

SCHEME OF ARRANGEMENT

BETWEEN

ATLAS CASTALLOY LIMITED

AND

ALICON CASTALLOY LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956



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PREAMBLE

The Scheme of Arrangement has been formulated and prescribed under Sections 391 to 394 of the Companies Act, 1956 for the demerger of the Casting Business of Atlas Castalloy Limited into Alicon Castalloy Limited.

A. DESCRIPTION OF THE COMPANIES

- i) Atlas Castalloy Limited ("Atlas" or "Transferor Company") is an unlisted public company incorporated under the provisions of the Companies Act, 1956 and is an established aluminum foundry involved in manufacturing of aluminum castings. It mainly caters to Indian and international automotive and non-automotive customers.

- ii) Alicon Castalloy Limited ("Alicon" or "Transferee Company") is a public limited company incorporated under the provisions of the Companies Act, 1956 and is an integrated aluminum foundry involved in manufacturing of aluminum castings and has in-house research and development facility. Further, Alicon has presence in Austria and Slovakia through its wholly owned subsidiaries. It mainly caters to Indian and international automotive and non-automotive customers. Equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited.



B. RATIONALE FOR THE SCHEME OF ARRANGEMENT

- The Transferee Company and the Casting Business Undertaking of the Transferor Company are engaged in similar business activities of manufacturing Aluminium Die Casting using LPDC (Low Pressure Die Casting) and GDC (Gravity Die Casting) processes.
- Restructuring of group operations and business are desirable for achieving better synergy, results and growth. Post the restructuring, it will help the Transferee Company in achieving economies of scale, optimal utilization of resources, better administration and reduction in cost. Further, it will also provide the Transferee Company with greater flexibility to pursue strategic objectives and accelerate growth of the Casting Business.
- This transfer will provide an access to the Transferee Company to a large customer base and give a boost to additional production capacity and capabilities of the Demerged Undertaking.
- The Transferor Company and the Transferee Company post transfer and vesting of the Demerged Undertaking will have better operational prospects including but not limited to efficient management of cost, resources, better maintenance of manufacturing facilities and improved administrative control of the Demerged Undertaking.
- The Scheme shall be beneficial and be in the best interest of the shareholders, creditors and other stake holders of both the Transferor Company and the Transferee Company. The Scheme shall not be in any manner prejudicial to the interest of concerned members, creditors and stakeholders.

C. PARTS OF THE SCHEME

This Scheme is presented pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 for transfer of the Casting Business Undertaking of Atlas to Alicon. This Scheme is divided into the following parts:

- Part A – deals with Definitions and Share Capital
- Part B – deals with Demerger of Casting Business Undertaking; and
- Part C – deals with General Terms and Conditions that would be applicable to the Scheme.

PART A DEFINITIONS AND SHARE CAPITAL



1. DEFINITIONS

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

- 1.1 **“Act” or “the Act”** means the Companies Act, 1956, the rules and regulations made thereunder and shall include any statutory modification or re-enactment thereof for the time being in force and also mean and refer to corresponding sections of the Companies Act, 2013 the rules and regulations made thereunder, as and when such corresponding sections are notified by the Central Government.
- 1.2 **“Alicon” or “the Transferee Company”** means Alicon Castalloy Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Gate no. 1426, Village Shikrapur, Taluka – Shirur, Pune – 412 208, Maharashtra.
- 1.3 **“Appointed Date”** means the 1st day of April 2014 or such other date as may be fixed or approved by the High Court.
- 1.4 **“Atlas” or “the Transferor Company”** means Atlas Castalloy Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 7/C, Udyog Mandir Compound, Bhagoji Keer Marg, Mahim, Mumbai – 400 016, Maharashtra.
- 1.5 **“Board of Directors” or “Board”** means and includes the respective Board of Directors of the Transferor Company and the Transferee Company and shall include any Committee, including the “Restructuring Committee” of the Transferee Company, whether existing or constituted by such Board of Directors for the purpose of this Scheme.
- 1.6 **“Casting Business Undertaking” or “the Demerged Undertaking”** means the business segment of the Transferor Company engaged *inter alia* in the casting business which deals with manufacturing of Aluminum Die castings using LPDC (Low pressure Die casting) and GDC (Gravity Die Castings) processes and shall include all properties (excluding land and building and same may be let-out to the Transferee Company) and assets (whether movable or immovable, tangible or intangible), licenses, permits, all rights / title or interest in property(ies) by virtue of any court order / decree, approvals, lease, tenancy rights, permissions, and all other rights, titles, interests, contracts, consents, approvals or powers of every kind, nature



and descriptions whatsoever, pertaining or relating to the casting business, and shall be deemed to include:

