. 59 of 2007 coming up for further hearing on 24.1.2008; upon perusing the said petition duly supported by affidavit of Sh. Vipin Gupta, authorised representative of the petitioner companies, dated 11.7.2007, the order dated 12.7.2007 whereby notice of the petition was issued to the Regional Director, Northern Region, Ministry of Company Affairs, Noida and the Official Liquidator and also a notice of the petition was directed to be published in 'The Tribune'; 'Dainik Tribune' and Official Gazette of the Govt of Punjab; upon perusing affidavit of Shri Deepak Suri, Advocate dated 21.8.2007, 'The Tribune' & 'Dainik Tribune' both dated 19.7.2007 and Punjab Govt. Gazette dated 27.7.2007 showing publication of notice of the Petition under Section 394 of the Companies Act, 1956; and upon reading the affidavit dated 4.1.2008 of Shri Dhan Raj, Regional Director, Northern Region, Ministry of Company Affairs and perusing the affidavit of Sh. Vipin Gupta, authorised representative of the petitioner companies dated 18.1.2008 and after hearing Shri Deepak Suri, Advocate for the Petitioner companies and Sh. D.P. Ojha, official Liquidator and perusing all other materials placed on record :-

THIS COURT DOTH ORDER

- 1) (a) That all the property, rights and powers of the Transferor Company Vardhman Textiles Ltd. Relating to its Threads Undertaking specified in the first, second and third parts of the Schedule-I hereto and all other property, rights and powers of the said Transferor Company relating to its Threads Undertaking be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 394(2) of the Companies Act, 1956, be transferred to and vest in the Transferee Company for all the estate and interest of the said Transferor Company therein but subject nevertheless to all charges now affecting the same; and
 - b) That all the liabilities and duties of the said Transferor Company relating to its Threads Undertaking be transferred without further act or deed, to the Transferee Company and accordingly the same shall, pursuant to Section 394(2) of the Companies Act, 1956, be transferred to and become the liabilities and duties of the Transferee Company; and
 - c) That all proceedings now pending by or against the aforesaid Transferor company relating to its Threads Undertaking be continued by or against the Transferee Company; and
 - d) That the aforesaid Transferor Company and Transferee Company do within 30 days cause certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Registrar of Companies shall place all documents relating to Threads Undertaking of the aforesaid transferor company and registered with him on the file kept by him in relation to the transferee company and the files shall be kept accordingly.
 - e) That any person interested shall be at liberty to apply to this Court in thire above matter for any direction as may be necessary.
- 2) (a) That all the property, rights and powers of the Transferor Company Vardhman Threads Ltd. relating to its Threads Undertaking specified in the first, second and third parts of the Schedule-II hereto and all other property, rights and powers of the said Transferor Company relating to its Threads Undertaking be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 394(2) of the Companies Act, 1956 be transferred to and vest in the Transferee Company for all the estate and interest of the said Transferor Company therein but subject nevertheless to all charges now affecting the same; and
 - b) That all the liabilities and duties of the said Transferor. Company relating to its Threads Undertaking be transferred without further act or deed to the Transferee Company and accordingly the same shall, pursuant to Section 394(2) of the Companies Act, 1956, be transferred to and become the liabilities and duties of the Transferee Company; and
 - c) That all proceedings now pending by or against the aforesaid Transferor Company relating to its Threads Undertaking be continued by or against the Transferee Company; and
 - d) That the transferee Company do without further application allot to such members of the aforesaid Transferor company, the shares in the Transferee Company to which they are entitled as per the Scheme of Scheme of Arrangement, Reorganization and Demerger as sanctioned by the Court.

- e) That the aforesaid Transferor Company and the Transferee Company do within 30 days cause certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Registrar of Companies shall place all documents relating to Threads Undertaking the aforesaid transferor company and registered with him on the file kept by him in relation to the transferee company and the files shall be kept accordingly.
- f) That any person interested shall be at liberty to apply to this Court in the above matter for any direction as may be necessary.

SCHEDULE

(As supplied by the Counsel)

SCHEDULE - I

**IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA
AT CHANDIGARH
ORIGINAL COMPANY JURISDICTION
COMPANY PETITIN NO. 34 OF 2007**

IN THE MATTER OF:

The Companies Act, 1956;

AND

IN THE MATTER OF:

Petition under Section 391-394 of the Companies Act, 1956;

AND

IN THE MATTER OF:

SCHEME OF ARRANGEMENT, RE-ORGANISATION AND DEMERGER AMONGST VARDHMAN TEXTILES LIMITED, VARDHMAN THREADS LIMITED AND VARDHMAN YARNS & THREADS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

... PETITIONER/TRANSFEROR COMPANY NO.1

VARDHMAN THREADS LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

... PETITIONER/TRANSFEROR COMPANY NO.2

VARDHMAN YARNS & THREADS LIMITED, an existing Company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...PETITIONER/TRANSFEE COMPANY NO.3

**SCHEDULE I
PART - I**

(Short description of the freehold property pertaining to the Threads Undertakings of the Transferor Company No.1)

1. Land measuring 278 Kanal 3 Marla (approximately) but of land measuring 407 Kanal situated at Phagwara Road, Hoshiarpur in the State of Punjab:

I) Sale Deed No. 2641 dated 23.09.1975 in respect of land measuring 407 Kanal 00 Marla (Registered)

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area		
				Kanal	Marla	Sarsal
Hoshiarpur	Hoshiarpur	Purhirari	Rectangle No. 12			
			3/2	6	15	7
			4/2	6	13	1
			5/2	6	13	1
			6	7	11	0
			7/1	6	1	0
			7/2	1	0	0
			8	7	11	0
			9/1	2	9	0

		12/2	4	16	0
		13	8	0	0
		14/1	1	12	0
		14/2	6	8	0
		15	8	0	0
		16	8	0	0
		17/1	6	0	0
		17/2	0	8	0
		17/3	1	12	0
		18	8	0	0
		19	7	0	0
		21/2	1	10	0
		22	7	11	0
		23	7	11	0
		24	7	11	0
		25	7	11	0
		Rectangle No. 21			
		1/2	4	2	0
		2/1	7	12	0
		2/2	0	9	0
		3	8	0	0
		4	7	11	0
		5/1	3	0	0
		5/2	2	10	0
		8	1	16	0
		9/1	0	3	0
		9/2	3	17	0
		10/1	1	3	0
		10/2	3	17	0
		Rectangle No. 11			
		1/1/2	2	10	2
		1/2/2	3	16	7
		2/2	3	13	0
		4/2	4	2	0
		5/2	7	4	0
		6/1/2	2	6	0
		6/2/2	5	0	0
		6/3	0	6	0
		7	4	16	0
		9	4	8	0
		10	7	19	0
		11	8	0	0
		12	4	8	0
		14	2	13	0
		15/1	0	6	0
		15/2/1	5	0	0
		19	4	8	0
		20	7	12	0
		21/1	3	6	0
		21/2	0	15	0
		21/3	1	10	0
		22/1	3	16	0
		22/2	0	8	0
		734	1	16	1
		735/1	2	19	0
		Rectangle No. 22			

			1/1	3	11	0
			1/2	0	18	0
			2	0	12	0
			Total	250	561	19
				278 Kanal 3 Marla approximately		

2. Residential property measuring 10 kanal 91/2 marla situated at Hoshiarpur:

i) Sale Deed No. 1767 dated 02.07.1980 for land measuring 3 Kanal 9IA Marla (Registered)

ii) Sale Deed No. 4303 dated 11.02.1980 for land measuring 7 Kanal 0 Marla (Registered)

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Kanal	Marla
Hoshiarpur	Hoshiarpur		1968/2 1969/2 1970/2	10	9.5

a) Land measuring 15 Acres 2 Kanal 16 Maria (approximately) out of land measuring 28 Acres situated at Mundian Khurd & Dhandari Kalan, Ludhiana in the State of Punjab acquired vide - Sale Deed No.23211 dated 17:01.1997 in respect of land measuring 28 Acres (Registered)

b) Land measuring 1 Acre 2 Kanal 13 Maria (approximately) out of land measuring 10 Acres situated at Mundian Khurd & Dhandari Kalan, Ludhiana In the State of Punjab vide -

Agreement for Sale dated 15.02.2007 (pertaining to land situated at Dhandari Kalan) and Sale Deed No. 15784 dated 04.03.2008.,(pertaining to land situated at Mudian Khurd), in respect of land measuring 10 Acres.

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Kanal	Marla
Ludhiana	Ludhiana	Mundian Khurd	Rectangle No. 29		
		Mundian Khurd	21	7	11
		Mundian Khurd	22	7	11
		Mundian Khurd	23	7	11
		Mundian Khurd	24	7	11
		Mundian Khurd	25	1	1
		Mundian Khurd	Rectangle No. 30		
		Mundian Khurd	25	8	0
		Mundian Khurd	Rectangle No. 31		
		Mundian Khurd	5	8	0
		Mundian Khurd	6	4	2
		Mundian Khurd	Rectangle No. 32		
		Mundian Khurd	1	8	0
		Mundian Khurd	2	8	0
		Mundian Khurd	3	8	0
		Mundian Khurd	4	5	4
		Mundian Khurd	7	1	13
		Mundian Khurd	8/1	4	0
		Mundian Khurd	8/2	4	0
		Mundian Khurd	9/1	6	12
		Mundian Khurd	9/2	1	08
		Mundian Khurd	10	7	10
		Mundian Khurd	12		
		Dhandari Kalan	Rectangle No. 9		
		Dhandari Kalan	12	3	4
		Mundian Khurd	Rectangle No. 32		
		Mundian Khurd	13/1	3	4
		Mundian Khurd	13/2		
		Dhandari Kalan	Rectangle No. 9		
		Dhandari Kalan	11/1	3	4
		Dhandari Kalan	11/2		

	Dhandari Kalan	11/3		
	Dhandari Kalan	Rectangle No. 10		
	Dhandari Kalan	6/1	1	15
	Dhandari Kalan	6/2	1	10
	Dhandari Kalan	6/3	0	12
	Dhandari Kalan	15/2		
	Dhandari Kalan	15/3		
	Dhandari Kalan	15/4	3	4
	Dhandari Kalan	15/5		
	Dhandari Kalan	15/6		
	Dhandari Kalan	15/7		
	Total (a)		15 Acre 2 Kanal 16 Marla	
	Mundian Khurd	Rectangle No. 31		
	Mundian Khurd	3	10	13
	Dhandari Kalan	Rectangle No. 10		
	Dhandari Kalan	3/1		
	Dhandari Kalan	3/2		
	Dhandari Kalan	8/1		
	Dhandari Kalan	8/2		
	Dhandari Kalan	9/1		
	Total (b)		1 Acre 2 Kanal 13 Marla	
	Grand Total		16 Acre 5 Kanal 9 Marla	

4. Residential property measuring 3.63 acres situated at Village 'Ingur, Taluk Perundurai, District Erode, registered vide Sale Deed No. 3193 dated 20.06.2005

District	Taluk	Village	Khasra Nos. (Survey Nos.)	Area
Erode	Perundura	Ingur	384/5 384/6 384/7	3.63 Acres

5. Residential Properties measuring 500 Sq. yards each situated at Dr. Ambedkar Nagar, D.C. Road Hoshiarpur In the State of Punjab:

- Sale Deed No.6729 dated 24.01.2007 (Registered)
- Sale Deed No.6730 dated 24.01.2007 (Registered)
- Sale Deed No.6731 dated 24.01.2007 (Registered)
- Sale Deed No.6732 dated 24.01.2007 (Registered)

District	Taluk	Village	Khasra Nos. (Survey Nos.)	Area
Hoshiarpur	Hoshiarpur	--	--	2,000 sq. yards i.e. 500 sq. yards each

6. Land measuring 10 kanal 6 merle situated at Chandigarh Road, Ludhiana in the State of Punjab covered vide

Sale Deed No.8584 dated 26.08.1986 (Registered)

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Kanal	Marla
Ludhiana	Ludhiana	Mundian Khurd	Rectangle No. 26		
			2	2	05
			3	2	05
			8	2	06
			9	3	10
			Total	10	06

7. Office and Godown measuring 7980 sq. ft. situated at Krishna Centre, Ahmedabad.

- Conveyance Deed No. 323 dated 28.03.1994 (Registered)

Deed of Rectification No. 099 dated 09.04.1994 (Registered)

- ii) Conveyance Deed No. 322 dated 28.03.1994 (Registered)
- iii) Conveyance Deed No. 324 dated 28.03.1994 (Registered)
- iv) Conveyance Deed No. 1643 dated 26.04.1994 (Registered)
- v) Conveyance Deed No. 1644 dated 26.04.1994 (Registered).

8. Eight Basements and Eight Galas, total 8090 sq. feet, situated at Mumbai.

BASEMENT

- i) Agreement to Sell dated 01.12.1997 (Registered)
- ii) Agreement to Sell dated 22.07. 1994 (Registered)
- iii) Agreement to Sell dated 01.12.1997 (Registered)
- iv) Agreement to Sell dated 07.07. 1994 (Registered)
- v) Agreement to Sell dated 01.12. 1997 (Registered)
- vi) Agreement to Sell dated 01.12.1997 (Registered)
- vii) Agreement to Sell dated 01.12.1997 (Registered)
- viii) Agreement to Sell dated 28.12.1990 (Registered)

GALAS

- i) Agreement to Sell dated 12.12. 1990 (Registered)
- ii) Agreement to Self dated 12.12. 1990 (Registered)
- iii) Agreement to Sell dated 12.12. 1990 (Registered)
- iv) Agreement to Sell dated 13.12. 1990 (Registered)
- v) Agreement to Sell dated 13.12. 1990(Registered)
- vi) Agreement to Sell dated 28.12. 1990 (Registered)
- vii) Agreement to Sell dated 28.12. 1990 (Registered)
- viii) Agreement to Sell dated 28.12. 1990 (Registered)

together with buildings and structure thereon and all plant and machinery attached to the earth or permanently fastened anything attached to the earth.

PART II

(Short description of the leasehold property pertaining to the Threads Undertakings of the Transferor Company No.1)

Leasehold Property measuring 4 acres allotted by the State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) in Village Ingur, Taluk Perundurai, District Erode, registered vide Lease Deed No. 17 dated 04.01.2002

District	Taluk	Village	Khasra Nos. (Survey Nos.)	Area
Erode	Perundura	Ingur	143 part 144 part 155 part	4 Acres

together with buildings and structure thereon and all plant and machinery attached to the earth or permanently fastened anything attached to the earth.

PART III,

(Short description of all stocks, shares, debentures and other charges in action pertaining to the Threads Undertakings of the Transferor Company No. 1)

- a) 8,461 Equity Shares of Rs. 1,000/- each of Perundurai Common Effluent Treatment Plant.
- b) 80 Shares of Rs.50/- each of the Solarit - II Premises Co-operative Society Limited.

PART IV

(Indicative List of licenses, exemption certificates and statutory approvals under various applicable laws pertaining to the Threads Undertakings of the Transferor Company No. 1)

All licenses, consents, certificates, registrations, permissions, sanctions, approvals, petitions, applications, remissions, authorisations, reservations, concessions, deductions, exemptions, tax holidays, benefits, entitlements, incentives, refunds, claims, demands, liabilities, quotas, permits and miscellaneous matters pertaining to the VTEX Threads Undertaking of the "Transferor Company No.1, inter-alia comprising Mahavir Spinning Mills (Sewing Thread - Unit I) located at Hoshiarpur (hereinafter referred to as the "Hoshiarpur Unit"),

Mahavir Spinning Mills (Sewing Thread - Unit II) located at Ludhiana (hereinafter referred to as the "Ludhiana Unit") and Mahavir Spinning Mills (Sewing Thread - Unit III) located at Perundurai (hereinafter referred to as the "Perundurai Unit") together with all their branches whether in the present name viz. 'Vardhman Textiles Limited', or former name viz. 'Mahavir Spinning Mills Limited' of VTEX, shall vest with the Transferee Company.

Further, VTEX has two undertakings at Hoshiarpur viz. the Hoshiarpur Unit forming a part of the VTEX Threads Undertaking and a Gassed Mercerised Yam Unit (hereinafter referred to as "GMYU") and both the said units are located adjacently. Earlier, as both the said units were part of VTEX, VTEX had obtained certain approvals, licenses, etc. which are common for both the units. Now, as a result of the vesting of the VTEX Threads Undertaking in the Transferee Company and GMYU continuing to be a part of VTEX, all such licenses, consents, certificates, registrations, permissions, sanctions, approvals, authorizations etc., which are common for the Hoshiarpur Unit and GMYU, shall continue to be valid both for VTEX and the Transferee Company.

Without affecting the generality of the foregoing, the licenses, consents, certificates, registrations, permissions, sanctions, approvals, petitions, applications, remissions, authorisations, reservations, concessions, deductions, exemptions, tax holidays, benefits, entitlements, incentives, refunds, claims, demands, liabilities, quotas, permits and miscellaneous matters of the Transferor Company No. 1, which will vest in the Transferee Company shall include but not limited to the following:-

1. **Pertaining to Customs, Import-Export and related matters of the VTEX Threads Undertaking of the Transferor Company No. 1 to be passed on to the Transferee Company:**
 - a) All advance licenses, licenses issued under the Export Promotion Capital Goods (EPCG) Scheme and duty drawback claims, rebate claims and pending applications in respect of the foregoing.
 - b) Bonds/Letter of Undertaking submitted to customs department, shipping companies, Directorate General of Foreign Trade (DGFT) etc.
 - c) All pending demands, liabilities, refunds, claims, obligations, etc. under the Customs Act and related matters.
 - d) All pending appeals, applications, petitions, litigations, under the Customs Act or related matters.
2. **Pertaining to Income-Tax and related matters of the VTEX Threads Undertaking of the Transferor Company No. 1 to be passed on to the Transferee Company:**
 - a) Tax Deduction (TDS) Account Numbers, Tax Collection at Source (TCS) Numbers and pending applications in respect of the foregoing.
 - b) All pending assessments, appeals, applications, petitions, litigations, liabilities, etc. pertaining to TDS and TCS provisions under the Income-Tax Act, 1961.
3. **Pertaining to Excise Matters of the VTEX Threads Undertaking of the Transferor Company No. 1 to be passed on to the Transferee Company:**
 - a) All registrations, licenses and permissions under the Central Excise Act including but not limited to permissions for factory stuffing, self-sealing and self-certification of containers, removal of excisable goods without payment of duty, licenses for private bonded warehouses, permissions for imports at concessional rate of duty for capital goods, spares and others, permissions for job-work and pending applications in respect of the foregoing.
 - b) CENVAT credits.
 - c) Exemptions and other incentives and benefits under the Central Excise Act.
 - d) All pending demands, liabilities, refunds, claims etc. under the Central Excise Act.
 - e) All pending appeals, applications, petitions, litigations, etc. under the Central Excise Act.
 - f) Letter of Undertakings (LUTs), bonds and other undertakings given under the excise legislations.
4. **Pertaining to Sales Tax, VAT, Service Tax and related matters of the VTEX Threads Undertaking of the Transferor Company No. 1 to be passed on to the Transferee Company:**
 - a) Registrations under the Central and State Sales Tax Acts, VAT registrations alongwith pending applications in relation thereto.
 - b) Eligibility Certificates, Sales Tax Exemption Certificates and rights accruing thereunder.
 - c) Registrations under Service Tax Act and pending application in relation thereto.
 - d) All pending demands, liabilities, refunds, claims etc. under the sales tax acts, VAT and Finance Act, 1994 (pertaining to Service Tax).
 - e) All pending appeals, assessments, applications, petitions, litigations etc. under the sales tax acts, VAT and Finance Act, 1994 (pertaining to Service Tax).
5. **Pertaining to Electricity Matters of the VTEX Threads Undertaking of the Transferor Company No. 1 to be passed on to the Transferee Company:**
 - a) Permissions/sanctions relating to electricity connections, connected loads, contracted demand alongwith security deposits, etc. from the State Electricity Boards; approvals from State Electricity Boards and/or

Chief Electrical Inspector of the State for installation of electrical Sub-Stations and Systems, diesel generating sets/captive power plants, stand by diesel generating sets or any other approvals for electrical equipments, installations and electrical drawings, etc.; all applications for electricity connections, load sanctions, demand sanctions and for any other purpose pending with the State Electricity Boards and/or Chief Electrical Inspector of the State.

- i) However, VTEX had obtained permissions/sanctions relating to electricity connections, connected loads, contracted demand, etc. from Punjab State Electricity Board (PSEB) at Hoshiarpur which are common for its Hoshiarpur Unit and GMYU as both the units are located adjacently. Accordingly, the sanctioned load of 18,679.63 kilowatt and contracted demand of 12,000 KVA are jointly shared by the Hoshiarpur Unit and GMYU. VTEX had also installed a 66/ 33/11 Sub-Station at the Hoshiarpur Unit, the cost of which was allocated to both the Hoshiarpur Unit and GMYU. The said 66/33/11 Sub-Station is giving service to both the units. Now in terms of the Scheme, the Hoshiarpur Unit gets vested in the Transferee Company and GMYU will continue to be a part of VTEX. Accordingly, VTEX and the Transferee Company will continue to have joint ownership of the said 66/33/11 KV Sub-Station and they will continue to get service from the said 66/33/11 KV Sub-Station for their existing units and future expansions. The terms and conditions for the joint ownership and usage of the said 66/33/11 K V Sub-Station shall be governed by the Agreement between VTEX and the Transferee Company. Though the permissions/sanctions relating to electricity connections, connected loads, contracted demand along with security deposit, etc. will get transferred, as it is, in the name of the Transferee Company for the purpose of dealing with PSEB, but VTEX and the Transferee Company will continue to jointly share the electricity connection, connected load and contracted demand as already sanctioned by PSEB and further increase therein from time to time, as mutually agreed upon by VTEX and the Transferee Company. Also, all approvals regarding installation of 66/33/11 Sub-Station will remain valid for both VTEX and the Transferee Company.
 - ii) Further, VTEX had physically installed two Wartsila diesel generating sets of four megawatts each at the Hoshiarpur Unit, out of which, the cost of one set is allocated to the Hoshiarpur Unit and the cost of the other set is allocated to GMYU. VTEX had obtained the above-referred approvals in common for both the diesel generating sets. Now, pursuant to the vesting of the Hoshiarpur Unit with the Transferee Company and GMYU continuing to be a part of VTEX, all the above-referred approvals shall continue to remain valid in respect of VTEX and the Transferee Company.
 - iii) Besides, at Ludhiana, PSEB had accorded its approval to VTEX for providing a single point supply at 66/11 KV power supply to the various industrial units of Vardhman Group of companies through a common 66/11 KV Sub-Station and in pursuance to the said approval, VTEX had installed a 66/11 KV Sub-Station at the Ludhiana Unit. Though the said Sub-Station is physically installed at the Ludhiana unit, in terms of the approval of the PSEB for a single point supply, VTEX and other companies of Vardhman Group will continue to have vested right to get the supply from 66/11 KV Sub-station installed at the Ludhiana Unit,
- b) All refunds, claims, demands, liabilities, etc. due from and/or pending from and/or to the State Electricity Boards.

6. Pertaining to Financial Matters of the VTEX Threads Undertaking of the Transferor Company No. 1 to be passed on to the Transferee Company:

- a) All sanctions, loan agreements, declarations and undertakings given and charges created thereunder and availment of benefits under the Technology Upgradation Fund Scheme.
- b) All sanctions, working capital agreements, agreements for hypothecation, letters of arrangement and bank consortium agreements.
- c) Bank accounts, letters of credit, forward/option contracts, ISDA agreements and bank guarantees given by vendors.

7. Pertaining to Labour Matters of the VTEX Threads Undertaking of the Transferor Company No. 1 to be passed on to the Transferee Company:

- a) Provident Fund registration.
- b) Employees State Insurance registration.
- c) Standing Orders of the VTEX Threads Undertaking shall vest in the Transferee Company.
However, VTEX had framed a common set of Standing Orders for the Hoshiarpur Unit and its GMYU. Now, pursuant to the vesting of the Hoshiarpur Unit with the Transferee Company and GMYU continuing to be a part of VTEX, the said Standing Orders shall continue to be valid for the Hoshiarpur Unit and GMYU.
- d) Registration under Contract Labour Regulation Act, Appmticeship Act, and all agreements, registrations under various labour and industrial laws including Factories Act, 1948 and all pending applications in **relation to** foregoing.

8. Pertaining to Factory/Property/Industrial and Related Matters of the VTEX Threads Undertaking of the Transferor Company No.1 to be passed on to the Transferee Company:

- a) Approvals and licenses issued by the various Departments of the Government in respect of the setting up of the units etc. from time to time.
- b) Investment subsidies, Freight Subsidies, deductions, tax holidays, and other incentives under various Government Policies and legislations.
- c) Certificates of Commercial Production and any other certificate issued by and approval given by the District Industries Centre.
- d) All No-Objection Certificates, Essentiality Certificates, permissions and approvals alongwith pending applications in connection with all land/property matters including transfers thereof, being issued by District Industries Centre, State Government or any other authority; including but not limited to all No-Objection Certificates/Permissions issued by the Punjab Government and State Industries Promotion-Corporation of Tamil Nadu Limited (SIPCOT).

Further, as the immovable properties of the VTEX Threads Undertaking now vest in the Transferee Company, Punjab Government, SIPCOT and other government and statutory authorities will issue their No-objection certificates, permissions, etc., wherever required, for recording the name of the Transferee Company in the revenue records, letters of allotment, conveyance **deeds and/or other** documents.

- e) Licenses and permissions given by Municipal Corporation, Town Area Committees, Panchayats and also approvals under various building bye-laws.
- f) Approvals of factory plans and approvals of fire hydrant systems.
- g) Factory Licenses, Industrial Licenses and registrations under the Industrial Entrepreneur Memorandum (IEMs) and/or acknowledgements from the Secretariat for Industrial Assistance
- h) Mill Serial Number for Hank Yam Obligation, Textile Mills Registration **and** Serial Numbers granted by the Textile Commissioner.
- i) Consents given by the State Pollution Control Boards issued under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1991, permissions relating to sewerage and authorization/permissions for operating facility for collection, storage and disposal of hazardous waste and/or other related permissions and pending applications in respect of the foregoing matters.

Since the Hoshiarpur Unit and GMYU are located adjacently at Hoshiarpur, VTEX holds these permissions in common for both the units. Now, pursuant to the vesting of the Hoshiarpur Unit with the Transferee Company and GMYU continuing to be a part of VTEX, these permissions shall continue to be valid for both VTEX and the Transferee Company.

Further, VTEX had installed an Effluent Treatment Plant (ETP) at the Hoshiarpur Unit for common usage by the Hoshiarpur Unit and GMYU Unit. Now, pursuant to the vesting of the Hoshiarpur Unit with the Transferee Company, and GMYU continuing to be a part, of VTEX, the ETP facility shall continue to be used in common by VTEX and the Transferee Company on mutually agreed terms and conditions.

- j) Agreement entered into with Perundurai Common Effluent Treatment Plant along with security deposits and advances recoverable.
- k) VTEX had entered into a joint Memorandum of Settlement dated 16-10-2006 with the workers of both of its units at Hoshiarpur, namely, the Hoshiarpur Unit and GMYU. Now, pursuant to the vesting of the Hoshiarpur Unit with the Transferee Company and GMYU, continuing to be a part of VTEX, the said Memorandum of Settlement shall continue to remain valid in respect of both VTEX and the Transferee Company.
- l) Registrations with the Inspector of Factories and Labour Commissioner.
- m) Consents and verifications pertaining to weights and other measurements given under the Standards of Weights and Measures Act, 1976 and other related legislations

However, the Transferee Company will have permission to use the packing material printed in the name of the Transferor Company No. 1 for a period of ninety days from the Effective Date of the Scheme. Also, the Transferee Company will have permission to sell the packed stock in the name of the Transferor Company No. 1 till the inventory of packed stock is exhausted.

- n) BIS/ISO Certifications."
- o) Boiler Inspection Certificates.
- p) Explosives Licenses and Licenses for procurement and storage of Petroleum Products issued by the concerned authorities.

However, VTEX had physically installed two Wartsila diesel generating sets of four megawatts each at the Hoshiarpur Unit, out of Which the cost of one setig allocated to the Hoshiarpur Unit and the cost of the other set is allocated to GMYU. VTEX had obtained the above-referred licenses in common for both the diesel generating sets and accordingly, storage facilities for explosives and Petroleum

Products were created at the Hoshiarpur Unit. Now, pursuant to the vesting of the Hoshiarpur Unit with the Transferee Company and GMYU continuing to be a part of VTEX, all the above-referred licenses shall continue to remain valid in respect of VTEX and the Transferee Company. Also, VTEX will be entitled to store the petroleum products at the storage facilities created in the Hoshiarpur Unit.

- q) Licenses for Weapons including gun licenses.
- r) Water connections.
- s) Sewerage connections from municipal corporations/committees of the VTEX Threads Undertaking shall vest in the Transferee Company.

However, VTEX had taken a common sewerage connection for both the units, viz the Hoshiarpur Unit and GMYU, as they are located adjacent to each other. Now, pursuant to the vesting of the Hoshiarpur Unit with the Transferee Company and GMYU continuing to be a part of VTEX, the sewerage connection shall continue to be common for both the said units and the approvals in respect thereof will continue to be valid for both VTEX and the Transferee Company.

- t) Telephone Connections, leased lines, ISDN lines and VSAT uSages.,
- u) Permanent Injunctions dated 20.03.1996 issued by the Hon'ble Civil judge restraining the workers, labourers and other officials from holding dhama, demonstration and rallies, using abusive language etc. shall continue to be valid for the Hoshiarpur Unit as well as GMYU.

9. Pertaining to Miscellaneous Matters of the VTEX Threads Undertaking of the Transferor Company No. 1 to be passed on to the Transferee Company:

- a) Registrations for Professional Tax and registrations under the Shops and Establishments Act.
- b) Fire safety permissions issued by the municipal corporations.
- c) Trade and Health Licenses.
- d) Vehicles Registrations.
- e) Trademark registrations and copyright registrations and applications pending registration along with all agreements including but not limited to the agreement with World Wildlife Fund pertaining to the usage of certain trademarks and/or copyrights.
- f) Gratuity and superannuation funds in respect of the employees of the VTEX Threads Undertaking shall be respectively transferred to the gratuity and superannuation funds of the Transferee Company. However, the Transferee Company shall continue to contribute to the existing gratuity and superannuation funds of the Transferor Company No. 1 till such time the gratuity and superannuation funds are constituted and got registered with Income Tax authorities by the Transferee Company. The Income Tax department will register the gratuity and superannuation funds of the Transferee Company for the said purpose,
- g) Lease deeds in respect of the premises taken on lease along with security deposits in relation thereto.
- h) Insurance policies and pending claims in respect thereto.
- i) All pending legal cases or other proceedings.
- j) All pending assessments,- appeals, petitions, litigations, applications, refunds, claims, demands, liabilities, etc. under various applicable laws.
- k) Earnest monies and security deposits.
- l) All licenses, contracts, settlements and other agreements.

FOR VARDHMAN TEXTILES LIMITED

Transferor Company No. 1

Signature : sd/-

Name : Vipin Gupta

Designation : Company Secretary

SCHEDULE - II

**IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA
AT CHANDIGARH**

ORIGINAL COMPANY JURISDICTION COMPANY PETITION NO. 34 ,OF 2007

IN THE MATTER OF:

The Companies Act, 1956; AND

IN THE MATTER OF:

Petition under Section 391-394 of the Companies Act, 1956; AND

IN THE MATTER OF:

SCHEME OF ARRANGEMENT, RE-ORGANIZATION AND DEMERGER AMONGST VARDHMAN TEXTILES LIMITED, VARDHMAN THREADS LIMITED AND VARDHMAN YARNS & THREADS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED, an existing Company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...PETITIONER/TRANSFEROR COMPANY NO.1

VARDHMAN THREADS LIMITED, an existing Company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana -141010 (Punjab).

...PETITIONER/TRANSFEROR COMPANY NO.2

VARDHMAN YARNS & THREADS LIMITED, an existing Company incorporated under the provisions the Companies Act, 1956 and having its Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

PETITIONER/TRANSFEREE COMPANY NO.3

SCHEDULE - II

PART - I

(Short description of the freehold property pertaining to the Threads Undertaking of the Transferor Company No.2) Land measuring 62 bigha 14 biswa situated in village Dharampur and Dhakru Majra, Tehsil Nalagarh, District Solan, (H.P.), presently standing in the former name of Vardhman Threads Limited (Transferor Company No.2) i.e. "Barbour Vardhman Threads Limited" in the revenue records, which shall vest in the Transferee Company, and comprised as follows :-

- i) Sale Deed No. 654 dated 15.06.1996 for land measuring 30 bigha 2 biswa (Registered)
- ii) Sale Deed No. 655 dated 15.06.1996 for land measuring 35 bigha 15 biswa (Registered)

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area		
				Kanal	Marla	
Solan	Nalagarh	Dharampur	549	12	5	
			553	0	06	
			550	13	1	
			828/551	1	05	
			552	1	08	
			Dhakru Majra	177	5	14
				178	8	18
		179		6	4	
		180		3	15	
		181	4	8		
		182	5	10		
		Total	62	14		

together with buildings and structure thereon and all plant and machinery attached to the earth or permanently fastened anything attached to the earth.

PART II

(Short description of the leasehold property pertaining to the Threads Undertakings of the Transferor Company No.2)

--Nil--

PART III

(Short description of all stocks, shares, debentures and other charges in action pertaining to the Threads Undertakings of the Transferor Company No.2)

--Nil--

PART-IV

(Indicative List of licenses, exemption certificates and statutory approvals under various applicable laws pertaining to the Threads Undertakings of the Transferor Company No. 2)

All licenses, consents, certificates, registrations, permissions, sanctions, approvals, petitions, applications, remissions, authorisations, reservations, concessions, deductions, exemptions, tax holidays, benefits, entitlements, incentives, refunds, claims, demands, liabilities, quotas, permits and miscellaneous matters pertaining to the VTL Threads Undertaking of the Transferor Company No. 2, inter-alia, the sewing thread unit at

Baddi together with all its branches, whether in the present name viz. 'Vardhman Threads Limited', or former name, viz. 'Barbour Vardhman Threads Limited' of VTL, shall vest with the Transferee Company; including but not limited to the following:-

1. **Pertaining to Customs, Import-Export and related matters of the VTL Threads Undertaking of the Transferor Company No. 2 to be Passed on to the Transferee Company:**
 - a) All advance licenses, Licenses issued under Export Promotion Capital Goods (EPCG) Scheme and Duty Drawback Claims and pending applications in respect of the foregoing.
 - b) Importer Exporter Codes and EDI (Electronic Data Interchange) Registration.
 - c) Bonds submitted to customs department, shipping companies, Directorate General of Foreign Trade (DGFT) etc.
 - d) All pending demands, **liabilities**, refunds, claims, obligations, etc. under the Customs Act and related matters.
 - e) All pending appeals, applications, petitions, litigations, under the Customs Act or related matters.
2. **Pertaininik to Income-Tax and related matters of the VTL Threads Undertaking of the Transferor Company No. 2 to be passed on to the Transferee Company:**
 - a) Tax Deduction Account Numbers, Tax Collection at Source Numbers and pending applications in respect of the foregoing,
 - b) Deductions, exemptions, tax holidays under Section 80-IC and other incentives and benefits under the Income Tax Act, 1961.
 - c) Certificate dated 24.11.2004 issued by the Directorate of Industries, Government of Himachal Pradesh for taking on record the substantial expansion of the Baddi Unit.
 - d) Credit in respect of TDS, Advance Tax, MAT Credits, Self-Assessment Tax, under Income Tax Act and Wealth Tax Act pertaining to the assessment years 2008-09 onwards.
 - e) All pending demands, liabilities, refunds, claims etc. under the Income Tax Act and Wealth tax Act pertaining to the assessment years 2008-09 onwards.
 - f) All pending assessments, appeals, applications, petitions, litigations, etc. under the Income-Tax Act and Wealth Tax Act pertaining to the assessment years 2008-09 onwards.
3. **Pertaining to Excise Matters of the VTL Threads Undertaking of the Transferor Company No. 2 to be passed on to the Transferee Company:**
 - a) All registrations, licenses and permissions under the Central Excise Act including but not limited to permissions for factory stuffing, self-sealing and self-certification of containers, removal of excisable goods without payment of duty, licenses for private bonded **warehouses**, permissions for imports at concessional rate of duty for capital goods, spares and others, permissions for job-work and pending applications in respect of the foregoing.
 - b) CENVAT Credits.
 - c) Exemptions, tax holidays and other incentives and benefits under the Central Excise Act.
 - d) All pending demands, liabilities, refunds, claims etc. under the Central Excise Act.
 - e) All pending appeals, applications, petitions, litigations, etc. under the Central Excise Act.
 - f) Letter of Undertakings (LUTs), Bonds and other undertakings given under the Excise legislations.
4. **Pertaining to Sales Tax, VAT, Service Tax and related matters of the VTL Threads Undertaking of the Transferor Company No. 2 to be passed on to the Transferee Company:**
 - a) Registrations under the Central and State Sales Tax Acts, VAT Registrations alongwith pending applications in relation thereto.
 - b) Eligibility Certificates, Sales Tax Exemption Certificates and rights accruing thereunder.
 - c) Registrations under Service Tax Act and pending applications in relation thereto.
 - d) All pending demands, liabilities, refunds, claims etc. under the sales tax act, VAT and Finance Act, 1994 (pertaining to Service Tax).
 - e) All pending appeals, assessments, applications, petitions, litigations etc. under the sales tax acts, VAT and Finance Act, 1994 (pertaining to Service Tax).
5. **pertaining to Electricity Matters of the VTL Threads Undertaking of the Transferor Company No. 2 to be passed on to the Transferee Company:**
 - a) Electricity connections, load sanctions, contracted demand, etc. alongwith security deposits, from the State Electricity Boards, including, inter-alia, the permission given for Usage of the 66 KV Sub-Station installed by VTEX at Baddi.

- b) All approvals from State Electricity Boards and/or Chief Electrical Inspector for installation of electrical Sub-Stations and Systems, diesel generating sets, captive power plants, stand by diesel generating sets or any other; approvals for electrical equipments installations and electrical drawings, etc.
 - c) All applications for electricity connections, load sanctions, contracted demand, etc. and for any other purpose pending with the State Electricity Boards.
 - d) All refunds, claims, demands, liabilities, etc. due from and/or pending from and/or to the State Electricity Boards.
- 6. Pertaining to Financial Matters of the VTL Threads Undertaking of the Transferor Company No. 2 to be passed on to the Transferee Company:**
- a) All sanctions, loan agreements, declarations and undertakings given and charges created thereunder and availment of benefits under the Technology Upgradation Fund Scheme
 - b) All sanctions, working capital agreements, agreements for Hypothecation, letters of arrangement and bank consortium agreements.
 - c) Bank accounts, letters of credit, forward/option contracts, ISDA agreements and bank guarantees given by vendors.
- 7. Pertaining to Labour Matters of the VTL Threads Undertaking of the Transferor No.2 Company to be passed on to the Transferee Company:**
- a) Provident Fund registration.
 - b) Employees State Insurance registration.
 - c) Registration under Contract Labour Regulation Act, Apprenticeship Act, Standing Orders, and all agreements, registrations under various labour and industrial laws including Factories Act, 1948 and all pending applications in relation to foregoing.
- 8. Pertaining to Factory/Property/Industrial and Related Matters of the VTL Threads Undertaking of the Transferor Company o. 2 to be passed on to the Transferee Company:**
- a) Approvals and licenses issued by the various departments of the Government in respect of the setting up of the units etc. from time to time.
 - b) Investment subsidies, freight subsidies, deductions, tax holidays and other incentives under various Government policies and legislations.
 - c) Certificates of Commercial Production and any other certificate issued by and approval given by the District Industries Centre.
 - d) Certificate of eligibility for the grant of incentives to industrial units in Himachal Pradesh given by the Government of Himachal Pradesh.
 - e) All No-Objection Certificates, Essentiality Certificates, 'permissions and approvals alongwith pending applications in connection with all land/property matters including transfers thereof, being issued by District Industries Centre, State Government or any other authority, including but not limited to all No-Objection Certificates/Permissions issued by the Himachal Pradesh State Government under Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act, Essentiality Certificates issued by the District Industries Centres, all permissions under the Himachal Pradesh Ceiling on Land Holidays Act, and any other applicable laws in connection therewith and all pending applications in relation to the foregoing.

Further, as the immovable property comprised in VTL Threads Undertaking now vests in the Transferee Company, the Himachal Pradesh State Government will issue permission/No-Objection Certificate under Section 118 of the Himachal Pradesh Tenancy and Land Reforms Act and others, as may be required, for recording of the name of the Transferee Company in the revenue records and/or the letters of allotment, conveyance deed and other related documents.
 - f) Water and sewerage connections and other licenses and permissions given by Municipal Corporation, Town Area Committees, Panchayats and also approvals under various building bye-laws.
 - g) Factory Licenses, Industrial Licenses and registrations under the Industrial Entrepreneur Memorandum (IEMs) and/or acknowledgements from the Secretariat for Industrial Assistance.
 - h) Consents given by the State Pollution Control Boards under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1991, permissions relating to sewerage and authorization/ permissions, for operating facility for collection, storage and disposal of Hazardous Waste and/or other related permissions and pending applications in respect of the foregoing matters, including but not limited to the permission accorded by the Himachal Pradesh Pollution Control Board for usage of VTEX's Effluent Treatment Plant at Baddi for discharge of effluents.
 - i) Registrations with the Inspector of Factories and Labour Commissioner.
 - j) Consents and verifications pertaining to weights and other measurements given under the Standards of Weights and Measures Act, 1976 and other related legislations.

However, the Transferee Company will have permission to use the packing material printed in the name of the Transferor Company No. 1 for a period of ninety days from the Effective Date of the Scheme. Also, the Transferee Company will have permission to sell the packed stock in the name of the Transferor Company Nfo. 1 till the inventory of packed stock is exhausted.

- k) BIS/ISO Certifications.
- l) Boil& Inspection Certificates.
- m) Explosives Licenses and Licenses for procurement and storage of Petroleum Products issued by the concerned authorities.
- n) Licenses for Weapons.
- o) Telephone Connections, leased lines, ISDN lines and VSAT usages.

9. Pertaining to Miscellaneous Matters of the VTL Threads Undertaking of the Transferor Company No. 2 to be passed on to the Transferee Company:

- a) Registration for Professional Tax and registration under Shops and Establishments Act.
- b) Trade and Health Licenses,
- c) Vehicles Registrations.
- d) Trade Mark Registrations and Copyright Registrations and applications pending registration
- e) Insurance Policies.
- f) All pending legal cases or other proceedings.
- g) All pending assessments, appeals, petitions, litigations, applications, refunds, claims, demands, liabilities, etc. under various applicable laws.
- h) Earnest monies and Security Deposits.
- i) Membership of SATRA, U.K., Synthetic and Rayon Textiles Export Promotion Council and other memberships, if any.
- j) All licenses, contracts, settlements and other agreements.

FOR VARDHMAN THREADS LIMITED

Transferor Company No. 2

Signature : sd/-

Name : Vipin Gupta

Designation : Authorised Signatory

Dated this 24th January, 2008

(By the Court)

Assistant Registrar
for Registrar (Judicial)

FORMAL ORDER

**IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA
AT CHANDIGARH •**

COMPANY JURISDICTION

**COMPANY PETITION NO. 59 OF 2007
CONNECTED WITH**

COMPANY PETITION NO. 34 OF 2007

IN THE MATTER OF:

The Companies Act, 1956;

AND

IN THE MATTER OF:

Petition under Section 391-394 of the Companies Act, 1956;

AND

IN THE MATTER OF:

SCHEME OF ARRANGEMENT, REORGANIZATION AND DEMERGER BETWEEN VARDHMAN TEXTILES LIMITED, VARDHMAN THREADS LIMITED AND VARDHMAN YARNS & THREADS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...TRANSFEROR/PETITIONER COMPANY NO.1

VARDHMAN THREADS LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...TRANSFEROR/PETITIONER COMPANY NO.2

VARDHMAN YARNS & THREADS LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...TRANSFEREE/PETITIONER COMPANY NO.3

PETITION UNDER SECTION 391-394 OF THE COMPANIES ACT, 1956 FOR SANCTION OF THE SCHEME OF ARRANGEMENT, REORGANIZATION AND DEMERGER BETWEEN VARDHMAN TEXTILES LIMITED, VARDHMAN THREADS LIMITED AND VARDHMAN YARNS & THREADS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

PRAYER

- (a) Sanctioning the Scheme of Arrangement, Reorganisation and Demerger between Vardhman Textiles Limited, Vardhman Threads Limited and Vardhman Yarns & Threads Limited and their respective shareholders and creditors being Annexure 'P-I' to the Petition so as to be binding on the Petitioner Companies and its Shareholders and Creditors.
- (b) Directing publication of the general notice of hearing in the newspapers, 'The Tribune' (English Edition) and 'Dainik Tribune' (Hindi Edition) and the Punjab Government Gazette.
- (c) Directing service of Notice of this Petition on the Regional Director, Department of Company Affairs, Northern Region, PDIL Bhawan, Ground Floor (near Indian Oil Circle), Sector 1, Noida (U.P.).
- (d) Directing the Regional Director to make their report, if any, to this Hon'ble Court in terms of the Act within a period of 3 weeks from the date of the order to be made hereon and the Regional Director serve a copy of their report on the Petitioner Companies' Advocate.
- (e) Exempt the Petitioner from filing fair type copies of the Annexures and permission may be granted to file original photo copies of the Annexures.
- (f) Pass such further and other orders as deemed proper in the facts and circumstances of the case.

COMPANY PETITION NO. 34 OF 2007

IN THE MATTER OF:

The Companies Act, 1956;

AND

IN THE MATTER OF:

Petition under Section 391 (1) of the Companies Act, 1956;

AND

IN THE MATTER OF:

SCHEME OF ARRANGEMENT, REORGANIZATION AND DEMERGER BETWEEN VARDHMAN TEXTILES LIMITED, VARDHMAN THREADS LIMITED AND VARDHMAN YARNS & THREADS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...TRANSFEROR/PETITIONER COMPANY NO.1

VARDHMAN THREADS LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...TRANSFEROR/PETITIONER COMPANY NO.2

VARDHMAN YARNS & THREADS LIMITED, an existing company incorporated under the provisions of the Companies Act, 1956 and having their Registered Office at Chandigarh Road, Ludhiana - 141 010 (Punjab).

...TRANSFEREE/PETITIONER COMPANY NO.3

PETITION UNDER SECTION 391 OF THE COMPANIES ACT, 1956

PRAYER

- (a) DIRECT convening of the meeting of the Equity Shareholders of the Petitioner Company No.1 on the 16th day of June, 2007 at 10.00 AM at the Registered Office of the Petitioner Company No.1, at Chandigarh

Road, Ludhiana - 141 010 (Punjab), for the purpose of considering and if thought fit approving the Scheme of Arrangement, Reorganization and Demerger between Vardhman Textiles Limited, Vardhman Threads Limited and Vardhman Yarns & Threads Limited and their Shareholders and Creditors AND accordingly directions may be given as to the method of convening, holding and conducting the said meeting of the Equity Shareholders of the Petitioner Company No.1 and as to the Notice and/or advertisement to be issued AND THAT a Chairman and Alternate Chairman be appointed for the aforesaid meeting of the Equity Shareholders' of the Petitioner Company No.1 and in respect of any adjournment(s) thereof and that the Chairman of the meeting shall report the result thereof to this Hon'ble Court.

- (b) DIRECT convening of the meeting of the Secured Creditors of the Petitioner Company No.1 on the 16th day of June, 2007 at 12.00 Noon at the Registered Office of the Petitioner Company No.1, at Chandigarh Road, Ludhiana - 141 010 (Punjab), for the purpose of considering and if thought fit approving the Scheme of Arrangement, Reorganization and Demerger between Vardhman Textiles Limited, Vardhman Threads Limited and Vardhman Yarns & Threads limited and their Shareholders and Creditors AND accordingly directions may be given as to the method of convening, holding and conducting the said meeting of the Secured Creditors of the Petitioner Company No.1 and as to the Notice and/or advertisement to be issued AND THAT a Chairman and Alternate Chairman be appointed for the aforesaid meeting of the Secured Creditors of the Petitioner Company No.1 and in respect of any adjournment(s) thereof and that the Chairman of the meeting shall report the result thereof to this Hon'ble Court.
- (c) DIRECT convening of the meeting of the Unsecured Creditors of the Petitioner Company No.1 on the 16th day of June, 2007 at 01.00 PM at the Registered Office of the Petitioner Company No.1, at Chandigarh Road, Ludhiana - 141 010 (Punjab), for the purpose of considering and if thought fit approving the Scheme of Arrangement, Reorganization and Demerger between Vardhman Textiles Limited, Vardhman Threads Limited and Vardhman Yarns & Threads Limited and their Shareholders and Creditors AND accordingly directions may be given as to the method of convening, holding and conducting the said meeting of the Unsecured Creditors of the Petitioner Company No.1 and as to the Notice and/or advertisement to be issued AND THAT a Chairman and Alternate Chairman be appointed for the aforesaid meeting of the Unsecured Creditors of the Petitioner Company No.1 and in respect of any adjournment(s) thereof and that the Chairman of the meeting shall report the result thereof to this Hon'ble Court.
- (d) DISPENSE with the requirement of convening the meeting of the Equity Shareholders of the Petitioner Company No.2 in view of the averments made in paragraph 17(a) of the present Petition;
- (e) DIRECT convening of the meeting of the Secured Creditors of the Petitioner Company No.2 on the 16 day of June, 2007 at 03.00 PM at the Registered Office of the Petitioner Company No.2, at Chandigarh Road, Ludhiana - 141 010 (Punjab) for the purpose of considering and if thought fit approving the Scheme of Arrangement, Reorganization and Demerger between Vardhman Textiles Limited, Vardhman Threads Limited and Vardhman Yarns & Threads Limited and their Shareholders and Creditors AND accordingly directions may be given as to the method of convening, holding and conducting the said meeting of the Secured Creditors of the Petitioner Company No.2 and as to the Notice and/or advertisement to be issued AND THAT a Chairman and Alternate Chairman be appointed for the aforesaid meeting of the Secured Creditors of the Petitioner Company No.2 and in respect of any adjournment(s) thereof and that the Chairman of the meeting shall report the result thereof to this Hon'ble Court.
- (f) DIRECT convening of the meeting of the Unsecured Creditors of the Petitioner Company No.2 on the 16th day of June, 2007 at 04.00 PM at the Registered Office of the Petitioner Company No.2, at Chandigarh Road, Ludhiana -141010 (Punjab), for the purpose of considering and if thought fit approving the Scheme of Arrangement, Reorganization and Demerger between Vardhman Textiles Limited, Vardhman Threads Limited and Vardhman Yarns & Threads Limited and their Shareholders and Creditors AND accordingly directions may be given as to the method of convening, holding and conducting the said meeting of the Unsecured Creditors of the Petitioner company No. 2 and as to the Notice and/or advertisement to be issued and that a Chairman and Alternate Chairman be appointed for the aforesaid meeting of the Unsecured Creditors of the Petitioner Company No. 2 and in respect of any adjournment(s) thereof and that the Chairman of the meeting shall report the result thereof to this Hon'ble Court.
- (g) DISPENSE with the requirement of convening the meetings of the Equity Shareholders, Secured and Unsecured Creditors of the Petitioner Company No.3. in view of the averments made in paragraphs 18 (a), (b) and (c) of the present Petition;
- (h) pass such further and other orders as deemed proper in the facts and circumstances of the case.

Before Hon'ble Mr. Justice Permod Kohl,

Dated 24th of January, 2008

Order on Petition

That the above Company Petition No. 34 of 2007 came up for hearing on 26.04.2007; upon reading the said petition, the order dated 26.04.2007, whereby meetings of Equity Shareholders of transferor company petitioner No.2 and transferee Company= Petitioner No.3 were dispensed with in view of the consent given by respective share holders of the aforementioned companies.and further separate meetings of Shareholders, Secured Creditors and unsecured Creditors of the transferor Company Petitioner No.1 and also separate meetings of

Secured Creditors and Unsecured Creditors of transferor Company Petitioner No.2 were directed to be convened and held for the purpose of considering and, if thought fit, approving with or without modification the Scheme of Arrangement, Reorganization and Demerger proposed to be made between transferor and transferee companies and their respective shareholders and secured and unsecured creditors and annexed to the affidavit of Sh. Vipin Gupta authorized representative of the petitioner companies dated 18.04.2007, 'The Tribune' dated 18.05.2007 and 'Dainik Tribune' 18.05.2007 and the official Gazette of Punjab Government dated 18.05.2007/25.05.2007 each containing the advertisement of the said notice convening the said meeting directed to be held by the said order dated 26.04.2007 and the affidavits of Sh. Puneet Kansal, Advocate and Sh. Vikash Sharma, Advocate both dated 07.06.2007 showing the publication and despatch of the notices convening the said meetings; the reports of the respective Chairpersons of the aforesaid meetings as to the result of the said meetings; and upon hearing Shri Deepak Suri, Advocate for the petitioner companies and Sh. D.P. Ojha, Official Liquidator and it appearing from the reports that the proposed Scheme of Arrangement, Reorganization and Demerger has been duly approved in the aforesaid meetings by Shareholders, Secured and Unsecured Creditors of the aforesaid companies by the requisite majority of the respective members/creditors, as the case may be present and voting in person or by proxy.

This Court doth hereby sanction the Scheme of Arrangement, Reorganization and Demerger set forth in the Company Petition No. 59 of 2007 and annexed as 'Annexure P-I' to the said petition and in the Schedule hereto and doth hereby declare the same to be binding on the Shareholders and secured/ unsecured creditors of the transferor and transferee companies and all concerned, and the scheme shall come into operation from the effective date on completion of all formalities :

AND

This Court doth further order that a notice of the order sanctioning the Scheme shall be duly notified by public notice in the 'The Tribune', 'Dainik Tribune' and 'Official Gazette of Govt. of Punjab' within 30 days.

That the said companies do file with the Registrar of Companies a certified copy of this order within 30 days from the date of this order.

Any person interested shall be at liberty to approach this Court in the above matter for any directions as may be necessary.

SCHEDULE

Scheme of Arrangement, Reorganization and Demerger as sanctioned by the Court.

SCHEME OF ARRANGEMENT, REORGANISATION AND DEMERGER

amongst

VARDHMAN TEXTILES LIMITED

and

VARDHMAN THREADS LIMITED

and

VARDHMAN YARNS AND THREADS LIMITED

and

THEIR RESPECTIVE SHAREHOLDERS & CREDITORS

PART-I

1. INTRODUCTION, DEFINITIONS AND INTERPRETATION

1.1 Introduction

1.1.1 Vardhman Textiles Limited

- (i) **Vardhman Textiles Limited ("VTEX")** is a public limited company incorporated under the Companies Act, 1956, having its registered office at Chandigarh Road, Ludhiana, Punjab – 141010.
- (ii) **VTEX** is presently engaged inter alia in the business of manufacture of yam, sewing thread, fabrics and steel.
- (iii) The equity shares of **VTEX** are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

1.1.2 Vardhman Threads Limited

- (i) Vardhman Threads Limited ("VTL") is a public limited company incorporated under the Companies Act, 1956, having its registered office Chandigarh Road, Ludhiana, Punjab-141 010.
- (ii) VTL is presently engaged inter alia in the following distinct and diverse activities, namely: -
 - (a) Business of manufacture of sewing threads, twines and braids; and
 - (b) Investment in securities and financing.
- (iii) The entire issued and paid-up share capital of **VTL** is held by **VTEX**.

1.1.3 Vardhman Yarns and Threads Limited

- (i) Vardhman Yarns and Threads Limited (the "**Transferee Company**") is a company incorporated under the Companies Act, 1956 and having its registered office at Chandigarh Road, Ludhiana, Punjab - 141010.
- (ii) The Transferee Company is authorised to be engaged inter alia in the business of manufacture of all types of sewing threads, twines and braids.
- (iii) VTEX holds 98.04% of the issued and paid-up share capital of the Transferee Company.

1.1.4 With the end and intent of consolidating the threads business of VTEX and VTL in order to achieve synergy and efficiency of operations and management and for possible creation of strategic relationships which may ameliorate the operations of the Transferee Company, VTL, VTEX and the Transferee Company propose by this Scheme (as hereinafter defined) that:

- (i) the VTEX Threads Undertaking (as hereinafter defined) be transferred to and vested in the Transferee Company as a going concern on slump sale basis; and
- (ii) the VTL Threads Undertaking (as hereinafter defined) be demerged and vested in the Transferee Company.

1.1.5 The demerger of the VTL Threads Undertaking and vesting thereof in the Transferee Company with effect from the VTL Appointed Date (as hereinafter defined); and the transfer and vesting of the VTEX Threads Undertaking in the Transferee Company as a going concern on i slump sale basis with effect from the VTEX Appointed Date (as hereinafter defined), is in the interest of the shareholders, creditors and employees as stakeholders of VTL, VTEX and the Transferee Company, respectively. The demerger and restructuring would enable a focused business approach for the maximization of benefits to all stakeholders.

1.1.6 The transfer of VTEX Threads Undertaking as a going concern on slump sale basis, demerger of the VTL Threads Undertaking and their vesting in the Transferee Company shall be in accordance with Section 2(42C) and Section 2(19AA) of the Income Tax Act, 1961 respectively.

1.2 Definitions and interpretation

1.2.1 Definitions

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as mentioned herein below: -

- (i) "**Act**" means the Companies Act, 1956 (Act No.1 of 1956), the rules and regulations made thereunder and will include any statutory modifications or re-enactment thereof.
- (ii) "**Effective Date**" shall have the meaning assigned to it in Clause 7.8 hereof.
- (iii) "**High Court**" means the Hon'ble High Court of Punjab and Haryana.
- (iv) "**Record Date**" shall have the meaning assigned to it in Clause 5.2.1 of this Scheme.
- (v) "**Scheme**" means this Scheme of Arrangement, Reorganisation and Demerger, in its present form, with or without modifications, as may be approved for sanction by the Hon'ble High Court.
- (vi) "**Transferee Company**" shall have the meaning assigned to it in Clause 1.1.3(i) above.
- (vii) "**Transferor Companies**" shall mean VTL and VTEX, collectively.
- (viii) "**VTEX**" shall have the meaning assigned to it in Clause 1.1.1(i) above.
- (ix) "**VTEX Appointed Date**" means Effective Date of this Scheme and is the date with effect from which the transfer of the VTEX Threads Undertaking as contemplated in this Scheme shall be applicable.
- (x) "**VTEX Threads Undertaking**" means the threads division of VTEX as of the VTEX Appointed Date comprising of the thread units at Hoshiarpur, Ludhiana and Perundurai alongwith spinning unit at Hoshiarpur and includes:
 - (a) all assets and properties, whether movable or immovable, tangible or intangible, including all rights, title, interest, covenant, undertakings, including continuing rights, title and interest in connection with the land and the buildings thereon whether, corporeal or incorporeal, leasehold or otherwise, plant and machinery, fixed or moveable, and whether leased or otherwise, other fixed assets, inventory and work in progress, together with all present and future liability including contingent liabilities and debts appertaining thereto, all of which relate to the threads division of VTEX.

For the purpose of identification, the immovable properties are more fully set out in **Schedule I** hereof;
 - (b) all investments, loans and advances, including accrued interest thereon, of VTEX appertaining to its threads division;

- (c) all debts, borrowings and liabilities, including, contingent liabilities, present or future, whether secured or unsecured, pertaining to the threads business of VTEX;
 - (d) all permits, quotas, rights, entitlements, licenses, approvals, consents, tenancies, offices and depots, trademarks, copyrights, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, easements, powers and facilities of every kind and description whatsoever appertaining to the threads business of VTEX;
 - (e) all employees of VTEX and contract labour engaged in the threads division of VTEX at their respective offices, branches, depots, manufacturing units at their current terms and conditions; and
 - (f) all earnest monies and/or security deposits, payment against warrants or other entitlements in connection with or relating to the threads division of VTEX.
- (xi) **"VTEX Residual Undertaking"** means the residual VTEX, as would emerge immediately after the transfer and vesting of the VTEX Threads Undertaking in the Transferee Company.
- (xii) **"VTL"** shall have the meaning assigned to it in Clause 1.1.2(i) above.
- (xiii) **"VTL Appointed Date"** means April 1, 2007 and is the date with effect from which the transfer of the VTL Threads Undertaking as contemplated in this Scheme shall be applicable.
- (xiv) **"VTL Threads undertaking"** means the threads division of VTL at Baddi, Himachal Pradesh as of the VTL Appointed Date, and includes-
- (a) all assets and properties, whether movable or immovable, tangible or intangible, including all rights, title, interest, covenant, undertakings, including continuing rights, title and interest in connection with the land and the buildings thereon whether, corporeal or incorporeal, leasehold or otherwise, plant and machinery, fixed or movable, and whether leased or otherwise, other fixed assets, inventory and work in progress, together with all present and future liability including contingent liabilities and debts appertaining thereto, all of which relate to the threads division of VTL.
- For the purpose of identification, the immovable properties are more fully set out in **Schedule II** hereof;
- (b) all investments, loans and advances, including accrued interest thereon, of VTL appertaining to its threads division;
 - (c) all debts, borrowings and liabilities, including contingent liabilities, present or future, whether secured or unsecured, pertaining to the threads division of VTL;
 - (d) all permits, quotas, rights, entitlements, licenses, tenancies, offices and depots, trademarks, copyrights, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever appertaining to the threads division of VTL;
 - (e) all employees of VTL and contract labour engaged in the threads division of VTL at their respective offices, branches, depots, manufacturing unit at their current terms and conditions; and
 - (f) all earnest monies and/or security deposits, payment against warrants or other entitlements in connection with or relating to the threads division of VTL.
- (xv) **"VTL Residual Undertaking"** means the residual VTL, as would emerge immediately after the transfer and vesting of the VTL Threads Undertaking in the Transferee Company.

1.2.2 Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall mean the Effective Date.

1.2.3 The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time. In particular, wherever reference is made to the Hon'ble High Court in this Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal or such other forum or authority, as may be vested with any of the powers of a High Court under the Act.

PART-II

2. SHARE CAPITAL

2.1 The share capital structure of VTL and VTEX as on 31.01.2007 is as under:

(i) VTL

A.	Authorized Share Capital	Amount (Rs.)
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	1,00,00,000 equity shares of Rs.10/- each	10,00,00,000
B.	Issued Share Capital	Amount (Rs.)
	80,00,000 equity shares of Rs. 10/- each	8,00,00,000
C.	Subscribed & paid-up share capital	Amount (Rs.)
	80,00,000 equity shares of Rs. 10/- each.	8,00,00,000

(ii) VTEX

A.	Authorized Share Capital	Amount (Rs.)
	9,00,00,000 equity shares of Rs. 10/- each	90,00,00,000
	1,00,00,000 preference shares of Rs. 10/- each	10,00,00,000
	Total	100,00,00,000
B.	Issued Share Capital	Amount (Rs.)
	5,77,69,527 equity shares of Rs. 10/-each.	57,76,95,270
C.	Subscribed & paid-up share capital	Amount (Rs.)
	5,77,69,527 equity shares of Rs. 10/- each.	57,76,95,270
	Less :- Call in arrears	4,312
	Net paid up Capital	57,76,90,958

2.2 The share capital structure of the Transferee Company as on 31.01 2007 is as under:

A.	Authorized Share Capital	Amount (Rs.)
	10,00,000 equity shares of Rs. 10/-each	1,00,00,000
B.	Issued Share Capital	Amount (Rs.)
	51,000 equity shares of Rs. 10/- each.	5,10,000
C.	Subscribed & paid up share capital	Amount (Rs.)
	51,000 equity shares of Rs. 10/- each.	5,10,000

PART-III

3. DEMERGER, TRANSFER AND VESTING OF THE VTL THREADS UNDERTAKING IN THE TRANSFEE COMPANY

3.1 Upon this Scheme becoming effective and with effect from the VTL Appointed Date, the VTL Threads Undertaking shall stand demerged from VTL and be vested in the, Transferee Company, without any further deed or act, together with all properties, assets, rights, benefits and interest therein, subject to existing charges or lis pendens, if any thereon, in favour of banks and financial institutions.

3.2 Without prejudice to the generality of the foregoing, with effect from the VTL Appointed Date:

- (i) any and all assets and properties relating to the VTL Threads Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recordal pursuant to this Scheme, shall stand transferred and vested by VTL to the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the Property being vested and title to the property shall be deemed to have been transferred accordingly. No stamp duty shall be payable on the transfer of such movable properties (including shares and other investments, which are in dematerialised form) being vested in the Transferee Company;
- (ii) any and all movable properties of VTL relating to the VTL Threads Undertaking, other than those specified in sub-clause (i) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, become the property of the Transferee Company;
- (iii) any and all immovable properties (including land together with the buildings and structures standing thereon) of VTL relating to the VTL Threads Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto, shall stand transferred to and be vested in the Transferee Company, without any act or deed done by VTL or the Transferee Company. With effect from the VTL Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of the Transferee Company shall be made and duly recorded by the appropriate

authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective in accordance with the terms hereof;

- (iv) any and all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, provided for in the books of accounts of VTL relating to the VTL Threads Undertaking, shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same;

It is hereby clarified that upon the Scheme becoming effective, the working capital lenders relating to the VTL Threads Undertaking existing as of the Effective Date, that have security over the current assets of VTL, shall be entitled to (a) security over the current assets of the Transferee Company including the current assets of the VTL Threads Undertaking and (b) a second charge on the fixed assets of the Transferee Company including the fixed assets of the VTL Threads Undertaking.. It is hereby clarified that the existing working capital lenders relating to the VTL Threads Undertaking and the existing working capital lenders of the VTEX Threads Undertaking shall rank *pari passu* with each other in respect of all such secured current assets and fixed assets of the Transferee Company;

It is further clarified that upon the Scheme becoming effective, the term lenders relating to the VTL Threads Undertaking, existing as of the Effective Date, that have security over the movable and immovable properties relating to the VTL Threads Undertaking shall be entitled to security over the movable and immovable properties of the Transferee Company including the movable and immovable properties of the VTL Threads Undertaking, subject to the charge created and/ or to be created in favour of the working capital lenders. It is hereby clarified that the existing term lenders relating to the VTL Threads Undertaking and the existing term lenders of the VTEX Threads

Undertaking shall have *pari passu* charge over the movable and immovable properties of the Transferee Company;

It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause;

All loans raised after the VTL Appointed Date but before the Effective Date and liabilities incurred by VTL after the VTL Appointed Date but before the Effective Date for operations of the Threads Undertaking of Transferor Company shall be discharged by the Transferee Company. Where any of the liabilities and obligations attributed to the VTL Threads Undertaking on or after the VTL Appointed Date have been discharged by VTL after the VTL Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the Transferee Company;

- (v) any and all contracts, agreements, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements and other instruments of whatsoever nature in relation to the VTL Threads Undertaking, to which VTL is a party or to the benefit of which, the VTL Threads Undertaking may be eligible and which are subsisting or having effect immediately before the Effective Date shall be in full force and effect, on or against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of VTL, the Transferee Company had been a party or beneficiary or obligee thereto;
- (vi) all permits, quotas, rights, entitlements, licenses including those relating to trademarks, tenancies, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the VTL Threads Undertaking to which VTL is a party or to the benefit of which VTL may be eligible and which are subsisting or having effect immediately before the Effective Date shall be and remain in full force and effect in favour of or against Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of VTL, the Transferee Company had been a party or beneficiary or obligee thereto;

It is hereby clarified that VTL is entitled to various benefits under incentive schemes and policies in relation to the VTL Threads Undertaking, including the subsidies available to the VTL Threads Undertaking under the Technology Upgradation Fund Scheme and incentives, benefits including tax holidays under the Income-Tax Act, 1961, Central Excise Act, 1944, etc, available to the VTL Threads Undertaking. Pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies (including the subsidies available to the VTL Threads Undertaking under the Technology Upgradation Fund Scheme and incentives, benefits including tax holidays under the Income-Tax Act, 1961, Central Excise Act, 1944, etc, available to the VTL Threads Undertaking) shall be transferred to and vest in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever shall be claimed and/ or be claimed by the Transferee Company and these shall relate back to the VTL Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive scheme and/or policies;

- (vii) any and all statutory licenses, no-objection certificates, permissions [including without limitation, permissions granted by the State Government under Section 118 of the Himachal Pradesh

(Tenancy and Land Reforms) Act, 1972, approvals, consents, quotas, rights, entitlements, licenses including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto, in relation to the VTL Threads Undertaking shall stand transferred to or vested in the Transferee Company, without any further act or deed done by VTL and the Transferee Company and shall be appropriately endorsed, assigned, or mutated by the statutory authorities concerned therewith in favour of the Transferee Company upon the vesting and transfer of the VTL Threads Undertaking pursuant to this Scheme;

With effect from the VTL Appointed Date, any such statutory and regulatory no-objection certificates, licenses, permissions, consents, approvals, authorisations or registrations, as are jointly held for VTL Threads Undertaking and the VTL Residual Undertaking, including the statutory licenses, permissions or approvals or consents required to carry on the operations in the VTL Residual Undertaking, shall be deemed to constitute separate licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the separation, pursuant to the filing of this Scheme as sanctioned by the Hon'ble High Court, with such authorities and licensors after the same becomes effective, so as to facilitate the continuation of operations in the Transferee Company without hindrance from the VTL Appointed Date;

The benefit of all statutory and regulatory permissions, factory licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the Operations of the VTL Threads Undertaking shall vest in and become available to the Transferee Company pursuant to the Scheme;

- (vii) all permanent employees of VTL engaged in the VTL Threads Undertaking shall be engaged by the Transferee Company, without any interruption of service and on such terms and conditions, as are no less favourable than those on which they are currently engaged by VTL. It is the aim and intent of the Scheme that all the rights, duties, powers, obligations and liabilities of the VTL Threads Undertaking in relation to such employees shall become those of the Transferee Company;

As of the date of filing of this Scheme, VTL makes contributions to the government maintained provident fund in relation to all its employees, including the employees of the VTL Threads Undertaking. The Transferee Company shall subsequent to the Effective Date make appropriate contributions towards such provident fund in respect of the employees taken over by it pursuant to this Scheme;

It is clarified that the services of all transferred employees of VTL, to the Transferee Company will be treated as having been continuous for the purpose of the aforesaid employee benefits and liabilities;

For the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and any other liability pertaining to the permanent employees engaged in the VTL Threads Undertaking, the past services of such employees with VTL shall also be taken into account by the Transferee Company, who shall pay the same when payable. The Transferee Company shall continue to abide by any agreement(s)/ settlement(s) entered into with any labour unions/ employees by VTL in relation to the VTL Threads Undertaking;

- (ix) all contractors engaged by VTL for use of contract labourers in relation to VTL Threads Undertaking, shall be engaged by Transferee Company;
- (x) if any suit, appeal or other proceedings relating to the VTL Threads Undertaking, of whatsoever nature by or against VTL be pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against VTL, as if this Scheme had not been made. The Transferee Company shall get such legal or other proceedings relating to or in connection with the VTL Threads Undertaking, initiated by or against VTL, transferred in its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of VTL. The Transferee Company shall also deal with all legal or other proceedings, which may be initiated by or against the VTL Threads Undertaking or the Transferee Company after the Effective Date but relating to the VTL Threads Undertaking, in respect of the period up to the Effective Date, in its own name and account and to the extent possible, to the exclusion of VTL. The Transferee Company further undertakes to pay all amounts including interest, penalties, damages, etc., which VTL may be called upon to be paid or secured in respect of any liability or obligation relating to the VTL Threads Undertaking for the period from the VTL Appointed Date to the Effective Date. Any reasonable costs incurred by VTL, in respect of the proceedings started by or against it relating to the VTL Threads Undertaking and for the period from the VTL Appointed Date to the Effective Date, shall be reimbursed by the Transferee Company, upon submission of necessary evidence of having incurred such costs by VTL to the Transferee Company and

- (xi) all taxes, duties, Cess payable by VTL relating to the VTL Threads Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the liability or refunds/credit/claims, as the case may be, of the Transferee Company.
- 3.3 The VTL Residual Undertaking and the Transferee Company, as the case may be, shall 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 or other writings or arrangements with any party to any contract or arrangement in relation to the VTL Threads Undertaking to which VTL is a party in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of VTL and to carry out or perform all such formalities or compliances referred to above on part of VTL.
- 3.4 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, tax holidays, incentives, concessions and other authorizations, shall stand vested by the order of sanction of the Hon'ble High Court in the Transferee Company, the Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on record.
- 3.5 For the purpose of giving effect to the vesting order passed under Sections 391 and-394 of the Act in respect of this Scheme, Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the legal right(s) upon the vesting of such assets of the VTL Threads Undertaking in accordance with the provisions of Sections 391 and 394 of the Act. VTL and Transferee Company shall jointly and severally be authorised to execute any writings as are required to remove any difficulties and carry out any formalities or compliance for the implementation of this Scheme.
- 3.6 Conduct of business
- 3.6.1 With effect from VTLAppointed Date and up to and including the Effective Date:
- (a) VTL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the VTL Threads Undertaking for and on behalf of and in trust for the Transferee Company; and
 - (b) All income, expenditures including management costs, profits accruing to VTL and all taxes thereon or losses arising or incurred by it relating to the VTL Threads Undertaking shall, for all purposes, be treated as the income, expenditures, profits, taxes or losses, as the case may be, of the Transferee Company.
- 3.6.2 (i) With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the business of the VTL Threads Undertaking, carried on by VTL; and
- (ii) The Transferee Company unconditionally and irrevocably agrees and undertakes to pay, discharge and satisfy all the liabilities and obligation of the VTL Threads Undertaking with effect from the VTLAppointed Date, in order to give effect to the foregoing provisions.

PART-IV

4. TRANSFER AND VESTING OF THE VTEX THREADS UNDERTAKING IN THE TRANSFEE COMPANY

- 4.1 Upon this Scheme becoming effective and with effect from the VTEX Appointed Date, the VTEX Threads Undertaking shall stand transferred to and vested in the Transferee Company, as a going concern on a slump sale basis, without any further deed or act, together with all its properties, assets, rights, benefits and interest therein, subject to existing charges or lis pendens, if any thereon, in favour of banks and financial institutions.
- 4.2 Without prejudice to the generality of the foregoing, with effect from the VTEX Appointed Date:
- (i) any and all assets and properties relating to the VTEX Threads Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recordal pursuant to this Scheme, shall stand transferred and vested by VTEX to the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly. No stamp duty shall be payable on the transfer of such movable properties (including shares and other investments, which are in dematerialised form) being vested in the Transferee Company;
 - (ii) any and all movable properties of VTEX relating to the VTEX Threads Undertaking, other than those specified in sub-clause (i) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, become the property of the Transferee Company;
 - (iii) any and all immovable properties (including land together with the buildings and structures standing thereon) of VTEX relating to the VTEX Threads Undertaking, whether freehold or leasehold and any

documents of title, rights and easements in relation thereto, shall stand transferred to and be vested in the Transferee Company, without any act or deed done by VTEX or the Transferee Company. With effect from the VTEX Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of the Transferee Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Honble High Court and this Scheme becoming effective in accordance with the terms hereof;

- (iv) any and all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not or disclosed in the books of accounts of VTEX relating to the VTEX Threads Undertaking, shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same;

It is hereby clarified that upon the Scheme- becoming effective, the working capital lenders relating to the VTEX Threads Undertaking existing as of the Effective Date, that have security over the current assets of VTEX, and a second charge on the fixed assets of VTEX, shall be entitled to (a) security over the current assets of the Transferee Company including the current assets of the VTEX Threads Undertaking, and (b) a second charge on the fixed assets of the Transferee Company including the fixed assets of the VTEX Threads Undertaking. It is hereby clarified that the existing working capital lenders relating to the VTEX Threads Undertaking and the existing working capital lenders of the VTL Threads Undertaking shall rank pari passu with each other in respect of all such secured fixed assets and current assets of the Transferee Company;

It is further clarified that upon the Scheme becoming effective, the existing term lenders relating to the VTEX Threads Undertaking that have security over the movable and immovable properties relating to the VTEX Threads Undertaking shall be entitled to security over the movable and immovable properties of the Transferee Company including the movable and immovable properties of the VTEX Threads Undertaking, subject to the charge created and/ or to be created in favour of the working capital lenders. It is hereby clarified that the existing term lenders relating to the VTEX Threads Undertaking, that have security over the movable and immovable properties relating to the VTEX Threads Undertaking and the existing term lenders relating to the VTL Threads Undertaking, that have security over the movable and immovable properties of the VTL Threads Undertaking, shall have pari passu charge with each other over the movable and immovable properties of the Transferee Company;

It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause;

- (v) any and all contracts, agreements, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements and other instruments of whatsoever nature in relation to the VTEX Threads Undertaking, to which VTEX is a party or to the benefit of which, the VTEX Threads Undertaking may be eligible and which are subsisting or having effect immediately before the Effective Date shall be in full force and effect, on or against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of VTEX, the Transferee Company had been a party or beneficiary or obligee thereto;
- (vi) all permits, quotas, rights, entitlements, licenses including those relating to trademarks, tenancies, copy rights, privileges, powers, fees of every kind and description of whatsoever nature in relation to the VTEX Threads Undertaking to which VTEX is a party or to the benefit of which VTEX may be eligible and which are subsisting or having effect immediately before the Effective Date shall be and remain in full force and effect in favour of or against Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of VTEX, the Transferee Company had been a party or beneficiary or obligee thereto;

It is hereby clarified that VTEX is entitled to various benefits under incentive schemes and policies in relation to the VTEX Threads Undertaking, including the subsidies available to certain units of the VTEX Threads Undertaking under the Technology Upgradation Fund Scheme and incentives, benefits including tax holidays available to the certain units of the VTEX Threads Undertaking etc. Pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies (including the subsidies available to certain units of the VTEX Threads Undertaking under the Technology Upgradation Fund Scheme and incentives, benefits including tax holidays available to certain units of the VTEX Threads Undertaking) shall be transferred to and vest in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever including sales tax concessions and incentives shall be claimed and/or be claimed by the Transferee Company and these shall relate back to the VTEX Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive scheme and/or policies;

- (vii) any and all statutory licenses, no-objection certificates, permissions, approvals, consents, quotas, rights, entitlements, licenses including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto, in relation to the VTEX Threads Undertaking shall stand transferred to or vested in the Transferee Company, without any further act or deed done by VTEX and the Transferee Company and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company upon the vesting and transfer of the VTEX Threads Undertaking pursuant to this Scheme;

With effect from the VTEX Appointed Date, any such statutory and regulatory no-objection certificates, licenses, permissions, consents, approvals, authorisations or registrations, as are jointly held for VTEX Threads Undertaking and the VTEX Residual Undertaking, including the statutory licenses, permissions or approvals or consents required to carry on the operations in the VTEX Residual Undertaking, shall be deemed to constitute separate licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the separation, pursuant to the filing of this Scheme as sanctioned by the Hon'ble High Court, with such authorities and licensors after the same becomes effective, so as to facilitate the continuation of operations in the Transferee Company without hindrance or let from the VTEX Appointed Date;

The benefit of all statutory and regulatory permissions, factory licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the VTEX Threads Undertaking shall vest in and become available to the Transferee Company pursuant to the Scheme;

- (viii) all permanent employees of VTEX, engaged in the VTEX Threads Undertaking shall be engaged by the Transferee Company, without any interruption of service and on such terms and conditions, as are no less favourable than those on which they are currently engaged by VTEX. It is the aim and intent of the Scheme that all the rights, duties, powers, obligations and liabilities of the VTEX Threads Undertaking in relation to such employees shall become those of the Transferee Company;

As of the date of filing of this Scheme, VTEX makes contributions to the government maintained provident fund in relation to all its employees, including the employees of the VTEX Threads Undertaking. The Transferee Company shall subsequent to the Effective Date make appropriate contributions towards such provident fund in respect of the employees taken over by it pursuant to this Scheme;

With regard to gratuity fund and superannuation fund created or existing for the benefit of such employees of VTEX, upon the Scheme becoming effective, the existing amounts, in the gratuity fund and superannuation fund trusts created by VTEX for its employees including employees of the VTEX Threads Undertaking shall be pro rata transferred according to relative entitlements of transferred employees, as determined by an actuary, to the gratuity fund and superannuation fund schemes carried on / to be carried on by the Transferee Company on the same terms and conditions in relation to the employees of VTEX being transferred to the Transferee Company. With effect from the Effective Date, the Transferee Company shall make the necessary contributions for such transferred employees of VTEX in relation to the gratuity fund and superannuation fund;

It is clarified that the services of all transferred employees of VTEX, to the Transferee Company will be treated as having been continuous for the purpose of the aforesaid employee benefits and liabilities;

For the purpose of payment of any retrenchment compensation, gratuity, other terminal benefits and any other liability pertaining to the permanent employees engaged in the VTEX Threads Undertaking, the past services of such employees with VTEX shall also be taken into account by the Transferee Company, who shall pay the same as and when payable. The Transferee Company shall continue to abide by any agreement(s) entered into with any labour unions/ employees by VTEX in relation to the VTEX Threads Undertaking;

- (ix) all contractors hereto engaged by VTEX for use of contract labourers in relation to the VTEX Threads Undertaking, shall be engaged by the Transferee Company;
- (x) if any suit, appeal or other proceedings relating to the VTEX Threads Undertaking of whatsoever nature by or against VTEX be pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against VTEX, as if this Scheme had not been made. The Transferee Company shall get such legal or other proceedings relating to or in connection with the VTEX Threads Undertaking, initiated by or against VTEX, transferred in its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of VTEX. The Transferee Company shall also deal with all legal or other proceedings, which may be initiated by or against the VTEX Threads Undertaking or the Transferee Company after the Effective Date but relating to the VTEX Threads

Undertaking, in respect of the period up to the Effective Date, in its own name, and account and to the extent possible, to the exclusion of VTEX; and

(xi) all taxes, duties, cess payable by VTEX relating to the VTEX Threads Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the liability or refunds/credit/ claims, as the case may be, of the Transferee Company.

4.3. The VTEX Residual Undertaking and the Transferee Company, as the case may be shall 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 or other writings or arrangements with any party to any contract or arrangement in relation to the VTEX Threads Undertaking to which VTEX is a party in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of VTEX and to carry out or perform all such formalities or compliances referred to above on part of VTEX.

4.4. Since each of the permission, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, tax holidays, incentives, concessions and other authorizations, shall stand vested by the order of sanction of the hon'ble High Court in the Transferee Company, the Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on record.

4.5. For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Act in respect of this Scheme, Transferee Company shall at any time pursuant to, the orders on this Scheme be entitled to get the recordal of the change in the legal right(s) upon the vesting of such assets of the VTEX Threads Undertaking in accordance with the provisions of Sections 391 and 394 of the Act. VTEX and the Transferee Company shall jointly and severally be authorised to execute any writings as are required to remove any difficulties and carry out any formalities or compliance for the implementation of this Scheme.

4.6. Conduct of business

4.6.1 (i) With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the business of the VTEX Threads Undertaking, carried on by VTEX; and

(ii) The Transferee Company unconditionally and irrevocably agrees and undertakes to pay discharge and satisfy all the liabilities and obligations of the VTEX Threads Undertaking with effect from the Appointed Date, in order to give effect to the foregoing provisions.

PART-V

5. ENTITLEMENT OF MEMBERS OF VTL; REORGANIZATION OF SHARE CAPITAL OF THE VTL RESIDUAL UNDERTAKING AND ACCOUNTING TREATMENT, ETC.

5.1 Allocation of share capital of VTL

Upon coming into effect of this Scheme and upon vesting in and transfer of the VTL Threads Undertaking to the Transferee Company, the existing issued, subscribed and paid-up equity share capital of VTL of Rs. 8,00,00,000/- shall be reorganized by way of allocation of the same between the VTL Threads Undertaking and VTL Residual Undertaking in the ratio of 1:1. Thus, upon this Scheme coming into effect and upon vesting of the VTL Threads Undertaking into the Transferee Company, the existing issued, subscribed and paid-up equity share capital of VTL shall be allocated between the VTL Threads Undertaking and the VTL Residual Undertaking as follows:

(a) VTL Threads Undertaking-An amount of Rs. 4,00,00,000/- comprising of 40,00,000 fully paid-up equity shares of Rs. 10/- each shall be allocated to the VTL Threads Undertaking that would enable the Transferee Company to issue equity shares in the Transferee Company to the members of VTL in terms of this Scheme. The total issued, subscribed and paid-up equity share capital of VTL relating to the VTL Threads Undertaking shall accordingly be extinguished in the books of VTL pursuant to the demerger of the VTL Threads Undertaking and its vesting in the Transferee Company.

(b) VTL Residual Undertaking- An amount of Rs. 4,00,00,000/- comprising of 40,00,000 fully paid-up equity shares of Rs. 10/- each shall be allocated to the VTL Residual Undertaking. Accordingly, the total subscribed, issued and paid-up equity capital of VTL Residual Undertaking consequent to the demerger of the VTL Threads Undertaking and its vesting in the Transferee Company shall be Rs. 4,00,40,000/-. The reorganisation of the paid-up equity share capital of VTL Residual Undertaking and its process is More particularly set out in Clause 5.3 hereunder

5.2 Entitlement of members of VTL to freeelve. shares of the Wsnferes Company

5.2.1 Upon coming into effect of this Scheme and upon vesting of the VTL Threads Undertaking in the Transferee Company, VTL shall determine a record date ("Record Date") being a date post filing of the sanction order of this Scheme with the Registrar of Companies, and shall intimate the same to the board of directors of the Transferee Company for completion of all allotments of fully

paid equity shares of the face value of Rs. 10/- each at par to the shareholders of VTL in accordance with this Scheme.

- 5.2.2 Upon coming into effect of this Scheme and upon vesting in and transfer of the VTL Threads Undertaking to the Transferee Company, for every two equity shares held in VTL, as on the Record Date, every equity shareholder of VTL shall be entitled to receive one equity share of face value of Rs. 10/- each of the Transferee Company in physical form, credited as fully paid-up.
- 5.2.3 The Transferee Company shall without any further act or deed, issue and allot to every equity shareholder of VTL as on the Record Date, the requisite number of equity shares (as per the ratio mentioned above) in the Transferee Company of the face value of Rs. 10/- each credited as fully paid. All certificates for the fresh equity shares in Transferee Company shall be sent by Transferee Company to the shareholders of VTL at their respective registered addresses as appearing in the said register of members (or in the case of joint holders to the address of that one of the joint holders whose name stands first in such registers in respect of such joint holding) and Transferee Company shall not be responsible for any loss in transmission.
- 5.2.4 It is hereby clarified that for the purpose of the aforesaid allotment of equity shares in the Transferee Company, fractional entitlements, if any, of the equity shareholders in VTL as on the Record Date, shall be rounded off to the nearest whole number.
- 5.2.5 The equity shares in the capital of the Transferee Company issued to the shareholders of VTL, as aforesaid, shall rank *pari passu* in all respects, with the existing equity shares in the Transferee Company.
- 5.2.6 The equity share allotment ratio stated in Clause 5.2.2 above has been determined by the board of directors of VTL and the Transferee Company, based on their independent judgment and taking into consideration the valuation report provided by an independent valuer, i.e. ICICI Securities Limited.

5.3 Reorganization of share capital of VTL Residual Undertaking

- 5.3.1 Pursuant to demerger of the VTL Threads, Undertaking and upon this Scheme becoming effective, the paid-up equity share capital of the VTL Residual Undertaking is, in terms of Clause 5.1, determined to be Rs. 4,00,00,000/-. Accordingly, each shareholder of VTL holding two equity shares of Rs. 10/- each before such demerger in VTL, shall hold one equity share of Rs. 10/- each in VTL Residual Undertaking after such demerger, and the remaining one equity share of Rs. 10/- each shall stand cancelled as unrepresented.
- 5.3.2 In the event such reorganization of share capital results in fractional entitlements of the shareholders of the VTL Residual Undertaking, such fractional entitlements shall be rounded off to the nearest whole number.
- 5.3.3 All equity, shareholders of the VTL Residual Undertaking as on the Record Date shall be issued fresh share certificates consequent upon the aforementioned reorganization. The new share certificates of the VTL Residual Undertaking issued pursuant to this Scheme shall be delivered to such equity shareholders who hold their equity shares in physical form by registered post, irrespective of whether such equity shareholders surrender their old share certificates or not. All such fresh share certificates shall be sent by VTL Residual Undertaking to the shareholders at their registered address as appearing in the said register of members (or in the case of joint holders to the address of that one of the joint holders whose name stands first in such registers in respect of such joint holding) and VTL Residual Undertaking shall not be responsible for any loss in transmission.

5.4 Accounting Treatment

The Transferee Company shall upon this Scheme coming into effect as on the VTL Appointed Date, record the assets and liabilities of the VTL Threads Undertaking vested in it pursuant to this Scheme, at their respective book values as appearing in the books of accounts of VTL at the close of business on the day immediately preceding the Appointed Date. The Transferee Company shall credit to its share capital in its books of accounts the aggregate face value of the new shares issued to the shareholders of VTL pursuant to this Scheme. The difference between the book value of assets and liabilities and share capital as above, shall be credited to the entire available capital reserve (vested from VTL to the Transferee Company) and the balance to the general reserve (vested from VTL to the Transferee Company) by the Transferee Company in its books of account. The entire available capital reserve and the general reserve to the extent vested from VTL to the Transferee Company shall stand diminished in the books of VTL Residual Undertaking.

PART-VI

6. CONSIDERATION

- 6.1 Consideration for transfer and vesting of the VTEX Threads Undertaking in the Transferee Company.
 - 6.1.1 Upon coming into effect of the Scheme and upon vesting of the VTEX Threads Undertaking in the Transferee Company, the Transferee Company, shall be liable to pay the sum of Rs.

260,00,00,000/- (Rupees Two hundred and sixty crores only) as lump sum consideration (the "Consideration") to VTEX Residual Undertaking for the vesting of the VTEX Threads Undertaking. The lump sum Consideration shall constitute a debt payable by the Transferee Company to the VTEX Residual Undertaking and shall be paid in such manner and terms as may be agreed between VTEX and the Transferee Company.

- 6.1.2 The lump sum consideration as stated in Clause 6.1.1 above has been determined by the board of directors of VTEX and *accepted* by the board of directors of the Transferee Company, based on their independent judgment and taking into consideration the valuation report provided by an independent valuer, i.e. ICICI Securities Limited.

PART-VII

7. GENERAL TERMS AND CONDITIONS

- 7.1 The accounts of VTL as on the VTL Appointed Date and of VTEX as on the VTEX Appointed Date shall be constructed in accordance with the terms of the Scheme. The balance sheet of the Transferee Company shall also be constructed in accordance with the terms of this Scheme.
- 7.2 The Transferee Company shall be entitled to claim credit for TDS Certificates and advance tax payments of Transferor Companies between Appointed Date and Effective Date relating to their Threads Undertakings vesting in the Transferee Company. Accordingly, the Transferor Companies and the Transferee Company are expressly permitted to construct their respective income tax returns and related TDS certificates and shall have the right to prepare and file revised returns, if any, and to claim refund, advance tax credits, etc, upon this Scheme becoming effective and have expressly reserved the right to make such provisions in their respective income tax returns and related TDS certificates and the right to claim refund, advance tax credits, etc, pursuant to the sanction of this Scheme.
- 7.3 No stamp duty shall be payable in the States of Punjab and Tamil Nadu for vesting of the VTEX Threads Undertaking in the Transferee Company pursuant to this Scheme, as no Stamp Duty is payable in the States of Punjab and Tamil Nadu on vesting of property through an order of the Hon'ble High Court sanctioning a scheme of arrangement under Sections 391-394 of the Act.

Further since VTEX holds more than 90% of the paid-up equity share capital of the Transferee Company, the vesting of properties from VTEX to the Transferee Company is exempt from payment of stamp duty under the Finance Department, Central Board of Revenue Notification No. 1 dated 16-1-1937 remitting stamp duty payable for vesting of property between a parent company and a subsidiary company one of which is the beneficial owner of not less than 90 percent of the issued share capital of the other.

No stamp duty shall be payable in the States of Punjab and Himachal Pradesh for vesting of the VTL Threads Undertaking in the Transferee Company pursuant to this Scheme, as no Stamp Duty is payable in the States of Punjab and Himachal Pradesh on transfer of property through an order of the Hon'ble High Court sanctioning a scheme of arrangement under Sections 391-394 of the Act.

Further since VTEX holds more than 90% of the paid-up equity share capital of VTL and the Transferee Company, the vesting of properties from VTL to the Transferee Company is exempt from payment of stamp duty under the Finance Department, Central Board of Revenue Notification No. 1 dated 16-1-1937 remitting stamp duty payable for vesting of property between two subsidiary companies of each of which not less than 90 per cent of the share capital is in the beneficial ownership of a common parent company.

- 7.4 Upon this Scheme becoming effective, VTL shall be registered as a non banking financial company under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934.
- 7.5 The Transferor Companies and the Transferee Company shall, with all reasonable dispatch, make applications to the Hon'ble High Court, under Sections 391 to 394 and other applicable provisions of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the classes of their respective members and/or creditors and for sanctioning this Scheme, with such modifications as may be approved by the Hon'ble High Court.
- 7.6 Upon this Scheme being approved by the requisite majority of the respective members and creditors of the Transferor Companies and the Transferee Company, (as may be directed by the Hon'ble High Court), the Transferor Companies and the Transferee Company shall, with all reasonable dispatch, apply to the Hon'ble High Court, for sanction of this Scheme under Sections 391 to 394 and other applicable provisions of the Act, and for such other order or orders, as the said Hon'ble High Court may deem fit for carrying this Scheme into effect.
- 7.7 Upon this Scheme becoming effective, the respective shareholders of the Transferor Companies and the Transferee Company shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.
- 7.8 This Scheme shall become effective on the date on which the certified copy of the orders of the Hon'ble High Court sanctioning this Scheme is filed by the Transferor Companies and the Transferee Company with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh. Such date shall be known as the "Effective Date".

- 7.9 Each of the Transferor Companies and the Transferee Company (acting through their respective boards of directors or authorised persons) may assent to any modifications or amendments to this Scheme, which the Hon'ble High Court and/or any other authorities 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 this Scheme. Each of the Transferor Companies and the Transferee Company (acting through their respective board of directors or authorised persons) be and is hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of the order of the Hon'ble High Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.
- 7.10 The Transferor Companies and the Transferee Company shall be at liberty to withdraw from this Scheme, in case any condition or alteration imposed by the Hon'ble High Court or any other authority is not on terms acceptable to them or otherwise.
- 7.11 Upon coming into effect of the Scheme, the past track record of VTL relating to the VTL Threads Undertaking, and of VTEX relating to the VTEX Threads Undertaking, including without limitation, the profitability, production volumes and market share shall be deemed to be the track record of the Transferee Company for all commercial and regulatory purposes.
- 7.12 Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred on the VTL Appointed Date in respect of VTL Threads Undertaking, and on VTEX Appointed Date in respect of VTEX Threads Undertaking, and become effective and operative only in the sequence and in the order mentioned hereunder:
- i) Demerger of the VTL Threads Undertaking and its transfer and vesting in the Transferee Company;
 - ii) Transfer and vesting of the VTEX Threads Undertaking as a going concern on slump sale basis in the Transferee Company;
 - (iii) Reorganization and allocation of share capital of VTL;
 - (iv) Re-organisation of, the authorized and issued and paid up share capital of the VTL Residual Undertaking;
 - (v) Increase in the authorized share capital of the Transferee Company;
 - (vi) Issue and allotment of fully paid-up equity shares of the Transferee Company to the shareholders of VTL;
 - (vii) Payment of consideration by the Transferee Company to VTEX for transfer and vesting of VTEX Threads Undertaking;
- 7.13 The Scheme is conditional upon and is subject to -
- a) The Scheme being agreed to by the respective requisite majorities of the members (either by way of a meeting or a letter of consent) and the creditors of the Transferor Companies and the Transferee Company in accordance with Section 391 of the Act and the requisite orders of the Hon'ble High, Court sanctioning this Scheme in exercise of the powers vested in it under the Act; and
 - b) All necessary certified copies of the order of the Hon'ble High Court sanctioning this Scheme being filed with the Registrar of Companies; Punjab, Himachal Pradesh & Chandigarh.
- 7.14 Upon the sanction of the Scheme and after the Scheme has become effective, with effect from the VTL Appointed Date, the separation of the VTL Threads Undertaking from VTL, and with effect from the VTEX Appointed Date, the separation of the VTEX Threads Undertaking from VTEX and their vesting in the Transferee Company shall be deemed to have occurred.
- 7.15 The transfer of properties and liabilities to and the continuance of proceedings by or against the Transferee Company, with respect to the VTL Threads Undertaking and VTEX Threads Undertaking shall not affect any transaction or proceedings already concluded by VTL and VTEX, respectively on or before the VTL Appointed Date and the VTEX Appointed Date, respectively and after the VTL Appointed Date, till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by VTL, as the case may be, in respect thereto as done and executed on behalf of itself.
- 7.16 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.
- 7.17 If any part of this Scheme is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case

the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part.

- 7.18 In case any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employees and/or persons entitled to or claiming any right to any shares in any of the Transferor Companies or the Transferee Company as to the construction of this Scheme or as to any account, valuation or apportionment to be taken or made in connection herewith or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to the arbitration of Mr. Shardul S. Shroff, under the Arbitration and Conciliation Act 1996, whose decision shall be final and binding on all concerned.

SCHEDULE I

List of the Immovable Properties of the VTEX Threads Undertaking

1. Land measuring 278 Kanal 3 Marla (approximately) out of land measuring 407 Kanal situated at Phagwara Road, Hoshiarpur in the State of Punjab:

- i) Sale Deed No. 2641 dated 23.09.1975 in respect of land measuring 407 Kanal 00 Marla (Registered)

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area				
				Kanal	Marla	Sarsal		
Hoshiarpur	Hoshiarpur	Purhirari	Rectangle No. 12					
			3/2	6	15	7		
			4/2	6	13	1		
			5/2	6	13	1		
			6	7	11	0		
			7/1	6	1	0		
			7/2	1	0	0		
			8	7	11	0		
			9/1	2	9	0		
			12/2	4	16	0		
			13	8	0	0		
			14/1	1	12	0		
			14/2	6	8	0		
			15	8	0	0		
			16	8	0	0		
			17/1	6	0	0		
			17/2	0	8	0		
			17/3	1	12	0		
			18	8	0	0		
			19	7	0	0		
			21/2	1	10	0		
			22	7	11	0		
			23	7	11	0		
			24	7	11	0		
			25	7	11	0		
					Rectangle No. 21			
					1/2	4	2	0
					2/1	7	12	0
					2/2	0	9	0
					3	8	0	0
					4	7	11	0
					5/1	3	0	0
					5/2	2	10	0
					8	1	16	0
					9/1	0	3	0
					9/2	3	17	0
					10/1	1	3	0
					10/2	3	17	0
					Rectangle No. 11			
					1/1/2	2	10	2

			1/2/2	3	16	7
			2/2	3	13	0
			4/2	4	2	0
			5/2	7	4	0
			6/1/2	2	6	0
			6/2/2	5	0	0
			6/3	0	6	0
			7	4	16	0
			9	4	8	0
			10	7	19	0
			11	8	0	0
			12	4	8	0
			14	2	13	0
			15/1	0	6	0
			15/2/1	5	0	0
			19	4	8	0
			20	7	12	0
			21/1	3	6	0
			21/2	0	15	0
			21/3	1	10	0
			22/1	3	16	0
			22/2	0	8	0
			734	1	16	1
			735/1	2	19	0
			Rectangle No. 22			
			1/1	3	11	0
			1/2	0	18	0
			2	0	12	0
			Total	250	561	19
					278 Kanal 3	
					Marla approximately	

2. Residential property measuring 10 kanal 9% maria situated at Hoshiarpur:

- i) Sale Deed No. 1767 dated 02.07.1980 for land measuring 3 Kanal 9% Maria (Registered)
- ii) Sale Deed No. 4303 dated 11.02.1980 for land measuring 7 Kanal 0 Marla ,(Registered)

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Kanal	Marla
Hoshiarpur	Hoshiarpur		1968/2 1969/2 1970/2	10	9.5

3. (a) Land measuring 15 Acres 2 Kanal 16 Marla (approximately) out of land measuring 28 Acres situated at Munclian Muni 8 Dhandari Kalan, Ludhiana in the SWW of Punjab acquired vide Sale Deed No.23211 dated 17.01.1997 in respect of land measuring 28 Acres (Registered)

b) Land measuring 1 Acre 2 Kanal 13 Maria(approximately) out of land measuring 10 Acres situated at Mundian Khurd & Dhandari Kalan, Ludhiana in the State of Punjab vide -

Agreement for Sale dated 15.02.2007 in respect of land measuring 10 ACres.

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Kanal	Marla
Ludhiana	Ludhiana	Mundian Khurd	Rectangle No. 29		
		Mundian Khurd	21	7	11
		Mundian Khurd	22	7	11
		Mundian Khurd	23	7	11
		Mundian Khurd	24	7	11
		Mundian Khurd	25	1	1
		Mundian Khurd	Rectangle No. 30		
		Mundian Khurd	25	8	0

	Mundian Khurd	Rectangle No. 31		
	Mundian Khurd	5	8	0
	Mundian Khurd	6	4	2
	Mundian Khurd	Rectangle No. 32		
	Mundian Khurd	1	8	0
	Mundian Khurd	2	8	0
	Mundian Khurd	3	8	0
	Mundian Khurd	4	5	4
	Mundian Khurd	7	1	13
	Mundian Khurd	8/1	4	0
	Mundian Khurd	8/2	4	0
	Mundian Khurd	9/1	6	12
	Mundian Khurd	9/2	1	08
	Mundian Khurd	10	7	10
	Mundian Khurd	12		
	Dhandari Kalan	Rectangle No. 9		
	Dhandari Kalan	12	3	4
	Mundian Khurd	Rectangle No. 32		
	Mundian Khurd	13/1	3	4
	Mundian Khurd	13/2		
	Dhandari Kalan	Rectangle No. 9		
	Dhandari Kalan	11/1	3	4
	Dhandari Kalan	11/2		
	Dhandari Kalan	11/3		
	Dhandari Kalan	Rectangle No. 10		
	Dhandari Kalan	6/1	1	15
	Dhandari Kalan	6/2	1	10
	Dhandari Kalan	6/3	0	12
	Dhandari Kalan	15/2		
	Dhandari Kalan	15/3		
	Dhandari Kalan	15/4	3	4
	Dhandari Kalan	15/5		
	Dhandari Kalan	15/6		
	Dhandari Kalan	15/7		
	Total (a)		15 Acre 2 Kanal 16 Marla	
	Mundian Khurd	Rectangle No. 31		
	Mundian Khurd	3	10	13
	Dhandari Kalan	Rectangle No. 10		
	Dhandari Kalan	3/1		
	Dhandari Kalan	3/2		
	Dhandari Kalan	8/1		
	Dhandari Kalan	8/2		
	Dhandari Kalan	9/1		
	Total (b)		1 Acre 2 Kanal 13 Marla	
	Grand Total		16 Acre 5 Kanal 9 Marla	

4. Leasehold property at Perundururai:

Leasehold Property measuring 4 acres allotted by the State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) in Village Ingur, Taluk Perundururai, District Erode, registered vide Lease Deed No. 17 dated 04.01.2002

District	Taluk	Village	Khasra Nos. (Survey Nos.)	Area
Erode	Perundura	Ingur	143 part 144 part 155 part	4 Acres

5. Residential property measuring 3.63 acres situated at Village Ingur, Taluk Perundururai, District Erode, registered vide Sale Deed No. 3193 dated 20.06.2005

District	Taluk	Village	Khasra Nos. (Survey Nos.)	Area
Erode	Perundura	Ingur	384/5 384/6 384/7	3.63 Acres

6. Residential Properties measuring 500 Sq. yards each situated at Dr. Ambedkar Nagar, D.C. Road, Hoshiarpur in the State of Punjab:

- i) Sale Deed No.6729 dated 24.01.2007 (Registered)
- ii) Sale Deed No.6730 dated 24.01.2007 (Registered)
- iii) Sale Deed No.6731 dated 24.01.2007 (Registered)
- iv) Sale Deed No.6732 dated 24.01.2007 (Registered)

District	Taluk	Village	Khasra Nos. (Survey Nos.)	Area
Hoshiarpur	Hoshiarpur	--	--	2,000 sq. yards i.e. 500 sq. yards each

7. Land measuring 10 kanal 6 marla situated at Chandigarh 114ed, Naga in the State of Punjab covered vide

Sale Deed No.8584 dated 26.08.1986 (Registered)

District	Tehsil	Village	Khasra Nos. (Out of Khasra Nos.)	Area	
				Kanal	Marla
Ludhiana	Ludhiana	Mundian Khurd	Rectangle No. 26		
			2	2	05
			3	2	05
			8	2	06
			9	3	10
			Total	10	06

8. Office and Godown measuring 7980 sq. ft. situated at Krishna Centre, Ahmedabad.

- i) Conveyance Deed No. 323 dated 28.03.1994 (Registered)
Deed of Rectification NO. 09Sdated 09.04.1994 (Registered)
- ii) Conveyance Deed No. 322 dated 28.03.1994 (Registered)
- iii) Conveyance Deed No. 324 dated 28.03.1994 (Registered)
- iv) Conveyance Deed No. 1643 dated 26.04.1994 (Registered)
- v) Conveyance Deed No. 1644 dated 26.04.1994 (Registered)

Eight Basements and Eight Galas, total 8090 sq. feet, situated at Mumbal.

BASEMENT

- i) Agreement to Sell dated 01.12.1997 (Registered)
- ii) Agreement to Sell dated 22.07.1994 (Registered)
- iii) Agreement to Sell dated 01.12.1997 (Registered)
- iv) Agreement to Sell dated 07.07.1994 (Registered)
- v) Agreement to Sell dated 01.12.1997 (Registered)
- vi) Agreement to Sell dated 01.12.1997 (Registered)
- vii) Agreement to Sell dated 01.12.1997 (Registered)
- viii) Agreement to Sell dated 28.12.1990 (Registered)

GALAS

- i) Agreement to Sell dated 12.12.1990 (Registered)
- ii) Agreement to Sell dated 12.12.1990 (Registered)
- iii) Agreement to Sell dated 12.12.1990 (Registered)
- iv) Agreement to Sell dated 13.12.1990 (Registered)
- v) Agreement to Sell dated 13.12.1990 (Registered)

- vi) Agreement to Sell dated 28.12.1990 (Registered)
vii) Agreement to Sell dated 28.12.1990 (Registered)
viii) Agreement to Sell dated 28.12.1990 (Registered)

together with buildings and structure thereon and all plant and machinery attached to the earth or permanently fastened anything attached to the earth.

SCHEDULE II

List of the Immovable Properties of the VTL Threads Undertaking

1. Land situated in village Dharampur and Dhakru Majra, Tehsil Nalagarh, District Solan, (H.P.)

- i) Sale Deed No. 654 dated 15.06.1996 for land measuring 30 **bigha 2 biswa** (Registered)
ii) Sale Deed No. 655 dated 15.06.1996 for land measuring 35 bigha 15 biswa (Registered)

District	Tehsil	Village	Khasra Nos.	Area	
			(Out of Khasra Nos.)	Kanal	Marla
Solan	Nalagarh	Dharampur	549	12	5
			553	0	06
			550	13	1
			828/551	1	05
			552	1	08
		Dhakru Majra	177	5	14
			178	8	18
			179	6	4
			180	3	15
			181	4	8
			182	5	10
			Total	62	14

together with buildings and structure thereon and all plant and machinery attached to the earth or permanently fastened anything attached to the earth.

Dated this 24th January, 2008
(By the Court)

Sd/-
Assistant Registrar
for Registrar (Judicial)

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

COMPANY PETITION NO. 136 of 2010

Connected with

COMPANY PETITION NO. 104 OF 2010

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

AND

IN THE MATTER OF:

Scheme of Arrangement & De-merger of the Steel Business Undertaking of VARDHMAN TEXTILES LIMITED, and its vesting in VARDHMAN SPECIAL STEELS LIMITED.

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED, a Company incorporated under the Companies Act, 1956, having its Registered Office at: Chandigarh Road, Ludhiana-141 010 (Punjab).

...PETITIONER NO.1/TRANSFEROR COMPANY

VARDHMAN SPECIAL STEELS LIMITED, a Company incorporated under the Companies Act, 1956, having its Registered Office at: Vardhman Premises, Chandigarh Road, Ludhiana-141 010 (Punjab).

...PETITIONER NO.2/TRANSFeree COMPANY

Petition Under Sections 391 & 394 of the Companies Act, 1956 for Sanction of the Scheme of De-merger & Arrangement of the Steel Business Undertaking of M/s Vardhman Textiles Limited and its vesting in M/s Vardhman Special Steels Limited.

C.P. NO.136 OF 2010

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

C.P.No.136 of 2010

Connected with C.P.No.104 of 2010

Date of decision: 12.01.2011

VARDHMAN TEXTILES LIMITED

.....TRANSFEROR COMPANY

AND

VARDHMAN SPECIAL STEELS LIMITED

.....TRANSFeree COMPANY

CORAM: HON'BLE MR. JUSTICE RAJIVE BHALLA

Present: Ms. Munisha Gandhi, Advocate and

Mr. Vaibhav Sharma, Advocate for the petitioner.

Mr. D.P. Ojha, Official Liquidator.

ORDER

RAJIVE BHALLA, J.

The petitioner Companies pray for approval/sanction of the Scheme of De-merger & Arrangement of the Steel Business Undertaking of M/s Vardhman Textiles Limited (Transferor Company) and its vesting in M/s Vardhman Special Steels Limited (Transferee Company).

Vide order dated 08.09.2010 and on a plea for grant of a first motion, the Transferor Company was directed to convene a meeting of shareholders, secured creditors and unsecured creditors on 23.10.2010 for the purpose of considering the proposed Scheme of Arrangement and Demerger. Sh. Randep Singh Rai, Senior Advocate, and Sh. Aman Chaudhary, Advocate, were appointed as the Chairman and the Alternative Co-Chairman, respectively for conducting these meetings. The notice of the meetings was sent individually to shareholders, secured creditors and unsecured creditors and notice of the meetings was also advertised/published in the newspapers i.e. 'Business Standard (English)', 'The Tribune (Chandigarh)' and 'Punjabi Tribune' as well and in the Official Gazette of the State of Punjab. The meetings of the equity shareholders, secured creditors and the unsecured

creditors were held on 23.10.2010. The Chairman has filed his report regarding the conduct and result of the meetings.

Upon filing of the present petition, notice was issued to the Regional Director, Ministry of Corporate

C.P. NO.136 OF 2010

Affairs, Noida and the Official Liquidator. It was also ordered that notice be published in the 'Business Standard (English)', the 'Punjabi Tribune' and the Official Gazette of the State of Punjab for 16.12.2010. The affidavit dated 26.11.2010 of publication of notice of hearing filed by Sh. Vipin Gupta, Company Secretary, Vardhman Textiles Limited has been taken on record. The report furnished by the Regional Director and the Official Liquidator was taken on record on 16.12.2010. Mr. B.K. Bansal, Regional Director, Northern Region, Ministry of Corporate Affairs, Noida, has filed a report dated 13.12.2010 by way of an affidavit, containing the following observations:

"3. That the deponent further craves leave to submit that as per Clause 8 of Part-B of the Scheme of Arrangement, all the employees of the Transferor Company/De-merged Company engaged in "Steel Business Undertaking" shall become the employees of the Transferee Company/Resulting Company without any break or interruption in their services upon sanctioning of the Scheme of Arrangement by the Hon'ble Court.

4. That the deponent further craves leave to submit that at Para 14.1 & 14.2 of Part-C of the Scheme provide as under:

"On or before the Effective date, the Resulting Company shall take necessary steps to increase or alter, to the extent required, its Authorized Share Capital suitably to enable it to issue & allot the equity shares pursuant to this Scheme

"Clause V of the Memorandum of Association and Article 4 of the Article of Association of the Resulting Company (relating to the Authorized Share Capital) shall without any further act, instrument or deed be and stand altered, modified and amended pursuant to Sections 16, 31, 94 & 394 and other applicable provisions of the Act

4.1 It is submitted that the Memorandum and Article of Association of a Company can be changed/alterd only after following the procedure prescribed under the relevant provisions of the Companies Act, 1956. It is, therefore, submitted that this aspect may kindly be considered by this Hon'ble Court.

5. That the deponent further craves leave to submit that in regard to transfer of charge from the De-merged Company to the Resulting Company, the petitioner De-merged Company viz. M/s Vardhman Textiles Ltd. vide its letter dated 08.12.2010 has stated that "It shall be available on the appointed date. "

6. That the deponent further craves leave to submit that the Shares of the Transferor Company/De-merged Company viz. M/s Vardhman Textiles Ltd. are listed at Bombay Stock Exchange & National Stock Exchanges. The Bombay Stock Exchange vide its letter dated 11.08.2010 and National Stock Exchanges vide

C.P. NO.136 OF 2010

its letter dated 18.08.2010 have given their 'No Objection' to the proposed Scheme of Arrangement subject to certain condition as mentioned therein. It is submitted that the Transferor Company/De-merged Company may be advised to comply with the conditions raised by the Bombay Stock Exchange and National Stock Exchanges."

In response to these observations, Sh. Vipin Gupta, Company Secretary, Vardhman Textiles Limited has filed an affidavit. A relevant extract from the affidavit dated 16.12.2010, filed by Sh. Vipin Gupta, Company Secretary, Vardhman Textiles Limited, reads as follows: -

"2. That the deponent undertakes that all statutory compliances prescribed under the Companies Act, 1956, shall be complied with for implementation of the proposed Scheme of

Arrangement and De-merger of the Steel Business undertaking of Vardhman Textiles Limited, Ludhiana and its vesting in Vardhman Special Steels Limited, Ludhiana.

3. That deponent states that the entire procedure as prescribed under the Act for the alteration of Memorandum and Articles of Association, for increasing share capital shall be followed and complied with.

4. That the deponent states that the transfer of charge on the properties of the Transferee Company in favour of the Banks, shall be done upon transfer of assets and liabilities to the transferee company on the Appointed Date, i.e. 1st January, 2011.

5. That the deponent states that the conditions contained in the No Objections issued by the Bombay Stock Exchange and the National Stock Exchange (Annexure P-5) shall be duly complied with.

6. That the deponent states that all submissions made by the Regional Director, Ministry of Corporate Affairs, Noida, in his report dated 13.12.2010 shall be followed and complied with".

A relevant extract from the affidavit dated 10.01.2011, filed by Sh.Vipin Gupta, Company Secretary, Vardhman Textiles Limited, reads as follows: -

"2. That the deponent undertakes that all statutory compliances prescribed under the Companies Act, 1956, shall be complied with for implementation of the proposed Scheme of Arrangement and De-merger of the Steel Business undertaking of Vardhman Textiles Limited, Ludhiana and its vesting in Vardhman Special Steels Limited, Ludhiana.

3. That the deponent had filed an affidavit dated 16.12.2010 undertaking that all submissions made by the Regional Director, Ministry of Corporate Affairs, Noida, in his report dated 13.12.2010 shall be followed and complied with.

4. That the deponent submits that they have increased the authorized share capital of M/s Vardhman Special Steels Limited to Rs.35 crores and have paid the requisite statutory fee of Rs.15 lacs for the same on 24.12.2010. A copy of the receipt and approval by the Ministry of Corporate Affairs is collectively annexed herewith as Annexure

The Official Liquidator has submitted a report after due consideration of the scheme, resolutions passed by the Companies, the Chairman's report dated 29.10.2010 and eventually praying that the Scheme of Arrangement and De-merged may be decided on merits.

Having gone through the Scheme of Arrangement, taking into consideration the views of the Regional Director, the affidavits dated 16.12.2010 and 10.01.2011, filed by Mr. Vipin Gupta, Company Secretary, Vardhman Textiles Limited and the report submitted by the Official Liquidator, I find no reason to decline the prayer for approval/sanction of the Scheme of De-merger & Arrangement of the Steel Business Undertaking of M/s Vardhman Textiles Limited (Transferor Company) and its vesting in M/s Vardhman Special Steels Limited (Transferee Company), subject to the Transferee Company honouring in letter and spirit the observations recorded in the report submitted by Mr. B.K. Bansal, Regional Director; Northern Region, Ministry of Corporate Affairs, Noida and duly accepted in their affidavits.

The Transferee Company shall issue and allot shares to the equity shareholders of the Transferor Company as per scheme.

A certified copy of this order shall be filed with the Registrar of Companies within 30 days in Form No.41.

A public notice shall also be published in the daily newspapers, namely "The Times of India" (English) and "Punjabi Tribune" (vernacular). Similarly, a notice be also published in the Official Gazette of the State of Punjab.

Any person interested shall be at liberty to approach this Court in the above matter for any directions that may be necessary.

sdl- Rajive Bhalla

Judge

12.01.2011

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True Copy

Examiner
IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH
COMPANY PETITION NO. 136 OF 2010

Connected with
COMPANY PETITION NO. 104 OF 2010

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

AND

IN THE MATTER OF:

Scheme of Arrangement & De-merger of the Steel Business, Undertaking of VARDHMAN TEXTILES LIMITED, and its vesting in VARDHMAN SPECIAL STEELS LIMITED.

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED, a Company incorporated under the Companies Act, 1956, having its Registered Office at: Chandigarh Road, Ludhiana-141 010 (Punjab).

...PETITIONER NO.1/TRANSFEROR COMPANY

VARDHMAN SPECIAL STEELS LIMITED, a Company incorporated ,under the Companies Act, 1956, having its Registered Office at: Vardhman Premises, Chandigarh Road, Ludhiana-141 010 (Punjab).

...PETITIONER NO.2/TRANSFEREE COMPANY

PETITION UNDER SECTIONS 391 & 394 OF THE COMPANIES ACT, 1956 FOR SANCTION OF THE SCHEME OF DE-MERGER & ARRANGEMENT OF THE STEEL BUSINESS UNDERTAKING OF M/S VARDHMAN TEXTILES LIMITED AND ITS VESTING IN M/S VARDHMAN SPECIAL STEELS LIMITED.

PRAYER

It is, therefore, respectfully prayed that this Hon'ble Court may be pleased to:

- (a) Sanction the Scheme of Arrangement and De-merger (Annexure P-1) so as to be binding on all share holders, secured creditors and unsecured creditors of both the petitioner companies and upon the petitioner companies themselves.
- (b) Issue notice to the Central Government, through the Regional Director, (northern region), Ministry of Corporate Affairs, as required under section 394A of the Act, calling for the report with regard to the Scheme of Arrangement and De-merger (P-1).
- (c) Direct notice of the hearing in the present, petition to be ordered to be published in the Business Standard (English) and in the Punjabi Tribune (Punjabi) or any other Newspaper and the Punjab Government Gazette; as required under Rule 80 of the Companies (Court) Rules, 1959;
- (d) To order publication of the sanction of the Scheme of Arrangement and De-merger of the Steel Business Undertaking of Vardhman Textiles Limited and its vesting in Vardhman Special Steels Limited.
- (e) Issue such further or other orders / or directions be given as this Hon'ble Court may deem fit and proper.
- (f) Allow the present petition.

COMPANY PETITION NO.104 OF 2010

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

AND

IN THE MATTER OF:

Scheme of Arrangement & De-merger of the Steel Business Undertaking of VARDHMAN TEXTILES LIMITED, and its vesting in VARDHMAN SPECIAL STEELS LIMITED.

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED, a Company incorporated under the Companies Act, 1956, having its Registered Office at: Chandigarh Road, Ludhiana-141 010 (Punjab).

.....PETITIONER NO.1/TRANSFEROR COMPANY

VARDHMAN SPECIAL STEELS LIMITED, a Company incorporated under the Companies Act, 1956, having its Registered Office at: Vardhman Premises, Chandigarh Road, Ludhiana-141 010 (Punjab).

....PETITIONER NO.2/TRANSFEE COMPANY

PETITION UNDER SECTIONS 391 & 394 OF THE COMPANIES ACT, 1956 FOR SANCTION OF THE SCHEME OF DEMERGER & ARRANGEMENT OF THE STEEL BUSINESS UNDERTAKING OF M/S VARDHMAN TEXTILES LIMITED AND ITS VESTING IN M/S VARDHMAN SPECIAL STEELS LIMITED.

PRAYER

It is, therefore, respectfully prayed that this Hon'ble Court may be pleased to :-

- (a) Issue necessary directions or orders for holding of the meetings of equity shareholders and creditors (secured and unsecured of Vardhman Textile Limited i.e. the Transferor Company and to fix the date, time and place of such meeting alongwith the appointment of Chairman/Alternate Chairman for the meeting and other matters as provided in Rule 69 of the Companies (Court) Rules, 1959.
- (b) Issue orders/ directions dispensing with the meetings of the equity shareholders Creditors (both Secured & unsecured) of the Transferee Company in view of the averments made hereinabove;
- (c) Issue directions for publication of a notice of the meeting of the equity shareholders secured and unsecured creditors of the Transferor Company in the Business Standard (English) and in the Punjabi Tribune (Punjabi) or any other Newspaper and the Punjab Government Gazette; as required under Rule 74 of the Companies (Court) Rules, 1959;
- (d) Issue such further or other orders / or directions be given as this Hon'ble Court may deem fit and proper.
- (e) Allow the present petition.

Before Hon'ble Mr. Justice Rajive Bhalla

Dated 12th January, 2011

ORDER ON PETITION

That the above Company Petition No.104 of 2010 came up for hearing on 08.09.2010; upon reading the said petition, the order dated 08.09.2010, whereby meetings of the Shareholders, Secured and unsecured creditors of the Transferee Company were dispensed with and it was directed that meetings of the Shareholders, Secured and unsecured creditors of the Transferor Company be held on 23.10.2010 for the purpose of considering and, if thought fit, approving with or without modification the Scheme of Arrangement & Demerger proposed to be made between transferor and transferee companies and their respective shareholders and creditors and annexed to the affidavit dated 16.08.2010 of Sh. Vipin Gupta, Authorised signatory of the Petitioner No.1/ Transferor Company and Petitioner No.2/ Transferee Company; also upon perusing the "Business Standard" dated 01.10.2010, 'The Tribune' dated 30.09.2010 &, 'Punjabi Tribune' dated 30.09.2010, and Official Gazette of the Government of Punjab dated 01.10.2010, each containing the advertisement of the notice of the meetings directed to be held vide order dated 08.09.2010 and the affidavit of Sh. Randeep Singh Rai, Senior Advocate dated 15.10.2010 showing publication and despatch of the notices convening the said meetings, the reports of the Chairman of the said meetings dated 29.10.2010 as to the result of the said meetings and upon hearing Ms. Munisha Gandhi, Advocate for the petitioner Companies and it appearing from the reports that the proposed scheme of Arrangement & Demerger has been approved unanimously by the Equity Shareholders, Secured and Unsecured creditors of the aforesaid Petitioner No.1/ Transferor Company, as the case may be, present and voting in person or by proxy.

This Court doth hereby sanction the Scheme of Arrangement & Demerger set forth in the Company Petition(s) and in the Schedule hereto and doth hereby declare the same to be binding on the Shareholders and Creditors of the transferor and transferee companies and all concerned:

And

This Court doth further order that a notice of the order sanctioning the Scheme shall be duly notified by public notice in the 'Times of India (English)', 'Punjabi Tribune' and 'Official Gazette of Govt. of Punjab' within 30 days.

That the said companies do file with the Registrar of Companies a certified copy of this order within 30 days from the date of this order.

Any person interested shall be at liberty to approach this Court in the above matter for any directions that may be necessary.

SCHEDULE

Scheme of Arrangement & Demerger as sanctioned by the Court

(See next page)

SCHEME OF ARRANGEMENT & DEMERGER

BETWEEN

VARDHMAN TEXTILES LIMITED

AND

VARDHMAN SPECIAL STEELS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**SCHEME OF ARRANGEMENT & DEMERGER
BETWEEN**

**VARDHMAN TEXTILES LIMITED
AND**

**VARDHMAN SPECIAL STEELS LIMITED
AND**

THEIR RESPECTIVE SHAREHOLDERS & CREDITORS

Under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956

Background and rationale for the Scheme of Arrangement & Demerger:

Vardhman Textiles Limited ('Demerged Company' or the 'company') is one of the largest textile company in India. The company is engaged in the business of manufacturing and marketing of Textiles (including Yarns and Fabrics). In addition to manufacture of yarns and fabric the company is also engaged in the business of manufacturing of Alloy Steel.

The steel produced by the company is used in automotive components, forging, ball bearings, piston pins, engineering applications, railways, defense etc. The company is the preferred supplier to leading companies like Telco, Ashok Leyland, Maruti, Hindustan Motors, Toyota, M&M and Escorts among others. The steel business is currently operating as a business undertaking of Vardhman Textiles Limited. The Management of the company believes that the steel business of the company has significant potential for expansion and growth. The nature of technology, risk and competition involved in the textile and steel business is significantly different from each other. Consequently, each of the business or undertaking is capable of addressing independent business opportunities, deploying different technologies and attracting different sets of investors, strategic partners, lenders and other stakeholders. Therefore, the management believes that the steel and textile business should be pursued under separate independent companies.

The Company therefore proposes to re-organize and segregate, by way of demerger, its business and undertaking engaged in steel business (Steel Business Undertaking).

This Scheme of Arrangement & Demerger is divided into following parts:

- (i) **Part A** - dealing with definitions and share capital;
- (ii) **Part B** - dealing with demerger of Steel Business Undertaking of Vardhman Textiles Limited
- (iii) **Part C** - General

PART A

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1. **"Act"** means the Companies Act, 1956 and any statutory modification or re-enactment thereof for the time being in force.
- 1.2. **"Appointed Date"** means January 1, 2011 or such other date as may be approved by the High Court for the purposes of this Scheme.
- 1.3. **"Demerged Company"** means Vardhman Textiles Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Chandigarh Road, Ludhiana- 141010.
- 1.4. **"Demerging Undertaking"** means Steel Business Undertaking of Vardhman Textiles Limited.
- 1.5. **"Effective Date"** means the date on which the certified copy of the Order of the High Court of Judicature for Punjab & Haryana at Chandigarh sanctioning the Scheme is filed with the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.
- 1.6. **"Court" or "High Court"** means the High Court of Judicature for Punjab & Haryana at Chandigarh.
- 1.7. **"Net assets of the Steel business undertaking"** would mean the difference between the assets and the liabilities of the Steel Business Undertaking taken over by the Resulting Company as part of the demerger of the steel business.
- 1.8. **"Record Date"** means the date as fixed by the Board of Directors or a Committee, as appointed by the Board of Directors of Demerged Company and Resulting Company for the purposes of issue of shares in Resulting Company to the shareholders of Demerged Company as the case may be, upon coming into effect of this Scheme. The Board of Directors of Demerged Company and Resulting Company shall determine the record date, being a date post filing of the sanction Order of this Scheme with the Registrar of Companies. Shareholders of the Demerged Company, as on the record date will be issued shares in the Resulting Company under this Scheme pursuant to the Demerger.

- 1.9 **"Remaining Business"** means all the undertakings, businesses, activities and operations of the Demerged Company other than the Steel Business Undertaking.
- 1.10 **"Resulting Company"** means Vardhman Special Steels Limited, a company incorporated the Indian Companies Act, 1956 and having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana- 141010
- 1.11 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement and Demerger in its present form or with any modification(s) made under Clause 16 of this Scheme.
- 1.12 **"Steel Business Undertaking"** means and includes t undertaking of the Demerged Company consisting, inter-alia, all assets including immoveable property as set out in Schedule 1 to the Scheme and all liabilities relating thereto. Assets and Liabilities of the Steel Business Undertaking shall mean and include:
- 1.12.1. Tice assets (whether real or personal, corporeal or incorporeal, present, future, contingent, tangible or intangible) pertaining to the Steel Business Undertaking of Demerged Company including but without being limited to land and building, plant and machinery, capital work in progress, intellectual property and rights to use intellectual property, furniture, fixtures, office equipment, appliances, accessories, vehicles, deposits, all stocks, assets, working capital, all customer contracts, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Steel Business Undertaking, whether in India or abroad;
- 1.12.2. All deposits, advances, loans, receivables, funds, staff advances, advance payments to regulatory authorities, cash, bank balances, accounts and all earnest money and/or deposits including security deposits made / paid by Demerged Company in connection with or relating to the Steel Business Undertaking;
- 1.12.3. All necessary records, files, papers, process information, computer programs, drawings, 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 or electronic form in connection with or relating to the Steel Business Undertaking of Demerged Company
- 1.12.4. The liabilities pertaining to / arising out of the activities or operations of the Steel Business Undertaking including the following:
- specific loans and borrowings raised, term loans from banks and financial institutions (if any), bank overdrafts, working capital loans & liabilities, amount due to small scale industrial undertakings raised, incurred and utilised solely for the activities or operations of the Steel Business Undertaking.
 - liabilities other than those referred to above, being the amounts of general or multipurpose borrowings of the Demerged Company if any, allocated to the Steel Business Undertaking in the same proportion in which the value of the assets (ignoring the revalued amount) transferred under this Scheme bear to the total value of the assets of the Demerged Company immediately before giving effect to this Scheme;
- Provided however that any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Steel Business Undertaking or whether it arises out of the activities or operations of the Steel Business Undertaking shall be decided by mutual agreement between the Board of Directors of the Demerged Company and Resulting Company.
- 1.12.5 All permanent and temporary employees of the Demerged Company employed in/ or relateable to the Steel Business Undertaking as on the Effective Data, and as identified by the Board of Directors of the Demerged Company;

Without prejudice to the generality of the foregoing, it is clarified that all permits, sanctions, quotas, rights, entitlements, consents, permissions, licenses, certificates, authorisations relating to the Steel Business Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company; All benefits or incentives including income tax, sales tax (including deferment of sales tax), service tax, value added tax and any other direct or indirect tax(es) benefits in respect of the Steel Business Undertaking for which the Demerged Company is entitled to in terms of the various statutes and/or schemes of Union and State Governments, shall be available to and vest in the Resulting Company;

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

3.1 The share capital of Vardhman Textiles Limited or the Demerged Company as on the last audited Balance sheet dated March 31, 2010 was as under:

Particulars	(Amount in Rs.)
Authorised Capital	
9,00,00,000 Equity shares of Rs.10 each	
1,00,00,000 Redeemable Cumulative Preference Shares of Rs.10each	90,00,00,000
	10,00,00,000
Total	100,00,00,000
Issued, Subscribed and Paid-up	
5,77,69,527 Equity Chores of Rs.10 each	57,76,95,270

The share capital structure of Demerged Company as on 30th June, 2010 is same as on 31st March, 2010 as there has been no change in the Issued, Subscribed and Paid-up share capital of Demerged Company after 31st March, 2010.

Further, during the pendency of the scheme, the Demerged company reserves the right to issue additional equity shares to any institutional investor or existing shareholders or to the public by way of preferential placement of the equity share or by way of right Issue to existing shareholders or by way of a fresh public issue at such price as may be decided. However, in case of any further issuance of equity shares of Demerged Company, prior consent would be obtained from the Board of Directors of the Resulting Company in relation to such issue of equity shares.

Demerged Company has issued USD 60,000,000 Zero Coupon Convertible Bonds ("FCCBs") which are due for redemption in February, 2011. The outstanding amount of FCCBs as on 31st March, 2010 is USD 59,000,000. The above FCCBs are convertible into equity shares of Demerged Company at any time prior to thirty days before Maturity Date of February 17, 2011 in terms of the FCCB Offering Circular dated February 16, 2006. The above mentioned FCCBs are listed on the Singapore Stock Exchange.

3.2 The share capital of Vardhman Special Steels Limited as on 30th June, 2010 is as under:

Particulars	(Amount in Rs.)
Authorised Capital	
50,00,000 Equity Shares of Rs.10 each	5,00,00,000
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs.10 each	5,00,000

The entire issued, subscribed and paid-up capital in Vardhman Special Steels Limited is currently held by Vardhman Textiles Limited.

Before the Effective Date, the Demerged Company would contribute to the share capital of the Resulting Company by subscribing to additional 2,250,000 equity shares of Rs. 10/- each 'at par. As on the effective date the paid up share capital of the Resulting Company would be Rs.23,000,000/- divided into 2,300,000 shares of Rs. 10 each.

Further, in the event of any change in the share capital of the Demerged Company by way of the fresh issue of shares during the pendency of this scheme, the Demerged Company may contribute to the share capital of the Resulting Company by subscribing to such additional number of equity shares of Rs. 10/- each at par as may be agreed upon by the Board of Directors of both the Demerged Company and the Resulting Company.

Further, in the event of additional issue of shares as mentioned above, there would be no change in the consideration as mentioned in clause 5.1 and all the shareholders of the Demerged Company, as on the record date, would be entitled to the shares in the Resulting Company, unless specifically provided for in this scheme.

PART B

DEMERGER OF THE STEEL BUSINESS UNDERTAKING OF VARDHMAN TEXTILES LIMITED

4. VESTING OF UNDERTAKING

With effect from the Appointed Date and upon the Scheme becoming effective and subject to the provisions of the Scheme, the Steel Business Undertaking of the Demerged Company, as defined in Clause 1.12 above, shall subject to the provisions of this Clause in relation to the mode of vesting and pursuant to Section 394(1) of the Act, and in accordance with Section 394(2) of the Act and Section 2(19AA) of the

Income tax Act, 1961, and without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in the Resulting Company, as a going concern, in the following manner:

- 4.1 With effect from the Appointed Date, the whole of the undertaking and properties comprising the Steel Business Undertaking, as aforesaid, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and be vested in and/or be deemed to be transferred to the Resulting Company so as to vest in the Resulting Company all the rights; title and interest pertaining to the Steel Business Undertaking of the Demerged Company.
- 4.2 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Demerged Company relating to the Steel Business Undertaking shall, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to and/or deemed to be transferred to the Resulting Company as the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities and obligations have arisen in order to give effect to the provisions of this sub-clause.

It is hereby clarified that upon the Scheme becoming effective, the working capital lenders relating to the Steel Business Undertaking existing as of the Effective Date, that have security over the current assets of Demerged Company, shall be entitled to (a) security over the current assets of the Resulting Company and (b) a charge on the fixed assets of the Resulting Company (subject to first charge created/ to be created in favour of the term lenders, if any).

Further, all loans raised after the Appointed Date but before the Effective Date and liabilities incurred by the Demerged Company after the Appointed Date but before the Effective Date for operations of the Steel Business Undertaking shall be discharged by the Resulting Company. Where any of the liabilities and obligations attributed to the Steel Business Undertaking on or after the Appointed Date have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the Resulting Company.

- 4.3 With effect from the Appointed Date, all documents of title, deeds, papers, contracts etc. pertaining to the Steel Business Undertaking shall be handed over to the Resulting Company.
- 4.4 The transfer and vesting of the assets of the Demerged Company relating to the Steel Business Undertaking shall be effected as follows:
 - 4.4.1 The immoveable properties including land, building and structures belonging to and/or vested in the Steel Business Undertaking shall pursuant to Section 394(2) of the Act and provisions of this Scheme, without any further act or deed, be transferred to and vested in or deemed to have been transferred to the Resulting Company. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes, if any, and fulfill all obligations in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of the Resulting Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective in accordance with the terms hereof.
 - 4.4.2 All the movable assets of the Steel Business Undertaking or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand shall be physically handed over by manual delivery to the Resulting Company to the end and intent that the property therein passes to the Resulting Company on such delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Resulting Company accordingly.
 - 4.4.3 In respect of movable assets, other than those specified in sub-clause 4.4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, pursuant to the Order of the High Court sanctioning the Scheme, the said debt, loan, advances, etc. would be paid or made good or held on account of the Resulting Company as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same stands extinguished, and that such rights to recover or realize the same shall vest in the Resulting Company. Pursuant to the Order of the High Court sanctioning the Scheme, each person, debtor or depositee of the Steel Business Undertaking of the Demerged Company would pay the debt, loan or advance or make good the same or hold the same to the account of the Resulting Company and that the right of the Resulting Company to recover or realise the same would be in substitution of the right of the Demerged Company;
- 4.5 All taxes, duties, cess payable by Demerged Company relating to the Steel Business Undertaking and all or any refunds/credit (including cenvat credits)/claims relating thereto shall be treated as the liability or refunds/credit/claims, as the case may be, of the Resulting Company.
- 4.6 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income tax Act, 1961. If any terms or provisions of the Scheme are found

or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with conditions contained in Section 2(19AA) of the Income tax Act, 1961. Such modification will however not affect other parts of the Scheme.

5. CONSIDERATION

Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Steel Business Undertaking of Demerged Company in the Resulting Company, in a terms of this Scheme, the shareholders of Demerged Company would be allotted the shares of the Resulting Company as per details given below: -

- 5.1 The Resulting Company shall, upon coming into effect of Scheme, and in consideration for the transfer of and vesting of the Steel Business Undertaking in the Resulting Company, without any further application, act, instrument or deed, issue and allot to the equity shareholders of Demerged Company, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 1 (One) fully paid-up Equity Share of Rs.10 (Rupees Ten) each for every 5 (Five) fully paid-up equity shares of Rs.10 (Rupees Ten) each in Demerged Company.
- 5.2 In addition to the provisions of Clause 5.1 above, the Resulting Company may in accordance with the terms and conditions of the FCCB Offering Circular create a provision for issue, without any extra payment required by FCCB holders, to the Depository representing the holders of FCCBs of the Demerged Company, equity shares of Re.10/- each of the Resulting Company equivalent to the entitlement of the equity shares of the Demerged Company at the time of exercise of the option of the conversion in terms of the FCCB Offering Circular dated February 16, 2006 i.e. at the conversion price of Rs.423.25 per share with a fixed rate of exchange on conversion of Rs.44.1722=U.S.\$1.00. Accordingly, the FCCB holder shall for every 5 (Five) equity shares of Rs.10/- each of the Demerged Company would also get 1 (One) equity share of Re.10/- each of the Resulting Company. However, in all respects, the rights of the FCCB holders to receive the shares of the Resulting Company shall be considered only when the Demerged Company and/or the FCCB holder(s) opt for conversion of the FCCBs into shares of the Demerged company pursuant to the Offering Circular.
- 5.3 In the event the FCCB holder(s) do not exercise the option of conversion, the provision for issue of equity shares by the Resulting Company to the Depository as the entitlement of the FCCB holders on account of demerger of the Steel Business Undertaking shall stand cancelled and the Resulting Company shall not have any obligation with regard to the dividends and any other liability in that respect.
- 5.4 The Equity Shares shall be issued in dematerialized form to those shareholders who hold shares of Demerged Company in dematerialized form, in to the account in which Demerged Company shares are held as on the Record Date. All those shareholders who hold shares of Demerged Company in physical form shall also have the option to receive the Equity Shares in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Demerged Company and / or its Registrar before the Record Date. Otherwise, they would be issued Equity Shares, in physical form. All such share certificates shall be sent by the Resulting Company to the shareholders at their registered address as appearing in the Register of Members on the Record Date (or in the case of joint holders to the address of that one of the joint holder whose name stands first in such register in respect of such joint holding) and the Resulting Company shall not be responsible for any loss in transmission.
- 5.4 Resulting Company shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of Equity Shares to the members of Demerged Company under the Scheme.
- 5.5 The Equity Shares of Resulting Company shall be listed on all the stock exchanges on which the shares of Demerged Company are listed as on the Effective Date.

The Resulting Company shall also fulfill the Exchange's criteria for listing and shall also comply with Rules, Byelaws, and Regulations of the Exchange and other applicable statutory requirements and compliances with the necessary procedures that may be required.
- 5.6 Further, the shares issued by the Resulting Company under this scheme shall remain frozen in the account of the depositories from the date of allotment of such shares till the permission for listing or trading of such shares is given by the designated stock exchange.
- 5.7.1. In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of Demerged Company, the Board of Directors or any Committee thereof of Demerged Company shall be empowered even subsequent to the Effective Date, to effectuate such transfer as if such changes in the registered holder were operative from the Effective Date, in order to remove any difficulties arising to the transfer of shares after the Scheme becomes effective.
- 5.7.2. However, the provisions of the clause 5.7.1. would not be applicable in case of fresh issue of shares, where the shares are allotted after the scheme becomes effective but before the record date even if

the share application money was received by the Demerged Company before the scheme became effective.

- 5.8 The issue and allotment of Equity Shares to the members of Demerged Company, as provided in this Scheme, shall be deemed to be made in compliance with the procedure laid down under Section 81(1A) and any other provisions of the Act.
- 5.9 No coupons shall be issued in respect of fractional entitlements, if any, by Resulting Company, to the members of Demerged Company at the time of issue and allotment of Equity Shares under Clause 5.1 and 5.2, as the case may be. The Board of Directors of Resulting Company shall consolidate all fractional, entitlements, if any, arising due to the demerger of the Steel Business Undertaking and allot Equity Shares in lieu thereof to a director or such other authorized representative(s) as the Board of Directors of Resulting Company shall appoint in this behalf, who shall hold the Equity Shares issued in Resulting Company, in trust on behalf of the members entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it / he / they may deem fit, and pay to Resulting Company, the net sale proceeds thereof, whereupon Resulting Company shall distribute such net sale proceeds, subject to taxes, if any, to the members in proportion to their respective fractional entitlements. The Board of Directors of Resulting Company, if it deems necessary, in the interest of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

6. ACCOUNTING TREATMENT

6.1 In the books of the Resulting Company

- 6.1.1. The Resulting Company shall, upon the arrangement becoming operative, record the Assets and Liabilities of the Steel Business Undertaking of the Demerged Company vested in it pursuant to this Scheme, at the respective book values thereof, as appearing in the books of the Demerged Company (excluding revaluation, if any) at the close of business of the day immediately preceding the Appointed Date.
- 6.1.2. The Resulting Company shall in its books of account credit to its Share Capital Account the aggregate face value of the Equity Shares issued by it to the member(s) of the Demerged Company pursuant to the Scheme.
- 6.1.3. The difference between value of the net assets of the Steel Business Undertaking transferred pursuant to this Scheme and the face value of Equity Shares allotted shall be transferred to the General Reserve. In case of there being a deficit, the same shall be debited to the Profit and Loss Account.

In the books of the Demerged Company

- 6.1.4. All the assets and liabilities pertaining to the Steel Business which cease to be the assets and liabilities of the Demerged Company shall be reduced by the Demerged Company at their book values.
- 6.1.5. The aggregate of the net assets of the Steel Business undertaking transferred to the Resulting Company standing in the books of the Demerged Company, shall be adjusted against the General Reserves.

7. CONDUCT OF BUSINESS

- 7.1.1. and from the date of approval of this Scheme by the Board of Directors of the Demerged Company and the Board of Directors of the Resulting Company and till the Effective Date, the Demerged Company:
- 7.1.1. Shall be deemed to have been carrying on all business activities relating to the Steel Business Undertaking and stand possessed of all the assets, rights, title, interest of the Steel Business Undertaking for and on account of, and in trust for, the Resulting Company;
- 7.1.2. Shall ensure that all profits accruing or losses arising or incurred by it (including the effect of taxes if any thereon) from the Appointed Date till the Effective Date, relating to the Steel Business Undertaking shall for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Resulting Company;
- 7.1.3. Shall carry on the business of the Steel Business Undertaking with reasonable care and diligence and in the same manner as it had been doing hitherto;
- 7.1.4. Shall not, without the written concurrence of Board of the Resulting Company, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of any of its properties defined in Clause 1.12 above except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Boards of Directors of the Demerged Company and the Resulting Company;

7.1.5. Shall not vary or alter, except in the ordinary course of its business and as may be required for reorganization, the terms and conditions of employment of any of its employees in relation to the Steel Business Undertaking.

7.2 With effect from the Effective Date, the Resulting Company shall continue and carry on and shall be authorised to carry on the businesses carried on by the Steel Business Undertaking of the Demerged Company.

8. STAFF, WORKMEN & EMPLOYEES

On the Scheme becoming operative, all staff, workmen and employees of the Steel Business Undertaking of the Demerged Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Resulting Company with effect from the Appointed Date without any break in their service. The terms and conditions of their employment with the Resulting Company shall not be less favorable than those applicable to them in the Demerged Company on the Effective Date.

The equitable interest in accounts/funds of the employees, staff and workmen whose services are transferred to the Resulting Company, relating to superannuation fund and gratuity fund shall be identified, determined and transferred to the respective Trusts/Funds of the Resulting Company and such employees shall be deemed to have become members of such Trusts/ Funds of the Resulting Company. With effect from the Effective Date, the Resulting Company shall make the necessary contributions for such transferred employees, staff and workmen of the Demerged Company in relation to the existing gratuity fund, superannuation fund, provident fund benefits and benefits under any other special fund or scheme. It is clarified that the services of such permanent employees of the Demerged Company will be treated as having been continuous and not interrupted for the purposes of such Funds.

The Resulting Company shall contribute to the existing gratuity and superannuation funds of the Demerged Company in respect of its employees, staff and workmen till such time the gratuity and superannuation funds are constituted and got registered with the Income tax authorities by the Resulting Company. The Income Tax department will register the gratuity and superannuation funds of the Resulting Company for the said purpose.

9. LEGAL PROCEEDINGS

9.1 All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising at the Appointed Date in relation to the Steel Business Undertaking shall be continued and enforced by or against the Resulting Company, and the Resulting Company will bear the liabilities of such proceedings at its own cost. The Demerged Company shall extend all its assistance to defend such proceedings at the cost of the Resulting Company. The Resulting Company hereby undertakes to reimburse and indemnify the Demerged Company against all liabilities and obligations that may have to be incurred by the Demerged Company in respect thereof.

9.2 Subsequent to the Appointed Date, if any proceedings are initiated by any third party (including regulatory authorities) by or against the Steel Business Undertaking of the Demerged Company under any statute, such proceedings shall be continued and enforced only against the Resulting Company and the Resulting Company shall bear the liabilities of such proceedings at its own cost. The Demerged Company shall extend all its assistance to defend the liabilities of such proceedings at the cost of the Resulting Company. The Resulting Company hereby undertakes to reimburse and indemnify the Demerged Company against all liabilities and obligations that may have to be incurred by the Demerged Company in respect thereof.

10. CONTRACTS, DEEDS, ETC.

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments including any contract for exploitation of Intellectual property rights and all other rights, title, interest, labels and brand registrations, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, pertaining to the Steel Business Undertaking to which the Demerged Company is party and which are subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto. Further, all contracts with third parties relating to the Steel Business Undertaking to which the Demerged Company is party, shall be in full force and effect against or in favour of the Resulting Company. The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Demerged Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of this Scheme.

11. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 4 above and the continuance of proceedings by or against the Demerged Company under Clause 9 above shall not affect any transaction or proceedings already concluded by the Demerged Company on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

12. GENERAL TERMS AND CONDITIONS:

- 12.1. The Resulting Company shall be entitled to claim credit for TDS Certificate and advance tax payments of Demerged Company between the Appointed Date and Effective Date relating to the Steel Business Undertaking vesting in the Resulting Company. Accordingly, the Demerged Company and the Resulting Company are expressly permitted to construct their respective income tax returns and related TDS certificates and shall have the right to prepare and file revised returns, if any, and to claim refund, advance tax credits, etc. upon this Scheme becoming effective and have expressly reserved the right to make such provisions in their respective income tax returns and related TDS certificates and the right to claim refund, advance tax credits, etc. pursuant to the sanction of this Scheme.
- 12.2. No stamp duty shall be payable in the State of Punjab for vesting of the Steel Business Undertaking in the Resulting Company pursuant to this Scheme, as no stamp duty is payable in the State of Punjab on transfer of property through an order of the Hon'ble High Court sanctioning a scheme of arrangement under Sections 391-394 of the Act.
- 12.3. Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, tax holidays, incentives, concessions and other authorizations, shall stand vested in the Resulting Company by the Order of the Hon'ble High Court sanctioning the Scheme, the Resulting Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on record.

13. REMAINING BUSINESS AND OTHER LIABILITIES

The Demerged Company shall continue to carry on the Remaining Business. All the assets, liabilities and obligations pertaining to the Remaining Business arising prior to, on or after the Appointed Date including liabilities other than those transferred to the Resulting Company under Clause 1.10 of this Scheme shall continue to belong to, be vested in and be managed by the Demerged Company.

Part C

GENERAL

14. REORGANIZATION OF CAPITAL

- 14.1 On or before the Effective Date, the Resulting Company shall take necessary steps to increase or alter, to the extent required, its Authorized Share Capital suitably to enable it to issue and allot the equity shares pursuant to this Scheme, subject to the payment of stamp duty and corresponding registration fees as per Schedule X to the Companies Act 1956 and the same shall be effective from the Appointed Date as described in Paragraph 1.2 of the Scheme.
- 14.2 Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Resulting Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to sections 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, and on the members of the Resulting Company giving their consent to the Scheme, it shall be deemed that the shareholders of the Resulting Company have given their consent/approval to the alteration of the Memorandum and Articles of Association of the Resulting Company as required under Section 17 and other provisions applicable of the Act.
- 14.3 The new equity shares in the Resulting Company to be issued to the members of the Demerged Company pursuant to Clause 5 above shall be subject to the Memorandum and Articles of Association of the Resulting Company and shall be pan passu in all respects with the existing shares in the Resulting Company.
- 14.4 It is clarified that the Resulting Company, for the purpose of issuing the aforesaid shares to the shareholders of the Demerged Company, shall not be required to pass a separate Special Resolution under Section 81(1A) of the Act or any other provisions of the Act, and on the members of the Resulting Company giving their consent to the Scheme, it shall be deemed that the shareholders of the Resulting Company have given their consent to issue aforesaid shares to the shareholders of the Demerged Company as required under Section 81(1A) of the Act.

15. APPLICATION TO HIGH COURT

Demerged Company and Resulting Company shall make applications / petitions under Sections 391 to 394 and other applicable provisions of the Act to the High Court of Judicature at Chandigarh or such other appropriate authority for sanction of this Scheme.

16. MODIFICATION OR AMENDMENT TO THE SCHEME

16.1 The Demerged Company and the Resulting Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the High Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Demerged Company and the Resulting Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

16.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Demerged Company may give and is hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

17. SCHEME CONDITIONAL ON APPROVAL / SANCTIONS

The Scheme is conditional upon and subject to the following:

- The sanction of the Hon'ble High Court of Punjab and Haryana or any other appropriate authority under Section 391 and 394 of the Act in favour of the Resulting Company and the Demerged Company under the said provisions and to the necessary order or orders or authenticated copy under Section 394 of the said Act being obtained and the same being filed with the Registrar of Companies.
- The requisite consents, approvals or permissions of the requisite authorities and of shareholders and creditors of the Demerged Company and the Resulting Company as may be directed by the Hon'ble High Court of Punjab & Haryana is being obtained; and
- All other sanctions and orders as are legally necessary or required in respect of the Scheme being obtained.
- The Demerged Company and the Resulting Company shall be at liberty to withdraw from the Scheme, in case any condition or alteration imposed by the Hon'ble High Court or any other authority is not on terms acceptable to them or otherwise.

18. EFFECT OF NON RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority, this Scheme 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 rights and/ or liabilities which might have 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. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.

19. COSTS

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Demerged Company.

20. ARBITRATION

In case any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employees and/ or persons entitled to or claiming any right to any shares in the Demerged Company or the Resulting Company as to the construction of this Scheme or as to any account, valuation or apportionment to be taken or made in connection herewith or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to the arbitration of Mrs. Munisha Gandhi, Advocate, Punjab & Haryana High Court, under the Arbitration and Conciliation Act 1996, whose decision shall be final and binding on all concerned.

Schedule 1

Schedule of Immovable Property of Resulting Undertaking

SCHEDULE

Short Description of the freehold property pertaining to the Steel Business Undertaking of the Demerged Company

1. Land measuring 52048.6 square yards situated at C-58, Phase- V, Focal Point, Ludhiana in the state of Punjab acquired vide Vasika No. 4486 dated 03.10.1973.

2. Land measuring 6.11 acres situated at C-58 , Phase V, Focal Point, Dhandari Kalan, Ludhiana in the state of Punjab acquired vide Vasika No. 4880 dated 25.05.1989.
3. Land measuring 7702 square yards situated at C-58 A, Opposite Plot No. C-26, Phase- V, Focal Point, Dhandari Kalan, Ludhiana in the state, of Punjab acquired vide Vasika No. 509 dated 12.04.2004.
4. Land measuring 1.29 acres situated at C-58, Phase- V, Focal Point, Ludhiana in the state of Punjab acquired vide Vasika No. 6714 dated 13.05.1994 in the Revenue Estate of Village Jamalpur Awana having its Hadbast No. 177 Khewat No 761, Khatuni No. 852, Tehsil & District Ludhiapa, in the State of Punjab. Out of 69 kanal 02 marla, the Demerged Company is the ownerOVtO kanal 6-1/2 marla (1.29 acres). Details are as under:-

District	Tehsil	Village	Khasra Nos.	Area	
				Kanal	Marla
Ludhiana	Ludhiana	Jamalpur Awana	200/1	69	02

The aforesaid land is transferred along with the buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

Dated this 12th January, 2011

(By the Court)

Court Secretary (Liquidation)

For Registrar (Judicial)

COMPANY PETITION NO. 136 OF 2010

Connected with

COMPANY PETITION NO. 104 OF 2010

In the matter of Section 391 and 394 of the Companies Act, 1956 AND

IN THE MATTER OF:

Scheme of Arrangement & De-merger of the Steel Business, Undertaking of VARDHMAN TEXTILES LIMITED, and its vesting in VARDHMAN SPECIAL STEELS LIMITED.

AND

IN THE MATTER OF:

VARDHMAN TEXTILES LIMITED, a Company incorporated under the Companies Act, 1956, having its Registered Office at: Chandigarh Road, Ludhiana-141 010 (Punjab).

...PETITIONER NO.1/TRANSFEROR COMPANY

VARDHMAN SPECIAL STEELS LIMITED, a Company incorporated under the Companies Act, 1956, having its Registered Office at: Vardhman Premises, Chandigarh Road, Ludhiana-141 010 (Punjab).

...PETITIONER NO.2/TRANSFEREE COMPANY

PETITION UNDER SECTIONS 391 & 394 OF THE COMPANIES ACT, 1956 FOR SANCTION OF THE SCHEME OF DE-MERGER & ARRANGEMENT OF THE STEEL BUSINESS UNDERTAKING OF M/S VARDHMAN TEXTILES LIMITED AND ITS VESTING IN MIS VARDHMAN SPECIAL STEELS LIMITED.

PRAYER

It is, therefore, respectfully prayed that this Hon'ble Court may be pleased to:

- (a) Sanction the Scheme of Arrangement and De-merger (Annexure P-1) so as to be binding on all share holders, secured creditors and unsecured creditors of both the petitioner companies and upon the petitioner companies themselves.
- (b) Issue notice to the Central Government, through the Regional Director, (northern region), Ministry of Corporate Affairs, as required under section 394A of the Act, calling for the report with regard to the Scheme of Arrangement and De-merger (P-1).
- (c) Direct notice of the hearing in the present petition to be ordered to be published in the Business Standard (English) and in the Punjabi Tribune (Punjabi) or any other Newspaper and the Punjab Government Gazette; as required under Rule 80 of the Companies (Court) Rules, 1959;

- (d) To order publication of the sanction of the Scheme of Arrangement and De-merger of the Steel Business Undertaking of Vardhman Textiles Limited and its vesting in Vardhman Special Steels Limited.
- (e) Issue such further or other orders / or directions be given as this Hon'ble Court may deem fit and proper.
- (f) Allow the present petition.

Before Hon'ble Mr. Justice Rejive Bhalla

Dated 12th January, 2011

ORDER ON PETITION

The above noted Company Petition No.136 of 2010 coming up for further hearing on 10.11.2010; upon perusing the said petition duly supported by affidavit dated 09.11.2010 of Sh. Vipin Gupta, Authorised signatory of the Petitioner No. 1/ Transferor Company and Petitioner No.2/ Transferee Company; upon perusing the order dated 10.11.2010 whereby notice of the petition was issued to the Regional Director, Ministry of Corporate Affairs, Noida and the Official Liquidator and also a notice of the petition was directed to be published in 'Business Standard (English)', & 'Punjabi Tribune' and Official Gazette of the Govt. of Punjab; upon perusing affidavit dated 26.11.2010 of Sh. Vipin Gupta, Authorised signatory of the Petitioner No.1/ Transferor Company and Petitioner No.2/ Transferee Company, 'Business Standard (English)' dated 24.11.2010, 'Punjab Tribune' dated 24.11.2010 and Punjab Govt. Gazette dated 19.11.2010 showing publication of notice of the petition under Section 394 of the Companies Act, 1956; and upon reading the affidavit dated 13,12.2010 of Shrii.K. Boise', Regional Director, Northern Region, Ministry of Corporate Affairs, Noida; and upon perusing the affidavits dated 16.12.2010 & 10.01.2011 of Sh. Vipin Gupta, Authorised signatory of the Petitioner No.1/ Transferor Company and Petitioner No.2/ Transferee Company, and the report of Official Liquidator dated nil; and after hearing Ms. Munisha Gandhi, Advocate with Mr. Vaibhav Sharma, Advocate for the Petitioner companies and Sh. D.P. Ojha, Official Liquidator and perusing all other materials placed on record:-

THIS COURT DOETH ORDER:

- 1) (a) That all the property, rights and powers relating to "**Steel Business Undertaking**" of the Transferor Company namely Vardhman Textiles Limited specified in the first, second and thins parts of the Schedule hereto and all other property, rights and powers relating to "**Steel Business Undertaking**" of the said Transferor Company be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 394(2) of the Companies Act, 1956, be transferred to and vest in the Transferee Company' for all the estate and interest relating to "**Steel Business Undertaking**" of the said Transferor Company therein but subject nevertheless to all charges now affecting the same; and
- b) That all the liabilities and duties relating to "**Steel Business Undertaking**" of the said Transferor Company be transferred without further act or deed to the Transferee Company and accordingly the same shall, pursuant to Section 394(2) of the Companies Act, 1956, be transferred to and become the liabilities and duties of the Transferee Company; and
- c) That all proceedings now pending by or against the aforesaid "**Steel Business Undertaking**" of the Transferor Company be continued by or against the Transferee Company; and
- d) That the transferee Company do without further application allot to the members of the aforesaid Transferor company, the shares in the Transferee Company to which they are entitled as per the Scheme as sanctioned by the Court.
- e) That the aforesaid Transferor and Transferee Company do within 30 days cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Registrar of Companies shall place all documents relating to "Steel Business Undertaking" aforesaid transferor company and registered with him on the file kept by him in relation to the transferee company and the files shall be kept accordingly.
- f) That any person interested shall be at liberty to apply to this Court in the above matter for any direction as may be necessary.

SCHEDULE

(As supplied by the counsel)
(See Next Page)

SCHEDULE

(As supplied by the Counsel)

SCHEDULE - I

IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA

AT CHANDIGARH

ORIGINAL COMPANY JURISDICTION

COMPANY PETITION NO. 104 OF 2010.

IN THE MATTER OF

The Companies Act, 1956;

AND

IN THE MATTER OF

Petition under Section 391-394 of the Companies Act, 1956;

AND

JN THE MATTER OF:

SCHEME OF ARRANGEMENT AND DEMERGER BETWEEN VARDHMAN TEXTILES LIMITED AND VARDHMAN SPECIAL STEELS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

AND CREDITORS.

AND

IN THE MATTER OF

VARDHMAN TEXTILES LIMITED, a Company incorporated under the Companies Act, 1956, having its Registered Office at: Chandigarh Road, Ludhiana-141 010 (Punjab).

....PETITIONER NO.1/TRANSFEROR COMPANY

VAKDHMAN SPECIAL STEELS LIMITED, a Company incorporated under the Companies Act, 1956, having its Registered Office at: Vardhman Premises, Chandigarh Road, Ludhiana – 141010 (Punjab).

.....PETITIONER NO.2/TRANSFEREE COMPANY

SCHEDULE-1

PART -1

(Short Description of the freehold property pertaining to the Steel Business Undertaking of the Transferor Company)

1. Land measuring 52048.6 square yards situated at C-58, Phase- V, Focal Point, Ludhiana in the state of Punjab acquired vide Vasika No. 4486 dated 03.10.1973.
2. Land measuring 6.11 acres situated at C-58 , Phase V, Focal Point, Dhandari Kalan, Ludhiana in the state of Punjab acquired vide Vasika No. 4880 dated 25.05.1989.
3. Land measuring 7702 square yards situated at C-58 A, Opposite Plot No. C-26, Phase- V, Focal Point, Dhandari Kalan, Ludhiana in the state of Punjab acquired vide Vasika No. 509 dated 12.04.2004.
4. Land measuring 1.29 acres situated at C-58, Phase- V, Focal Point, Ludhiana in the state of Punjab acquired vide Vasika No. 6714 dated 13.05.1994 in the Revenue Estate of Village Jamalpur Awana having its Hadbast No. 177 Khewat No 761, Khatuni No. 852, Tehsil & District Ludhiana, in the State of Punjab. Out of 69 kanal 02 marla, the Demerged Company is the owner of 10 kanal 6% merle (1.29 acres).

The aforesaid land is transferred along with the buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

PART II

(Short Description of the leasehold property pertaining to the Steel Business Undertaking of the Transferor Company)

NIL

PART III

(Short description of all stocks, shares, debentures and other charges in action pertaining to the Steel Business Undertaking of the Transferor Company.)

NIL

PART IV

(Indicative List of licenses, exemption certificates and statutory approvals under various applicable laws pertaining to the Steel Business Undertaking of the Transferor Company)

All licenses, consents, certificates, registrations, permissions, sanctions, approvals, petitions, applications, remissions, authorizations, reservations, concessions, deductions, exemptions, tax holidays, benefits, entitlements, incentives, refunds, claims, demands, liabilities, quotas, permits and miscellaneous matters pertaining to the Steel Business Undertaking of the Transferor Company, whether in the present name viz. 'Vardhman Textiles Limited', or former name viz. 'Mahavir Spinning Mills Limited' of Vardhman Textiles Limited, shall vest with the Transferee Company.

Without affecting the generality of the foregoing, the licenses, consents, certificates, registrations, permissions, sanctions, approvals, petitions, applications, remissions, authorisations, reservations, concessions, deductions, exemptions, tax holidays, benefits, entitlements, incentives, refunds, claims, demands, liabilities, quotas, permits and miscellaneous matters of the Transferor Company, which will vest in the Transferee Company shall include but not limited to the following:

1. **Pertaining to Customs, Import-Export and related matters of the Steel Business Undertaking of the Transferor Company to be Passed on to the Transferee Company:**
 - a) All advance licenses, licenses issued under the Export Promotion Capital Goods (EPCG) Scheme and duty drawback claims, rebate claims and pending applications in respect of the foregoing.
 - b) Bonds/Letter of Undertaking submitted to customs department, shipping companies, Directorate General of Foreign Trade (DGFT) etc.
 - c) All pending demands, liabilities, refunds, claims, obligations, etc. under the Customs Act and related matters.
 - d) All pending appeals, applications, petitions, litigations, under the Customs Act or related matters.
 - e) Registration cum Membership Certificate issued by Engineering Export Promotion Council.
2. **Pertaining Income-Tax and related matters of the Steel Business Undertaking of the Transferor Company to be Passed on to the Transferee Company:**
 - a) Tax Deduction (TDS) Account Numbers, Tax Collection at Source (TCS) Numbers and pending applications in respect of the foregoing.
 - b) All pending assessments, appeals, applications, petitions, litigations, liabilities, etc. pertaining to TDS and TCS provisions under the Income-Tax Act, 1961.
- 3) **Pertaining to Excise Matters of the Steel Business Undertaking of the Transferor Company to be Passed on to the Transferee Company:**
 - a) All registrations, licenses and permissions under the Central Excise Act including but not limited to permissions for factory stuffing, self-sealing anal self-certification of containers, removal of excisable goods without payment of duty, licenses for private bonded warehouses, permissions for imports at concessional rate of duty for capital goods, spares and others, permissions for job-work and pending applications in respect of the foregoing.
 - b) CENVAT credits.
 - c) Exemptions and other incentives and benefits under the Central Excise Act.
 - d) All pending demands, liabilities, refunds, claims etc. under the Central Excise Act.
 - e) All pending appeals, applications, petitions, litigations, etc. under the Central Excise Act.
 - f) Letter of Undertakings (LUTs), bonds and other undertakings given under the excise legislations.
4. **Pertaining to Sales Tax, VAT, Service Tax and related matters of the Steel Business Undertaking of the Transferor Company to be passed on to the Transferee Company:**
 - a) Registrations under the Central and State Sales Tax Acts, VAT registrations alongwith pending applications in relation thereto.
 - b) Eligibility Certificates, Sales Tax Exemption Certificates and rights accruing thereunder.
 - c) Registrations under Service Tax Act and pending application in relation thereto.
 - d) All pending demands, liabilities, refunds, claims etc. under the sales tax acts, VAT and Finance Act, 1994 (pertaining to Service Tax).
 - e) All pending appeals, assessments, applications, petitions, litigations etc. under the Sales tax Acts, VAT and Finance Act, 1994 (pertaining to Service Tax).
5. **Pertaining to Electricity Matters of the Steel Business Undertaking of the Transferor Company to be passed on to the Transferee Company:**

- a) Permissions/sanctions relating to electricity connections (including Peak Load exemption), connected loads, contracted demand alongwith security deposits, etc. from the State Electricity Boards; approvals from State Electricity Boards and/or Chief Electrical Inspector of the State for installation of electrical Sub-Stations and Systems, diesel generating sets/captive power plants, stand by diesel generating sets or any other approvals for electrical equipments, installations and electrical drawings, etc.; all applications for electricity connections, load sanctions, demand sanctions and for any other purpose pending with the State Electricity Boards and/or Chief Electrical Inspector of the State.
 - b) All refunds, claims, demands, liabilities, etc. due from and/or pending from and/or to the State Electricity Boards.
 - c) Agreement with PSTCL for purchase of Power through Open Access and NOC issued there under.
- 6. Pertaining to Financial Matters of the Steel Business Undertaking of the Transferor Company to be passed on to the Transferee Company:**
- a) All sanctions, loan agreements, declarations and undertakings given and charges created there under and availment of benefits under the Technology Upgradation Fund Scheme.
 - b) All sanctions, working capital agreements, agreements for hypothecation, letters of arrangement and bank consortium agreements.
 - c) Bank accounts, letters of credit, forward/option contracts, ISDA agreements and bank guarantees given by vendors.
- 7. Pertaining to Labour Matters of the Steel Business Undertaking of the Transferor Company to be Passed on o the Transferee Company:**
- a) Provident Fund registration.
 - b) Employees State Insurance registration.
 - c) Standing Orders of the Steel Business Undertaking shall vest in the Transferee Company.
 - d) Registration under Contract Labour Regulation Act, Apprenticeship Act, and all agreements, registrations under various labour and industrial laws including Factories Act, 1948 and all pending applications in relation to foregoing.
- 8. Pertaining to Factory/Property/Industrial and Related Matters of the Steel Business Undertaking of the Transferor Company to be passed on to the Transferee Company:**
- a) Approvals and licenses issued by the various Departments of the Government in respect of the setting up of the units etc. from time to time.
 - b) Investment subsidies, Freight Subsidies, deductions, tax holidays, and other incentives under Various Government Policies and legislations.
 - c) Certificates of Commercial Production and any other certificate issued by and approval given by the District Industries Centre.'
 - d) All No-Objection Certificates, Essentiality Certificates, permissions and approvals alongwith pending applications in connection with all land/property matters including transfers thereof, being issued by District Industries Centre, State Government or any other authority; including but not limited to all No Objection Certificates/ Permissions issued by the Punjab Government.

Further, as the immovable properties of the Steel Business Undertaking now vest in the Transferee Company, Punjab Government, and other State Government and statutory authorities will issue their No-objection certificates, permissions, etc., wherever required, for recording the name of the Transferee Company in the revenue records, letters of allotment, conveyance deeds and/or other documents.
 - e) Licenses and permissions given by Municipal Corporation, Town Area Committees, Panchayats and also approvals under various building bye, laws.
 - l) Approvals of factory plans and approvals of fire hydrant systems.
 - g) Factory Licenses, Industrial Licenses and registrations under the Industrial Entrepreneur Memorandum (IEMs) and/or acknowledgements from the Secretariat for Industrial Assistance.
 - h) Consents given by the State Pollution Control Boards issued under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution)Act, 1991, permissions relating to sewerage and authorization/permissions for operating facility for collection, storage and disposal of hazardous waste and/or other related permissions and pending applications in respect of the foregoing matters.
 - j) Registrations with the inspector of Factories and Labour Commissioner.
 - k) Consents and verifications pertaining to weights and other measurements given under the Standards of Weights and Measures Act, 1976 and other related legislations.

However, the Transferee Company will have permission to use the packing material printed in the name of the Transferor Company for a period of ninety days from the Effective Date of the Scheme. Also, the Transferee Company will have permission to sell the packed stock in the name of the Transferor Company till the inventory of packed stock is exhausted.

- n) BIS/ISO Certifications, including OHSAS certification.
- o) Boiler Inspection Certificates.
- p) Explosives Licenses and licenses for procurement and storage of Petroleum Products issued by the concerned authorities and all pending applications relating to Explosives licenses and licenses for procurement and storage of Petroleum Products and Argon Gas pending with concerned Authorities.
- q) Licenses for Weapons including gun licenses.
- r) Water connections.
- s) Sewerage connections from municipal corporations/committees of the Steel Business Undertaking shall vest in the Transferee Company.
- t) Telephone Connections, leased lines, ISDN lines and VSAT usages.

9. Pertaining to Miscellaneous Matters of the Steel Business Undertaking of the Transferor Company to be passed on to the Transferee Company:

- a) Registrations for Professional Tax and registrations under the Shops and Establishments Act.
- b) Fire safety permissions issued by the municipal corporations.
- c) Trade and Health Licenses.
- d) Vehicles Registrations.
- e) Trademark registrations and copyright registrations and applications pending registration along with all agreements including but not limited to the agreement with World Wildlife Fund pertaining to the usage of certain trademarks and/or copyrights.

Gratuity and superannuation funds in respect of the employees of the Steel Business Undertaking shall be respectively transferred to the gratuity and superannuation funds of the Transferee Company. However, the Transferee Company shall continue to contribute to the existing gratuity and superannuation funds of the Transferor Company till such time the gratuity and superannuation funds are constituted and got registered with Income Tax authorities by the Transferee Company. The Income Tax department will register the gratuity and superannuation funds of the Transferee Company for the said purpose.

- g) Lease deeds in respect of the premises taken on lease along with security deposits in relation thereto.
- h) Insurance policies and pending claims in respect thereto.
- i) All pending legal cases or other proceedings.
- j) All pending assessments, appeals, petitions, litigations, applications, refunds, claims, demands, liabilities, etc. under various applicable laws.
- k) Earnest monies and security deposits.
- l) All licenses, contracts, settlements and other agreements.
- m) All OEM's and Customer's Approvals.
- n) All advances/claims pending from suppliers.
- o) All pending Purchase Orders, Returnable Gate Passes, etc.
- p) All outstanding Customer balances.
- a) All sales orders pending for execution.

FOR VARDHMAN TEXTILES LIMITED

Transferor Company

Signature :

Name : Vipin Gupta

Designation : Company Secretary

**NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH
CORPORATE BHAWAN, PLOT NO. 4-B
GROUND FLOOR, SECTOR 27-B, MADHYA MARG,
CHANDIGARH-160019**

No.NCLT/Reg./FO/2022/167

Date-29.04.2022

CP (CAA) No.25/Chd/Pb/2020

**Under Sections 230 to 232
and other applicable
provisions of the Companies
Act, 2013**

In the matter of Scheme of Amalgamation of:-

To

- 1. VMT Spinning Company Limited**
having its registered office at
Vardhman Premises, Chandigarh Road
Ludhiana, Punjab 141010
PAN: AABCV8087C
CIN: U17117PB1990PLC014070

.....Petitioner Company No.1 / Transferor Company No.1

And

- 2. Vardhman Nisshinbo Garments Company Limited**
having its registered office at
Vardhman Premises, Chandigarh Road
Ludhiana, Punjab 141010
PAN: AACCv9943L
CIN: U18100PB2009PLC032764

.....Petitioner Company No.2 / Transferor Company No.2

With

- 3. Vardhman Textiles Limited**
having its registered office at
Chandigarh Road, Ludhiana,
Punjab 141010
PAN: AABCM4692E
CIN: L17111PB1973PLC003345

.....Petitioner Company No.3 / Transferee Company

Please find enclosed herewith formal order as per Form No. CAA 7 of Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 containing the directions of the Hon'ble National Company Law Tribunal, Chandigarh for compliance in terms of order dated 30.03.2022.

(Kartikeya Verma)
Designated Registrar

FORM No. CAA.7
(Pursuant to section 232 and rule 20)
Before the National Company Law Tribunal,
Chandigarh Bench, Chandigarh

CP (CAA) No.25/Chd/Pb/2020

Under Sections 230 to 232
And other applicable
provisions of the Companies
Act, 2013

In the matter of Scheme of Amalgamation of:-

To

1. VMT Spinning Company Limited

having its registered office at
Vardhman Premises, Chandigarh Road
Ludhiana, Punjab 141010
PAN: AABCV8087C
CIN: U17117PB1990PLC014070

.....Petitioner Company No.1 / Transferor Company No.1

And

2. Vardhman Nisshinbo Garments Company Limited

having its registered office at
Vardhman Premises, Chandigarh Road
Ludhiana, Punjab 141010
PAN: AACCV9943L
CIN: U18100PB2009PLC032764

.....Petitioner Company No.2 / Transferor Company No.2

With

3. Vardhman Textiles Limited

having its registered office at
Chandigarh Road, Ludhiana,
Punjab 141010
PAN: AABCM4692E
CIN: L17111PB1973PLC003345

.....Petitioner Company No.3 / Transferee Company

Upon the above petition coming up for hearing on 30th March, 2022 and upon reading the said petition, compliance affidavit submitted by the Petitioner Companies and hearing Learned Advocate for the petitioner companies and after carefully perusing the records, the National Company Law Tribunal approved the 'scheme' with the clarification that this order should not be construed as an order in any way granting exemption from payment of stamp duty, taxes or any other charges, if any, payment is due or required in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law.

THIS TRIBUNAL DO FURTHER ORDER:

1. That all the property, rights and powers of the Transferor Companies be transferred, without further act or deed, to the Transferee Company and accordingly, the same shall pursuant to Section 230 to 232 of the Companies Act, 2013, be transferred to and vested in the Transferee Company for all the estate and interest of the Transferor Companies but subject nevertheless to all charges now affecting the same;
2. That all the liabilities and duties of the Transferor Companies be transferred, without further act or deed, to the Transferee Company and accordingly the same shall pursuant to Sections 230 to 232 of the Companies Act, 2013, be transferred to and become the liabilities and duties of the Transferee Company;
3. That the Appointed Date for the scheme shall be 01.04.2022 as specified in the scheme;

4. That the proceedings, if any, now pending by or against the Transferor Companies be continued by or against the Transferee Company;
5. That the employees of the Transferor Companies shall be transferred to the Transferee Company in terms of the provisions of the 'Scheme';
6. That the fee, if any, paid by the Transferor Company on its authorized capital shall be set off against any fees payable by the Transferee Company on its authorized capital subsequent to the sanction of the 'Scheme';
7. That the Transferee Company shall file the revised memorandum and articles of association with the Registrar of Companies, Punjab and Chandigarh and further make the requisite payments of the differential fee (if any) for the enhancement of authorized capital of the Transferee Company; after setting off the fees paid by the Transferor Companies;
8. That the Petitioner Companies shall, within 30 days after the date of receipt of this order, cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Transferor Companies shall be dissolved without undergoing the process of winding up. The concerned Registrar of Companies shall place all documents relating to the Transferor Companies registered with him on the file relating to the said Transferee Company, and the files relating to the Transferor Companies and Transferee Company shall be consolidated accordingly, as the case may be;
9. The Petitioner Companies shall file an affidavit regarding compliance of provisions of Section 184, 185 and 189 of the Companies Act, 2013 and(or) Section 295, 297, 299 and 301 of the Companies Act, 1956 with the concerned authorities within 30 days of this order.
10. That the Transferee Company shall deposit in total an amount of ₹ 2,00,000/- (Two Lakh Only) i.e. ₹ 1,00,000/- (One Lakh Only) in favour of "The Company Law Tribunal Bar Association" Chandigarh and ₹ 1,00,000/- in favour of Pay & Accounts Office in respect of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi within a period of four weeks from the date of receipt of the certified copy of this order;

Dated: 30.03.2022
(By the Tribunal)

(Kartikeya Verma)
Designated Registrar
National Company Law Tribunal,
Chandigarh Bench

SCHEDULE OF PROPERTIES
(attached as supplied by the Transferor Company)

Annexure-1

List of Assets of the Transferor Company 1 i.e. VMT Company Spinning Limited as on 1st April, 2020 to be transferred to Transferee Company i.e. Vardhman Textiles Limited, pursuant to the scheme Sanctioned by the Hon'ble National Company Law Tribunal, Bench at Chandigarh.

Schedule
Part-I

Particulars of Freehold Properties:**(i) Land:**

Sr. No.	Descriptions (i.e., Complete Address, Area in Sq. Metres)
1.	Village Kalyanpur P.O Baddi Tehsil Nalagarh Distt Solan (H.P) 173205 Area – 102 Bighas, 8 Biswas equivalent to 77057.50 Sq. Meters (approx.) Khasra No. 701, 702, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 706, 707, 708, 709, 811, 816, 818, 703, 704, 705, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 812, 813, 814, 815, 817, 819, 820, 821)

(ii) Building:

Sr. No.	Descriptions
1.	All the freehold buildings, structure and undertakings comprised in the business of and in the name of VMT Spinning Company Limited situated at/standing upon the piece of land described in (i) above i.e. Village Kalyanpur P.O Baddi Tehsil Nalagarh Distt Solan (H.P) 173205.

Part-II

Particulars of Leasehold Properties:**(i) Land:**

Sr. No.	Descriptions (i.e., Complete Address, Area in Sq. Metres)
1.	NIL

(ii) Building:

Sr. No.	Descriptions
1.	NIL

Part-III

Particulars of Other Assets:

S. No.	Particulars	Amount (INR in lakhs)
1.	Description of all stocks, shares, debentures and other charges	-
2.	Plant and Machinery	3,657.03
3.	Other Fixed Assets	1,224.70
4.	Capital Work in Progress	220.33
5.	Other Intangible Assets	3.32
6.	Non-Current Loans	0.04
7.	Other Non-Current Assets	24.84
8.	Inventories	10,565.27
9.	Trade Receivables	675.90
10.	Cash and cash equivalents	207.29
11.	Current Loans	4.69
12.	Other Financial Assets	1.88
13.	Other Current Assets	640.41

Annexure-2

List of Assets of the Transferor Company 2 i.e. Vardhman Nisshinbo Garments Company Limited as on 1st April, 2020 to be transferred to Transferee Company i.e. Vardhman Textiles Limited, pursuant to the scheme Sanctioned by the Hon'ble National Company Law Tribunal, Bench at Chandigarh.

Schedule
Part-I

Particulars of Freehold Properties:**(iii) Land:**

Sr. No.	Descriptions (i.e., Complete Address, Area in Sq. Meters)
1.	D-295/2, PHASE-VIII, FOCAL POINT LUDHIANA-PUNJAB- 141123 Area – 23 Kanal, 17 Marla equivalent to 2.98 acre (approx.) equivalent to 12,064.69 Sq. Meters (approx.) Rectangle No. 10 (Khasra No. 24/2, 17/1, 18/2/1, 18/2/2, 19/1, 14, 13, 12/2)

(iv) Building:

Sr. No.	Descriptions
1.	All the freehold buildings, structures and undertakings comprised in the business of and in the name of Vardhman Nisshinbo Garments Company Limited situated at/standing upon D-295/2, Phase-VIII, Focal Point, Ludhiana, Punjab-141123

Part-II

Particulars of Leasehold Properties:**(iii) Land:**

Sr. No.	Descriptions (i.e., Complete Address, Area in Sq. Metres)
1.	NIL

(iv) Building:

Sr. No.	Descriptions
1.	NIL

Part-III

Particulars of Other Assets:

S. No.	Particulars	Amount (INR in lakhs)
1.	Description of all stocks, shares, debentures and other charges	-
2.	Plant and Machinery	1,011.47
3.	Other Fixed Assets	1,191.85
4.	Other Intangible Assets	12.28
5.	Non-Current Loans	0.08
6.	Other Non-Current Financial Assets	9.17
7.	Deferred Tax Assets	43.80
8.	Other Non-Current Assets	2.89
9.	Inventories	1,106.59
10.	Trade Receivables	1,865.40
11.	Cash and cash equivalents	0.15
12.	Current Loans	1.32
13.	Other Current Financial Assets	643.24
14.	Income tax Assets	31.35
15.	Other Current Assets	62.44

SCHEME OF AMALGAMATION

UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE SECTIONS OF THE COMPANIES ACT, 2013
READ WITH RULES MADE THEREUNDER

AMONG
VMT SPINNING COMPANY LIMITED
("TRANSFEROR COMPANY 1")
AND
VARDHMAN NISSHINBO GARMENTS COMPANY LIMITED
("TRANSFEROR COMPANY 2")
AND
VARDHMAN TEXTILES LIMITED
("TRANSFEE COMPANY")
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

A. PREAMBLE TO THE SCHEME OF AMALGAMATION

1. This Scheme of Amalgamation ("**Scheme**") is presented under the provisions of Sections 230 – 232 and other relevant provisions of the Companies Act, 2013 ("**Act**"), for the: (i) amalgamation of the VMT Spinning Company Limited ("**Transferor Company 1**") and Vardhman Nisshinbo Garments Company Limited ("**Transferor Company 2**") ("*Transferor Company 1 and Transferor Company 2 together referred to as the 'Transferor Companies'*") with and into the Vardhman Textiles Limited ("**Transferee Company**"); (ii) transfer of the authorized share capital of each of the Transferor Companies to the Transferee Company; and (iii) dissolution without winding up of each of the Transferor Companies, pursuant to the provisions of Sections 230 – 232 and other relevant provisions of the Act and the relevant provisions of this Scheme. In addition, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

2. Brief overview of the companies involved in the scheme:

- (i) **VMT Spinning Company Limited ("Transferor Company 1")**, is a public company incorporated under the Companies Act, 1956 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab 141010, India with Permanent Account Number ("**PAN**") AABCV8087C and Corporate Identification Number ("**CIN**") U17117PB1990PLC014070. The Transferor Company 1 was incorporated on June 27, 1990 under the name Tamarai Threads Limited. The name of the Transferor Company 1 was subsequently changed to Loyal Tamarai Textiles Limited on June 30, 1992 and subsequently to VMT Spinning Company Limited on March 9, 1995. The registered office of the Transferor Company 1 was shifted from the State of Tamil Nadu to the U.T. of Chandigarh on February 7, 1994 and further to State of Punjab on February 5, 2001. E-mail address of the Transferor Company 1 is secretarial.lud@vardhman.com. The Transferor Company 1 is engaged in the business of manufacturing cotton and blended yarn. The Transferor Company 1 is a wholly owned subsidiary of the Transferee Company.
- (ii) **Vardhman Nisshinbo Garments Company Limited ("Transferor Company 2")**, is a public company incorporated under the Companies Act, 1956 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab 141010, India with Permanent Account Number ("**PAN**") AACCV9943L and the Corporate Identification Number ("**CIN**") U18100PB2009PLC032764. The Transferor Company 2 was incorporated on April 17, 2009 under the name Vardhman Texgarments Limited. The name of the Transferor Company 2 was subsequently changed to Vardhman Nisshinbo Garments Company Limited on December 22, 2010. E-mail address of the Transferor Company 2 is secretarial.lud@vardhman.com. The Transferor Company 2 is engaged in the business of manufacturing and sale of garments (mainly shirts). The Transferor Company 2 is a wholly owned subsidiary of the Transferee Company.
- (iii) **Vardhman Textiles Limited ("Transferee Company")**, is a public company incorporated under the Companies Act, 1956 having its registered office at Chandigarh Road, Ludhiana, Punjab 141010, India with Permanent Account Number AABCM4692E and the Corporate Identification Number L17111PB1973PLC003345. The Transferee Company was incorporated on October 8, 1973 under the name Mahavir Spinning Mills Limited. The name of the Transferee Company was subsequently changed to Vardhman Textiles Limited on September 5, 2006. E-mail address of the Transferee Company is secretarial.lud@vardhman.com. The Transferee Company is a textile company which is engaged in the business of manufacturing yarn and woven fabrics. The equity shares of the Transferee Company are listed on the Stock Exchanges.
- (iv) The amalgamation of the Transferor Company 1 and Transferor Company 2 with and into the Transferee Company, pursuant to and in accordance with this Scheme, shall be in accordance with Section 2(1B) of

the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from an amendment of law with retrospective effect or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961 and other relevant provisions of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

- (v) **DATE OF TAKING EFFECT:** The Scheme set out herein in its present form or with any modification(s) approved, imposed or directed by the NCLT shall be effective from the Appointed Date but shall be operative from the Effective Date.

B. RATIONALE FOR THE SCHEME

The management of each of the Transferor Companies and the Transferee Company believe that the business existing in the Transferor Companies should be consolidated with the Transferee Company for the following primary reasons:

- (i) The amalgamation of the Transferor Companies with and into the Transferee Company will enable consolidation of the business and operations of the Transferor Companies into the Transferee Company, which complement the business of the Transferee Company and which will provide substantial impetus to growth, enable synergies, reduce operational costs, increase operational efficiencies and enable optimal utilization of various resources as a result of pooling of financial, managerial and technical resources, and technologies of both the Transferor Companies and the Transferee Company, thereby significantly contributing to business efficiency, future growth and maximizing shareholder value.
- (ii) The amalgamation of the Transferor Companies with and into the Transferee Company will lead to the integration of complementing businesses in one entity, the Transferee Company.
- (iii) Since the Transferor Company 1 and Transferor Company 2 are wholly-owned subsidiaries of the Transferee Company, the merger of the aforementioned companies with and into the Transferee Company is likely to create more value for their respective stakeholders and shareholders, eliminate multiple companies in similar businesses and improve efficiencies of the consolidated business.
- (iv) The amalgamation of the Transferor Companies with and into the Transferee Company will lead to elimination of inter-company transactions and balances between the Transferor Companies and the Transferee Company and the consolidation of the yarn, fabric and garment businesses in one entity.

C. PARTS OF THE SCHEME

This Scheme is segregated into the following four (4) parts:

- (i) **Part A** sets forth the definitions;
- (ii) **Part B** sets forth the capital structure of the Transferor Companies and the Transferee Company;
- (iii) **Part C** deals with the amalgamation of the Transferor Companies into and with the Transferee Company, in accordance with Sections 230 to 232 of the Act and other applicable provisions of the Act, and deals with the change in share capital, consideration and accounting treatment in the books of the Transferee Company;
- (iv) **Part D** deals with the general terms and conditions applicable and sets forth certain additional arrangements that form part of this Scheme.

PART- A

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings mentioned herein below:

- 1.1 “**Act**” means the Companies Act, 2013 and the rules, regulations, circulars and notifications issued thereunder, including without limitation the Companies (Compromises, Arrangements and Amalgamation) Rules 2016, each as amended from time to time.
- 1.2 “**Applicable Laws**” means any statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval, directive, guideline, policy, requirement, listing agreement or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as in effect from time to time.

- 1.3 **“Appointed Date”** means the opening of business hours on April 1, 2020, being the time and date with effect from which this Scheme will be deemed to be effective, in the manner described in Clause 4.3 of Part D of the Scheme.
- 1.4 **“Board of Directors”** in relation to the Transferor Companies and the Transferee Company, means their respective board of directors, and unless it is repugnant to the context or otherwise, includes any committee of directors or any person authorised by the Board of Directors or by such committee of directors.
- 1.5 **“Effective Date”** means the date on which the last of the conditions set out in Clause 4.1 of Part D of the Scheme is satisfied and the Scheme is made effective with effect from the Appointed Date.
- 1.6 **“Governmental Authorities”** means any government authority, statutory authority, regulatory authority, government department, agency, commission, board, tribunal or court or other law, rule or regulation making entity having or purporting to have jurisdiction on each of the Transferee Company and Transferor Companies, or any one party or any state or other subdivision thereof or any municipality, district or other subdivision thereof.
- 1.7 **“IT Act”** means the Income Tax Act, 1961, and the rules, regulations, circulars and notifications issued thereunder, each as amended, modified, replaced or supplemented from time to time.
- 1.8 **“RoC”** means the Registrar of Companies, Chandigarh.
- 1.9 **“Scheme”** means this Scheme of Amalgamation among the Transferor Company 1, Transferor Company 2, Transferee Company and their respective shareholders and creditors, pursuant to the provisions of Sections 230 – 232 and other applicable provisions of the Act, and rules made thereunder.
- 1.10 **“Stock Exchanges”** means the stock exchanges where the equity shares of the Transferee Company are listed and are admitted to trading, viz, BSE Limited and the National Stock Exchange of India Limited.
- 1.11 **“Transferee Company”** means Vardhman Textiles Limited, a public company incorporated under the Companies Act, 1956 having its registered office at Chandigarh Road, Ludhiana, Punjab 141010, India with Permanent Account Number AABCM4692E and the Corporate Identification Number L17111PB1973PLC003345.
- 1.12 **“Transferor Companies”** means, collectively, the Transferor Company 1 and the Transferor Company 2.
- 1.13 **“Transferor Company 1”** means VMT Spinning Company Limited, a public company incorporated under the Companies Act, 1956 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab 141010, India with Permanent Account Number AABCV8087C and the Corporate Identification Number U17117PB1990PLC014070 and shall include without limitation:
- (i) all assets, whether moveable or immoveable, whether tangible or intangible, plant and machinery, equipment, stocks and inventory, including all rights, title, interests, claims, covenants, undertakings, of the Transferor Company 1 in such assets;
 - (ii) all investments, receivables, loans, security deposits and advances extended, including accrued interest thereon, of the Transferor Company 1;
 - (iii) all debts, borrowings and liabilities, whether present or future, whether secured or unsecured, availed by the Transferor Company 1;
 - (iv) all permits, rights, entitlements, licenses, approvals, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals and benefits, subsidies (including but not limited to any entitlements under the Technology Upgradation Fund Scheme (TUFS)), concessions, refund of any tax, duty, cess or of any excess payment, tax credits (including, without limitation, all amounts claimed as refund, whether or not so recorded in the books of accounts and credits in respect of income tax, such as carry forward tax losses comprising of unabsorbed depreciation), tax deducted at source, CENVAT, Input Tax Credit, sales tax, value added tax, central sales tax, turnover tax, excise duty, service tax, goods and services tax and minimum alternate tax credit), of the Transferor Company 1;
 - (v) all trademarks, service marks, domain names, patents and other intellectual property rights of every kind and description whatsoever, of the Transferor Company 1;
 - (vi) all privileges and benefits of, or under, all contracts, agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments, undertakings, deeds, bonds, investments undertaken by or arrangements of any kind, and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever, of the Transferor Company 1;
 - (vii) insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, to which the Transferor Company 1 is a party, or to the benefit of which the Transferor Company 1 is eligible;
 - (viii) all employees of the Transferor Company 1;
 - (ix) all advance payments, earnest monies, security deposits, advance rentals, payment against warrants, if any, or other rights or entitlements of the Transferor Company 1;
 - (x) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature, initiated by or against the Transferor Company 1; and
 - (xi) all books, records, files, papers, computer programs, engineering and process information, manuals, data, production methodologies, production plans, catalogues, quotations, websites, sales and advertising material, marketing strategies, list of present and former customers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form or in any other form, in connection with or relating to the Transferor Company 1.

- 1.14 **“Transferor Company 2”** means Vardhman Nisshinbo Garments Company Limited, a public company incorporated under the Companies Act, 1956 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab 141010, India with Permanent Account Number AACCV9943L and the Corporate Identification Number U18100PB2009PLC032764 and shall include without limitation:
- (i) all assets, whether moveable or immovable, whether tangible or intangible, plant and machinery, equipments, stocks and inventory, including all rights, title, interests, claims, covenants, undertakings, of the Transferor Company 2 in such assets;
 - (ii) all investments, receivables, loans, security deposits and advances extended, including accrued interest thereon, of the Transferor Company 2;
 - (iii) all debts, borrowings and liabilities, whether present or future, whether secured or unsecured, availed by the Transferor Company 2;
 - (iv) all permits, rights, entitlements, licenses, approvals, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals and benefits, subsidies (including but not limited to any entitlements under the Technology Upgradation Fund Scheme (TUFS)), concessions, refund of any tax, duty, cess or of any excess payment, tax credits (including, without limitation, all amounts claimed as refund, whether or not so recorded in the books of accounts and credits in respect of income tax, such as carry forward tax losses comprising of unabsorbed depreciation), tax deducted at source, CENVAT, Input Tax Credit, sales tax, value added tax, central sales tax, turnover tax, excise duty, service tax, goods and services tax and minimum alternate tax credit), of the Transferor Company 2;
 - (v) all trademarks, service marks, domain names, patents and other intellectual property rights of every kind and description whatsoever, of the Transferor Company 2;
 - (vi) all privileges and benefits of, or under, all contracts, agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments, undertakings, deeds, bonds, investments undertaken by or arrangements of any kind, and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever, of the Transferor Company 2;
 - (vii) insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, to which the Transferor Company 2 is a party, or to the benefit of which the Transferor Company 2 is eligible;
 - (viii) all employees of the Transferor Company 2;
 - (ix) all advance payments, earnest monies, security deposits, advance rentals, payment against warrants, if any, or other rights or entitlements of the Transferor Company 2;
 - (x) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature, initiated by or against the Transferor Company 2; and
 - (xi) all books, records, files, papers, computer programs, engineering and process information, manuals, data, production methodologies, production plans, catalogues, quotations, websites, sales and advertising material, marketing strategies, list of present and former customers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form or in any other form, in connection with or relating to the Transferor Company 2.
- 1.15 **“Tax” or “Taxes”** shall include all outgoing or dues or liabilities, crystallized or contingent, on account of taxes on net income, gross income, gross receipts, sales, use, services, ad valorem, value-added, capital gains, corporate income tax, minimum alternate tax, buyback distribution tax, dividend distribution tax, transfer, franchise and profits; withholding tax; property tax; water tax; any tax payable in a representative capacity, goods and service tax; service tax, value-added tax, duties of custom and excise, octroi duty, entry tax, stamp duty, other governmental charges or duties or other taxes or statutory payments in relation to contract labour and/ or other contractors and/ or sub-contractors, statutory pension or other employment benefit plan contributions, fees, assessments or charges of any kind whatsoever, including any surcharge or cess thereon, together with any interest and any penalties, additions to tax or additional amount with respect thereto; and Taxation will be construed accordingly.
- 1.16 **“Tribunal”** means the National Company Law Tribunal, Chandigarh bench.
The expressions, which are used in this Scheme and not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the IT Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the regulations made thereunder), the Depositories Act, 1996 and other Applicable Laws, rules, regulations, bye-laws, guidelines, circulars, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

PART- B

2. CAPITAL STRUCTURE

2.1. The capital structure of the Transferee Company, as on March 31, 2020 is as under:

Share Capital	Amount (INR)
Authorised Share Capital	
9,00,00,000 equity shares of INR 10 each	90,00,00,000
1,00,00,000 redeemable cumulative preference shares of INR 10 each	10,00,00,000
Total	100,00,00,000
Issued, Subscribed and Paid-up Share Capital	
5,75,18,760 equity shares of INR 10 each	57,51,87,600
Total	57,51,87,600

2.2. Since March 31, 2020 and until the date of the Scheme being approved by the Board of Directors of the Transferee Company, there has been no change in the issued, subscribed or paid up capital of the Transferee Company.

2.3. The capital structure of the Transferor Company 1, as on March 31, 2020 is as under:

Share Capital	Amount (INR)
Authorised Share Capital	
2,50,00,000 equity shares of INR 10 each	25,00,00,000
1,00,00,000 redeemable cumulative preference shares of INR 10 each	10,00,00,000
Total	35,00,00,000
Issued, Subscribed and Paid-up Share Capital	
2,07,00,240 equity shares of INR 10 each fully paid-up	20,70,02,400
Total	20,70,02,400

2.4. Since March 31, 2020 and until the date of the Scheme being approved by the Board of Directors of the Transferor Company 1, there has been no change in the issued, subscribed or paid up capital of the Transferor Company 1. The shares of the Transferor Company 1 are not listed on any stock exchanges.

2.5. As on the date of approval of the Scheme by the Board of Directors of the Transferor Company 1, 100% of the paid up equity share capital of the Transferor Company 1, on a fully-diluted basis, is held by the Transferee Company.

2.6. The capital structure of the Transferor Company 2, as on March 31, 2020 is as under:

Share Capital	Amount (INR)
Authorised Share Capital	
2,80,00,000 equity shares of INR 10 each	28,00,00,000
1,40,00,000 non-cumulative convertible preference shares of INR 10 each	14,00,00,000

Total	42,00,00,000
Issued, Subscribed and Paid-up Share Capital	
1,40,00,000 equity shares of INR 10 each	14,00,00,000
1,00,00,000 10% non-cumulative convertible preference shares of INR 10 each	10,00,00,000
Total	24,00,00,000

- 2.7. Since March 31, 2020 and until the date of the Scheme being approved by the Board of Directors of the Transferor Company 2, there has been no change in the issued, subscribed or paid up capital of the Transferor Company 2. The shares of the Transferor Company 2 are not listed on any stock exchanges.
- 2.8. As on the date of approval of the Scheme by the Board of Directors of the Transferor Company 2, 100% of the paid up equity share capital of the Transferor Company 2, on a fully-diluted basis, is held by the Transferee Company.

PART – C

3. AMALGAMATION OF THE TRANSFEROR COMPANIES WITH AND INTO THE TRANSFEEE COMPANY

3.1 TRANSFER AND VESTING OF THE TRANSFEROR COMPANIES INTO AND WITH THE TRANSFEEE COMPANY

- 3.1.1 Subject to the provisions of the Scheme in relation to the modalities of amalgamation, upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferor Companies, together with all their properties, assets, investments, borrowings, approvals, intellectual property rights, insurance covers or claims, records, rights, benefits, interests, employees, contracts, obligations, proceedings and liabilities, shall amalgamate with and into the Transferee Company, and all presents and future properties, assets, investments, borrowings, approvals, intellectual property rights, insurance covers or claims, records, rights, benefits, interests, employees, contracts, obligations, proceedings and liabilities of the Transferor Companies shall stand transferred to and vested in, and shall become the property of and an integral part of the Transferee Company subject to the existing charges and encumbrances, if any, (to the extent such charges or encumbrances are outstanding on the Effective Date), by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed required by either of the Transferor Companies or the Transferee Company. Without prejudice to the generality of the above, in particular, the Transferor Companies shall stand amalgamated with and into the Transferee Company, in the manner described below:

- (i) Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all immovable property (including land, buildings and any other immovable property) of the Transferor Companies, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall stand vested in or be deemed to be vested in the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed done by the Transferor Companies or the Transferee Company. Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes, rent and charges, and fulfill all obligations, in relation to or applicable to such immovable properties and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants under all relevant lease/ license or rent agreements and shall, in accordance with the terms of such agreements, refund the security deposits and advance / prepaid lease / license fee, if any, to the Transferee Company. Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the title to the immovable properties of the Transferor Companies shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing of the vesting order of the Tribunal sanctioning the Scheme with the appropriate Registrar or Sub-Registrar of Assurances or with the relevant Governmental Authorities shall suffice as record of continuing title with the Transferee Company pursuant to this Scheme becoming effective and shall

constitute a deemed mutation and substitution thereof. Transferee Company may, if and as required, undertake such act/action as it deems appropriate in this regard. The Transferee Company shall in pursuance of the vesting order of the Tribunal be entitled to the delivery and possession of all documents of title to such immovable property in this regard.

- (ii) Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all the assets of the Transferor Companies as are movable in nature or are otherwise capable of being transferred by physical or constructive delivery and, or, by endorsement and delivery, or by vesting and recordal, including equipment, furniture and fixtures, shall stand vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed done by the Transferor Companies or the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery, or by vesting and recordal, as appropriate to the property being vested and the title to such property shall be deemed to have been transferred accordingly to the Transferee Company.
- (iii) Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any and all other movable property (except those specified in Clause iii above) including investments in shares and any other securities, all sundry debts and receivables, outstanding loans and advances, if any, relating to the Transferor Companies, recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any with Governmental Authorities, semi-Governmental Authorities, local and other authorities and bodies, customers and other persons, cheques on hand, shall, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Companies or the Transferee Company become the property of the Transferee Company. Without prejudice to the foregoing, the Transferee Company shall be entitled to deposit at any time after the Effective Date, cheques received in the name of the Transferor Companies, to enable the Transferee Company to receive the amounts thereunder. Where any of the outstanding receivables attributed to the Transferor Companies have been received by the Transferor Companies after the Appointed Date, but before the Effective Date, the same shall be deemed to have been received by the Transferor Companies for and on behalf of the Transferee Company.
- (iv) Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all debts, borrowings, liabilities, contingent liabilities, duties and obligations, secured or unsecured, relating to the Transferor Companies, whether provided for or not in the books of accounts of the Transferor Companies or disclosed in the balance sheet of such Transferor Company, shall stand transferred to and vested in the Transferee Company, and the same shall be assumed to the extent they are outstanding on the Effective Date and become and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Companies or the Transferee Company. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. However, if any lender of the Transferor Companies requires satisfaction of the charge over the properties of the Transferor Companies and recordal of a new charge with the Transferee Company, the Transferee Company shall for good order and for statistical purposes, file appropriate forms with the RoC as accompanied by the vesting order of the Tribunal sanctioning the Scheme, or a certified copy of the same, and any deed of modification or novation executed *inter alios* by the Transferee Company. Where any of the loans, liabilities and obligations attributed to the Transferor Companies have been discharged by the Transferor Companies after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been done by the Transferor Companies for and on behalf of the Transferee Company. All loans, advances and other obligations due from Transferor Companies by the Transferee Company 1 or vice versa, or between Transferor Companies if any, shall stand cancelled and shall have no effect.
- (v) Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all incorporeal or intangible property of the Transferor Companies shall stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Companies or the

Transferee Company.

- (vi) Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all letters of intent, contracts, deeds, bonds, agreements, insurance policies, capital investment, subsidies, guarantees and indemnities, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferor Companies to which it is a party or to the benefit of which it may be entitled or eligible, shall be in full force and effect against or in favour of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Companies or 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 thereto. Without prejudice to the generality of the foregoing, bank guarantees, performance guarantees, letters of credit, agreements with any Governmental Authority, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements pertaining to the business of Transferor Companies or to the benefit of which the Transferor Companies may be eligible and which are subsisting or have effect immediately before the Effective Date, including all rights and benefits (including benefits of any deposit, advances, receivables or claims) arising or accruing therefrom, shall, upon this Scheme becoming effective, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, be deemed to be bank guarantees, performance guarantees, letters of credit, agreements, deeds, documents, and arrangements, as the case may be, of the Transferee Company, without any further act, instrument or deed of the Transferor Companies or the Transferee Company and shall be appropriately transferred or assigned by the concerned parties / Governmental Authority in favour of the Transferee Company.
 - (vii) Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all permits, grants, allotments, recommendations, rights, entitlements, licenses (including the licenses granted by any governmental, statutory or regulatory bodies) and registrations including relating to trademarks, logos, patents and other intellectual property rights, approvals, clearances, tenancies, privileges, powers, offices, easements, goodwill, entitlements, facilities of every kind and description of whatsoever nature, in relation to the Transferor Companies, to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be eligible, shall be enforceable by or against the Transferee Company, as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Companies or the Transferee Company.
 - (viii) Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any statutory licenses, no-objection certificates, permissions, registrations (including, but not limited to, income tax, sales tax, service tax, goods and services tax, excise, value added tax, central sales tax (if any)), approvals, consents, permits, quotas, easements, goodwill, entitlements, allotments, concessions, exemptions, advantages, or rights required to carry on the operations of the Transferor Companies or granted to the Transferor Companies shall stand vested in or transferred to the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Companies or the Transferee Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Transferee Company upon amalgamation of the Transferor Companies with and into the Transferee Company pursuant to this Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents including statutory licenses, permissions, approvals or consents required to carry on the operations of the Transferor Companies shall vest in and become available to the Transferee Company upon this Scheme, coming into effect on the Effective Date and with effect from the Appointed Date, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Companies or the Transferee Company.
- 3.1.2 Upon this Scheme becoming effective, the secured creditors of the Transferee Company shall be entitled to security over such properties and assets forming part of the Transferor Companies on the Appointed Date on which the secured creditors of the Transferor Companies have security, on a pari passu basis with the secured creditors of the Transferor Companies, and the secured creditors of the Transferor Companies shall be entitled to security over such properties and assets forming part of the Transferee Company on the Appointed Date on which the secured creditors of the Transferee Company have security, on a pari passu basis with the secured creditors of the Transferee Company. For the avoidance

of doubt, it is clarified that all the assets of the Transferor Companies and the Transferee Company which are not currently encumbered shall, subject to Applicable Laws, remain free and available for creation of any security thereon in future in relation to any new indebtedness that may be incurred by the Transferee Company. For this purpose, no further consent from the existing creditors shall be required and the sanction of this Scheme shall be considered as a specific consent of such creditors.

- 3.1.3 All the licenses, brand names, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, no-objection certificates, 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, 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 licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, no-objection certificates, special status and other benefits or privileges of the Transferee Companies and shall remain valid, effective and enforceable on the same terms and conditions. For the avoidance of doubt, it is clarified that if the consent of either a third party or Governmental Authority is required to give effect to the provisions of this Clause, the said third party or Governmental Authority shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the Tribunal, and upon this Scheme becoming effective. The Transferee Company shall file appropriate applications/ documents with the relevant authorities concerned for information and record purposes, and 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 acts, formalities or compliances referred to above as may be required in this regard.
- 3.1.4 The Transferee Company shall, 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 or other writings or arrangements including any forms or depository instructions, with any party to any contract or arrangement in relation to the Transferor Companies to which the Transferor Companies are parties, and make any filings with the Governmental Authorities, in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writing in the name of and on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances referred to above on behalf of the Transferor Companies, *inter alia*, in its capacity as the successor entity of the Transferor Companies.
- 3.1.5 The Transferee Company and the Transferor Companies shall, respectively, make appropriate filings with the Governmental Authorities in order to give formal effect to the provisions of this Clause 3 of this Scheme, and the relevant Governmental Authorities shall take the same on record, and shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company upon this Scheme becoming effective in accordance with the terms hereof.

3.2 LEGAL PROCEEDINGS

- 3.2.1 Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against the Transferor Companies. Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, if any notice, dispute, suit, appeal, complaint, claim or other proceeding of whatsoever nature by or against the Transferor Companies, including (but not limited to) those before any Governmental Authority, be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the amalgamation of Transferor Companies with and into the Transferee Company, or of anything contained in this Scheme, but the proceedings shall 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, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Companies or the Transferee Company. Initiation of assessment, re-assessment and/or any other proceedings pertaining to the period prior to the Appointed date on/ in connection to any of the Transferor Company, if any, under any provision of the IT Act and/or any other Applicable Laws shall be with respect to such Transferor Company only and that the same shall not extend to/deemed to include the standalone Transferee Company or the Transferor Company (other than the Transferor Company on/ in connection to which the assessment/reassessment proceedings are initiated). Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, where required, the Transferee Company undertakes to have such legal or other proceedings initiated by or against the Transferor Companies transferred in its name and to have the same continued, prosecuted and enforced by or against the Transferee Company. For the avoidance of doubt, it is clarified

that the Transferee Company undertakes to handle all legal or other proceedings which may be initiated by or against any of the Transferor Company after the Effective Date in respect of the period up to the Effective Date, in its own name and account and further undertakes to pay all amounts including interest, penalties, damages, etc. which the Transferor Companies may be called upon to pay or secure in respect of any liability or obligation relating to the Transferor Companies for the period up to the Effective Date.

3.3 STAFF, WORKMEN AND EMPLOYEES

3.3.1 Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all persons that were employed in the Transferor Companies immediately before such date shall become employees of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Companies or the Transferee Company, on terms and conditions no less favourable than those that were applicable to such employees immediately prior to such amalgamation, with the benefit of continuity of service on the same terms and conditions as were applicable to such employees immediately prior to such amalgamation and without any break or interruption in service. It is clarified that such employees of the Transferor Companies that become employees of the Transferee Company by virtue of this Scheme, shall continue to be governed by the terms of employment as were applicable to them immediately before such amalgamation and shall not be entitled to be governed by employment policies, and shall not be entitled to avail of any benefits under any scheme or settlement or otherwise that are applicable and available to any other employees, of the Transferee Company, unless and otherwise so stated by the Transferee Company in writing in respect of all employees, class of employees or any particular employee. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, entered into by the Transferor Companies in respect of such employees forming part of the Transferor Companies with their respective employees. With regard to provident fund, gratuity fund, superannuation fund or any other special fund or obligation ('Funds') created or existing for the benefit of such employees of the Transferor Companies, upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall stand substituted for the Transferor Companies, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Companies or the Transferee Company, for all purposes whatsoever relating to the obligations to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The Funds 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.

3.3.2 The existing provident fund benefits, gratuity benefits and superannuation benefits or any other special benefits or obligation, if any, created or used by the Transferor Companies (or an affiliate of the Transferor Companies on behalf of the Transferor Companies) for its employees being transferred to the Transferee Company pursuant to this Scheme shall be continued by the Transferee Company for the benefit of such employees on the same terms and conditions. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Companies in relation to such schemes or funds shall become those of the Transferee Company. Further, upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed in this regard on any employee forming part of the Transferor Companies shall be continued/ continue to operate against the relevant employee and shall be enforced by the Transferee Company, without any further act, instrument or deed of the Transferor Companies or the Transferee Company.

3.4 CONSEQUENTIAL MATTERS RELATING TO TAX

3.4.1 Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all direct and indirect taxes of any nature, duties and cess or any other like payment made by the Transferor Companies to any statutory authorities, including (but not limited to) income tax, service tax, security transaction tax, value added tax, central sales tax, customs duty, minimum alternate tax, advance tax, excise duty, goods and services tax, or any other like payments made by the Transferor Companies to any statutory authorities), or other collections made by the Transferor Companies and relating to the period after the Appointed Date up to the Effective Date, shall be deemed to have been on account of, or on behalf of, or paid by, or made by the Transferee Company, without any further act, instrument or deed of the Transferor Companies or the Transferee Company. Further, upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all deduction (including but not limited to under Section 80JJAA) otherwise admissible to Transferor Companies including deduction admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (including, but not limited to, under Section 43B, Section 40, Section 40A etc. of the IT Act) shall be eligible for deduction to the Transferee Company. Further, the Transferee Company shall be entitled to claim credit for taxes deducted/collected at source/ paid against its tax/ duty liabilities/ minimum alternate tax, advance tax, service tax, value added tax liability etc., notwithstanding the certificates/ challans or other documents for

payment of such taxes/ duties, as the case may be, being in the name of the Transferor Companies.

- 3.4.2 Upon the Scheme coming into effect on the Effective Date, all taxes payable by or refundable to or being the entitlement of the Transferor Companies, including all or any refunds or claims shall be treated as the tax liability or refunds/ credits/ claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, entitlements (including, but not limited to, credits in respect of income tax, including carry forward tax losses, unabsorbed depreciation, sales tax, closing balance of CENVAT, Input Tax Credit, value added tax, turnover tax, central sales tax, excise duty, goods and services tax, security transaction tax, minimum alternate tax and duty entitlement credit certificates), holidays, remissions, reductions, deduction (including but not limited to Section 80JJAA) as would have been available to the Transferor Companies by operation of law without any act or deed of the Transferee company, shall upon this Scheme becoming effective, be available to the Transferee Company, and losses and unabsorbed depreciation of the Transferor Companies be carried forward and set off against tax on future taxable income of the Transferee Company in accordance with provisions of Section 72A of the IT Act. The Transferee Company shall undertake all necessary compliances prescribed under applicable laws to effectuate transfer of credits of goods and services tax, Input Tax Credits, refunds etc of the Transferor Companies to the Transferee Company.
- 3.4.3 Upon this Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all taxes payable by the Transferor Companies including all or any refunds of claims shall be treated as the tax liability or refunds/ claims as the case may be, of the Transferee Company, without any further act, instrument or deed of the Transferor Companies or the Transferee Company, and the Transferee Company shall be entitled to file/ revise its statutory returns and related tax payment certificates and to claim refunds and advance tax credits as may be required consequent to the implementation of the Scheme, and all tax compliances under Applicable Laws by the Transferor Companies shall be deemed to have been undertaken by the Transferee Company. Further, any tax deducted at source by the Transferor Companies on transactions with the Transferee Company, if any from the Appointed Date to Effective Date, shall be deemed to be advance tax paid by the Transferee Company and shall, in all proceedings be dealt with accordingly.
- 3.4.4 All the expenses incurred by the Transferee Company and/or Transferor Companies in relation to the Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Transferee Company and/or Transferor Companies, as applicable, in accordance with the Section 35DD of the IT Act over a period of five (5) years beginning with the previous year in which the Scheme becomes effective.

3.5 CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

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

- (i) The Transferor Companies shall carry on and be deemed to have been carrying on all the business and activities of the Transferor Companies for and on behalf of and in trust for the Transferee Company.
- (ii) All profits/ losses accruing to the Transferor Companies and all taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax, fringe benefit tax, securities transaction tax, taxes withheld/paid in a foreign country, goods and services tax, value added tax, sales tax, service tax etc.) thereon arising or incurred by it, shall, for all purposes, be treated as the profits, losses or taxes as the case may be, of the Transferee Company.
- (iii) Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the respective 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.
- (iv) All accretions and depletions in relation to the Transferor Companies shall be for and on account of the Transferee Company.
- (v) The Transferor Companies shall carry on its business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto, and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any

other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its properties/assets, except:

- a) when it is expressly provided in this Scheme; or
 - b) when it is in the ordinary course of business as carried on by the Transferor Companies, as on the date of filing of this Scheme in the Tribunal; or
 - c) when written consent of the Transferee Company has been obtained in this regard;
- (vi) Except by mutual consent of the Boards of Directors of the relevant Transferor Companies and the Transferee Company, or except pursuant to any prior commitment, obligation or arrangement existing or undertaken by the Transferor Companies and/or the Transferee Company as on the Appointed Date, or except as contemplated in this Scheme, pending sanction of this Scheme, the Transferor Companies and/or the Transferee Company shall not make any change in their capital structures either by way of any increase (by issue of equity shares, preference shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation or in any other manner, which would have the effect of re-organisation of capital of such company(ies);
- (vii) The Transferor Companies shall not alter or substantially expand the business except with the written concurrence of the Transferee Company; and
- (viii) Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorisations of the Transferor Companies, shall stand transferred by the order of the Tribunal, to the Transferee Company, the Transferee 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 Tribunal.

3.6 CONSIDERATION

- 3.6.1 The Transferor Company 1 and the Transferor Company 2 are the wholly owned subsidiaries of the Transferee Company. Accordingly, upon the Scheme becoming effective, all the equity shares, as held by the Transferee Company in the Transferor Company 1 and Transferor Company 2, either by itself or through its nominees, shall stand cancelled and extinguished. Therefore, there will be no issue and allotment of shares as consideration by the Transferee Company upon the Scheme coming into effect as the Transferee Company cannot issue shares of the Transferee Company to itself.

The investments in the shares of the Transferor Company 1 and Transferor Company 2, appearing in the books of account of the Transferee Company shall, without any further act or deed, stand cancelled.

3.7 ACCOUNTING TREATMENT

- 3.7.1 Pursuant to this Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Transferee Company shall account for the amalgamation of the Transferor Company 1 and Transferor Company 2 in its books in accordance with principles as laid down in Appendix C to the Indian Accounting Standard 103 (Business Combination) along with IND-AS Transition Facilitation Group (ITFG) bulletin-9 in the following manner:
- (i) All assets and liabilities of the Transferor Companies shall be recorded by the Transferee Company at their respective book values as appearing in the books of the Transferor Companies as on the Appointed Date.
 - (ii) The balance of the reserves appearing in the financial statements of the Transferor Companies as on the Appointed Date will be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.

- (iii) Inter-company holdings and balances, if any, between the Transferee Company and the Transferor Companies or between any of the Transferor Companies inter-se shall stand cancelled. The difference, if any, between the cost of investments and face value of inter-company holdings shall be adjusted against balance of capital reserve of the Transferee Company post-merger.
- (iv) In case of any differences in accounting policy between the Transferor Companies and the Transferee Company, the accounting policies of the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the capital reserves to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- (v) Notwithstanding the above, the Board of Directors of the Transferee Company, in consultation with its statutory auditors, is authorised to record assets, liabilities and reserves and surplus in compliance with prevailing accounting standards.
- (vi) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date

3.8 TRANSFER OF THE AUTHORIZED SHARE CAPITAL

3.8.1 As an integral part of the Scheme and upon the effectiveness of this Scheme, the authorised share capital of the Transferor Company 1 amounting to INR 35,00,00,000 (Rupees Thirty Five Crores only) and Transferor Company 2 amounting to INR 42,00,00,000 shall stand consolidated and vested in, and merged with the authorised share capital of the Transferee Company and the authorised share capital of the Transferee Company as set out in Clause 2.1 of Part B of the Scheme hereinabove shall stand enhanced to INR 177,00,00,000 (Rupees One Hundred and Seventy Seven Crores Only) divided into 14,30,00,000 (Fourteen Crores Thirty Lakh) equity shares of face value of INR 10 (Rupees Ten only) each, 2,00,00,000 (Two Crores) redeemable cumulative preference shares of face value of INR 10 (Rupees Ten only) each and 1,40,00,000 (One Crore Forty Lakh) non-cumulative convertible preference shares of face value of INR 10 (Rupees Ten only) each, without any further act, instrument or deed by the Transferee Company and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees have already been paid by the Transferor Company 1 and Transferor Company 2 on such authorized capital, the benefit of which stands vested in the Transferee Company pursuant to the Scheme becoming effective on the Effective Date. Balance fees if any payable, after the aforesaid adjustment, by the Transferee Company shall be duly paid upon the sanctioning of the Scheme. Subsequent to the enhancement of the authorized share capital of the Transferee Company, as contemplated herein, the authorized share capital clause of the Memorandum of Association (Clause V) of the Transferee Company shall stand modified and read as follows:

“The Authorised Share Capital of the Company is INR 177,00,00,000 (Rupees One Hundred and Seventy Seven Crores Only) divided into 14,30,00,000 (Fourteen Crores Thirty Lakh) equity shares of face value of INR 10 (Rupees Ten only) each, 2,00,00,000 (Two Crores) redeemable cumulative preference shares of face value of INR 10 (Rupees Ten only) each and 1,40,00,000 (One Crore Forty Lakh) non-cumulative convertible preference shares of face value of INR 10 (Rupees Ten only)”

3.8.2 For the avoidance of doubt, it is clarified that, in case, the authorised share capital of the Transferee Company and/ or the Transferor Companies, as the case may be, undergoes any change, prior to this Scheme becoming effective, then Clause 3.8 shall automatically stand modified/ adjusted accordingly to take into account the effect of such change.

3.8.3 It is hereby clarified that for the purposes of this Clause, the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment and increase in authorised share capital of the Transferee Company, and no further act, instrument or deed by the Transferee Company or resolutions or actions under Sections 13, 61 and any other applicable provisions of the Act would be required to be separately passed or taken and pursuant to Section 232(3)(i) of the Act and the fee paid by the Transferor Companies on its authorized share capital shall be set off against any fee payable by the Transferee Company on its authorized share capital subsequent to the amalgamation. Balance fees if any payable, after the aforesaid adjustment, by the

Transferee Company shall be duly paid upon the sanctioning of the Scheme. Upon this Scheme coming into effect, the Transferee Company shall, if required, file the necessary documents/ intimations as per the provisions of the Act with the RoC or any other applicable authority to record the aforesaid change in its authorised share capital.

3.9 AMENDMENT OF THE MEMORANDUM OF ASSOCIATION

3.9.1 Upon the Scheme coming into effect, the main objects clause of the memorandum of association of the Transferee Company shall stand modified and read as follows:

- i. To carry on all or any of the following business, namely cotton spinners and doublers, flax, hemp and jute spinners, linen and cloth manufacturers, flax, hemp jute and wool merchants, wool combers, worsted stuff manufacturers, bleachers and dyers, makers of vitriol, bleaching and dyeing materials.*
- ii. To purchase, comb, prepare, spin, dye and deal in cotton flax, hemp, jute, wool, silk, acrylic fibre and any fibrous substances.*
- iii. To weave and otherwise manufacture, buy and sell and deal in linen, cloth and other goods and fabrics (including acrylic fibres), whether textile feeted, netted or looped.*
- iv. To carry on the business of manufacturing woollen, felt, silken, cotton, hemp, acrylic and any other fibrous material and products whether allied to the aforesaid or not in India or elsewhere.*
- v. To carry on the business of spinners, weavers, manufacturers, ginner, balers and pressers of cotton, kapas, yarn, cotton waste, yarn waste, hemp, jute, acrylic fibre and other fibrous material and the cultivation thereof.*
- vi. To carry on the business of buyers, sellers, dealers, exporters and importers of woollen, silken, cotton, hemp, acrylic and other fibrous material or any goods or merchandise whatsoever and to transact all manufacturing or treating and processes and mercantile business and to purchase and vend raw materials and manufactured articles.*
- vii. To carry on the business of Machine Combers and Re-combers of all types of fibres and materials, whether artificial or synthetic, to sort, blend, prepare wiley, scour, carb, scribble, comb, dye, bleach, carbonize, spin, twist, double, wind, warp, weave, mend, finish, make up, back, buy, sell, import, export and deal in fibres, whether natural artificial or synthetic, tops, yarn woven, fabrics and textile fabrics and materials of kinds and to carry on all or any of the trades or businesses of Combers, Re-combers, Top makers, Spinners, Weavers, Doublers, Manufacturers, Printers, Dyers and Finishers, Bleachers, Carbonizers, Waterproofers of textile materials and fabrics of all kinds of Mill Owners generally, merchants, agents, importers, exporters, factors, agents, sellers of and dealers, in wool, worsted, silk hair alpaca, mohair, cotton, flax, jute, hemp, acrylic, artificial and synthetic fibres and all or any fibrous substances, tops, noils, wasters paps and byproducts generally and all or any textile products, manufactured or unmanufactured.*
- viii. To purchase or take on lease or otherwise acquire and work any spinning mills, weaving mills, ginning factories or presses for pressing merchandise into bales or any other similar concern and the property, business and goodwill appertaining thereto.*
- ix. To buy, sell, import, export, exchange and deal in cloth yarn, cotton in process, raw cotton, jute, wool, silk, rayon, hemp, acrylic and other fibrous articles, also drugs, chemicals, dyes, metals, stores and other articles and things.*
- x. To undertake dyeing, bleaching or printing of yarn cloth, cotton in process, raw cotton, silk, rayon, wool, jute, hemp, acrylic and other fibres for any person, firm, company or corporation or otherwise by the agents of the Company.*
- xi. To carry on and undertake business of leasing and to finance leasing operations of all kinds, finance, trading, hire purchase, purchasing, selling, exporting, importing, hiring or letting on hire all kinds of plant, machinery and equipments whether electrical, electronic or mechanical including tractors, tuggers, shunters, transport/commercial vehicles of any kinds for use in land, water and air, motor cars, motorcycles, scooters, construction/industrial equipments, earthmoving machinery, cranes, excavators, loaders, implements, tools utensils, ships, dredgers, tugs, barges, aeroplanes, helicopters, wagons, coaches, tram-cars, telex, teleprinters, electronic private automatic branch exchanges, private automatic exchanges, public address*

systems, television receivers, industrial robots, furniture, domestic or business appliances, computers, tabulators, data processing machines, addressing machines and other sophisticated office machinery and appliances and to assist in financing of all and every kind and description of hire purchase or easy payment system or deferred payment or similar transactions and subsidies, finance or assist in subsidising or financing the sale, purchase and maintenance of its goods, articles, commodities of all and every kind upon any terms and to purchase or otherwise deal in all forms of immovable or movable property including land and buildings and of consumer, commercial and industrial items and to lease or otherwise deal with them in any manner including resale thereof regardless whether the property purchased and leased be new and/or used.

xii. *To carry on the business of manufacturers, importers and exporters, buyers, sellers, traders, wholesalers, agents, distributors and dealers of all types of textile garments, knitted garments, hosiery goods, trousers, shirts, T-shirts, jackets and other ready-made garments, wearing apparels and clothing accessories of every kind, nature and description, for men, women and children.*

3.9.2 It is hereby clarified that for the purposes of this Clause 3.9. of the Scheme, the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment, and no further act, instrument or deed by the Transferee Company or resolutions or actions under Section 13 of the Act and / or any other applicable provisions of the Act and rules and regulations framed thereunder, as may be applicable for the alteration of the memorandum of association of the Transferee Company, shall be required, and no further resolution or actions shall be required to be undertaken by the Transferee Company under Sections 13 of the Act or any other applicable provisions of the Act, and rules and regulations framed thereunder, in relation to the same. Upon this Scheme coming into effect, the Transferee Company shall, if required, file the necessary documents/intimations as per the provisions of Act with the RoC or any other applicable authority to record the aforesaid alteration of its memorandum of association in the manner set out in this Clause 3.9. of the Scheme.

3.10 DISSOLUTION OF THE TRANSFEROR COMPANIES

3.10.1 Upon this Scheme coming into effect, the Transferor Company 1 and Transferor Company 2 shall, without any further act, instrument or deed, stand dissolved without winding up.

PART – D

4. GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME

4.1 CONDITIONALITY OF THE SCHEME

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

- (i) the Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and secured and unsecured creditors of each of the Transferor Companies and the Transferee Company, as may be directed by the Tribunal or any other competent authority, as may be applicable;
- (ii) the requisite consent, approval or permission of the Central Government, or any other statutory or regulatory authority, which by law may be necessary for the implementation of this scheme;
- (iii) the Scheme being sanctioned by the Tribunal under Sections 230-232 and any other applicable provision of the Act; and
- (iv) filling of the certified copies of the orders of the Tribunal sanctioning this Scheme, by the Transferor Companies and the Transferee Company, under the applicable provisions of the Act with the jurisdictional ROC.

4.2 APPLICATION TO THE TRIBUNAL

- 4.2.1 The Transferor Companies and the Transferee Company may, with all reasonable dispatch, make a joint application to the Tribunal under Sections 230-232 and other applicable provisions of the Act for the sanction of this Scheme and all matters ancillary or incidental thereto.

4.3 EFFECTIVENESS OF THE SCHEME

- 4.3.1 Upon the sanction of this Scheme and after the Scheme has become effective upon completion of the conditions listed in Clause 4.1 of this Part D, with effect from the Appointed Date, the amalgamation of the Transferor Company 1 and Transferor Company 2 with and into the Transferee Company shall be deemed to have occurred in accordance with Section 2 (1B) of the IT Act.

4.4 MODIFICATIONS/ AMENDMENTS TO THE SCHEME

- 4.4.1 Each of the Transferor Companies and the Transferee Company will be at liberty to apply to the Tribunal from time to time for necessary directions in matters relating to this Scheme or any terms thereof, in terms of the Act.

- 4.4.2 Each of the Transferor Companies and the Transferee Company, through their respective Board of Directors, may assent to any modifications/ amendments to the respective Part of this Scheme and/ or to any conditions or limitations that the Tribunal or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. Each of the Transferor Companies and the Transferee Company, through their respective authorized representatives, be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, that may arise in relation to the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, whether by reason of any directive or order of the Tribunal or any other authority or otherwise, howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerned or connected therewith and to do and execute all acts, deeds, matters and things necessary for giving effect to this Scheme.

- 4.4.3 The Board of Directors of the Transferor Company 1, the Transferor Company 2 and the Transferee Company, respectively shall be entitled to revoke, cancel and declare the Scheme or any part thereof to be of no effect and/ or to withdraw the Scheme or any part thereof and respective applications/ petitions filed with the Tribunal if such Boards are of view that the coming into effect of the Scheme or of any part thereof, in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/ any of the companies or in case any condition or alteration imposed by the Tribunal or any other authority or entity is not on terms acceptable to them

4.5 EFFECT OF NON-RECEIPT OF APPROVALS

- 4.5.1 In the event this Scheme is not being sanctioned by (i) the Tribunal or such other competent authority before which this Scheme is presented for approval (ii) requisite majorities of members, creditors of the relevant Transferor Company or the Transferee Company, the part not sanctioned shall stand revoked, cancelled and be of no effect, save and except in respect of any further act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided for in the Scheme or as may otherwise arise in law.

- 4.5.2 If any provision of this Scheme is ruled invalid or illegal by the Tribunal, or unenforceable under present or future laws, then it is the intention of the parties to this Scheme that such portion shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such portion shall cause this Scheme to become materially adverse to any party, in which case the parties, through their respective Board of Directors may either decide to revoke the Scheme or may attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such portion.

4.6 COSTS, CHARGES AND EXPENSES

- 4.6.1 The Transferee Company shall bear all costs, charges, taxes including duties, levies and all other

expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto.

4.7 SEVERABILITY OF ANY PART OF THE SCHEME

4.7.1 If any part of the Scheme is ruled invalid or illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, or cannot be given effect to due to regulatory or other reasons, then it is the intention of the parties that, at the discretion of the parties, such part shall be severable from the remainder of the Scheme and the Scheme shall not be affected thereby, unless the deletion of such part shall cause the Scheme to become materially adverse to any party, in which case each of the Transferor Companies and the Transferee Company, (acting through their respective Boards of Directors) shall attempt to bring about a modification in the Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part.

4.7.2 Notwithstanding the above, any revocation, cancellation or ineffectiveness of any part of the Scheme, either individually or collectively, shall not affect the effectiveness of the other part of the Scheme.

4.8 VALIDITY OF EXISTING RESOLUTIONS

4.8.1 Upon occurrence of the Effective Date, the resolutions, if any, of 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 upper monetary or other limits being imposed under the provisions of the Act, or any other applicable 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.

4.9 DIVIDENDS

4.9.1 The Transferor Companies and the Transferee Company shall be entitled to declare and pay dividends, whether interim and/or final, to their respective shareholders prior to the Effective date

4.9.2 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 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, and if applicable as per the provisions of the Act, be subject to the approval of the shareholders of each of the Transferor Companies and the Transferee Company.

4.10 REPEAL AND SAVINGS

4.10.1 The transfer of assets, liabilities and business to, and the continuance of proceedings by or against, the Transferee Company as envisaged in this Scheme shall not affect any transaction or proceedings already concluded by any of the Transferor Companies or the Transferee Company on or before the Appointed Date and after the Appointed Date until the Effective Date.

4.11 RESIDUAL

4.11.1 Upon this Scheme becoming effective, the Transferee Company shall be entitled to operate all bank accounts, cash and deposits relating to the Transferor Companies, realize all monies and complete and enforce all pending contracts and transactions in respect of the Transferor Companies in the name of the Transferor Companies to the extent necessary. Upon this Scheme becoming effective, the Transferee Company shall be entitled to rely on, use and operate on the basis of all licenses, consents and approvals, relating to the Transferor Companies in the name of the Transferor Companies to the extent necessary.