- (a) all properties (excluding land and building and same may be let-out to the Transferee Company) and assets, moveable and immovable, tangible and intangible, corporeal and incorporeal, in possession, or in reversion, present and contingent of whatsoever nature, including all furniture, fixtures, plant and machinery, computers, installations, electrical equipments, tools, inventory, parts, spares, supplies, advances, deposits, sundry debtors, cash and bank balances, bills of exchange and other movable articles, pertaining or relating to the casting business of the Transferor Company, and all other interests or rights in or arising out of or relating to the casting business together with all respective rights, powers, interests, charges, privileges and benefits;
- (b) all the debts, liabilities, duties, obligations and provisions, secured and unsecured, current and contingent, pertaining or relating to the casting business;
- (c) all employees of the Transferor Company, engaged in the casting business and those employees that are determined by the Board to be substantially engaged in the casting business;
- (d) all books, records, files, papers, engineering and process information, records of standard operating procedures, customer database, computer programmes along with their licenses, certificates, drawings, manuals, data catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, open customer sales orders and open purchase orders issued to suppliers and other records whether in physical or electronic form, directly or indirectly, in connection with or relating to the casting business;
- (e) any question that may arise as to whether a specified asset, liability or employee pertains or does not pertain to the casting business shall be decided by mutual agreement between the Board of Directors of the Transferor Company and the Transferee Company.

1.7 “**Effective Date**” means the date on which the certified copy of the Order of High Court of Judicature at Bombay under Sections 391 to 394 of the Act sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra at Mumbai by the Transferor Company and with the Registrar of Companies, Maharashtra, Pune by the Transferee Company after receiving all approvals from various government authorities Further “Coming in to effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date.



- 1.8 **“High Court”** means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal, if applicable.
- 1.9 **“Record Date”** means the date to be fixed by the Board of Directors of Alicon in consultation with the Board of Directors of Atlas for the purpose of determining the shareholders of Atlas who shall be entitled to receive consideration as per Clause 5.
- 1.10 **“Remaining Business”** means all the activities, operations, businesses, divisions and / or strategic business units of the Transferor Company excluding the Casting Business Undertaking as defined in this Scheme.
- 1.11 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form submitted to the High Court or with any modification(s) made under Clause 16 of this Scheme or with such other modifications / amendments as the High Court may direct.
- 1.12 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

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 or in terms of this Scheme shall take effect from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

3.1 The share capital structure of the Transferor Company as on 31st March 2014 is as follows:

PARTICULARS	AMOUNT (Rs.)
Authorized Capital	
1,05,000 Equity Shares of Rs. 100/- each	1,05,00,000
TOTAL	1,05,00,000
Issued, Subscribed and Paid-up Capital	
1,03,820 Equity Shares of Rs. 100/- each fully paid-up	1,03,82,000
TOTAL	1,03,82,000



Subsequent to 31st March 2014, the Transferor Company has increased its authorised share capital. The present share capital structure of the Transferor Company is as follows:

PARTICULARS	AMOUNT (Rs.)
Authorized Capital	
1,25,000 Equity Shares of Rs. 100/- each	1,25,00,000
TOTAL	1,25,00,000
Issued, Subscribed and Paid-up Capital	
1,03,820 Equity Shares of Rs. 100/- each fully paid-up	1,03,82,000
TOTAL	1,03,82,000

3.2 The share capital structure of the Transferee Company as on 31st March 2014 is as follows:

PARTICULARS	AMOUNT (Rs.)
Authorized Capital	
1,10,00,000 Equity Shares of Rs. 5/- each	5,50,00,000
TOTAL	5,50,00,000
Issued, Subscribed and Paid-up Capital	
1,10,00,000 Equity Shares of Rs. 5/- each fully paid-up	5,50,00,000
TOTAL	5,50,00,000

Subsequent to 31st March 2014, there has been no change in the issued, subscribed and paid-up capital of the Transferee Company.

PART B

DEMERGER OF THE CASTING BUSINESS UNDERTAKING

4. **TRANSFER AND VESTING OF THE CASTING BUSINESS UNDERTAKING**

Upon this Scheme coming into effect and with effect from the Appointed Date, the Casting Business Undertaking of the Transferor Company, as defined in Clause 1.6



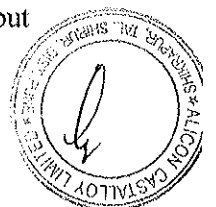
this Scheme, shall stand transferred to and vested in the Transferee Company, as a going concern, in accordance with Section 2(19AA) of the Income Tax Act, 1961, and in the following manner:

- 4.1 Upon this Scheme coming into effect, and with effect from the Appointed Date, and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, the Casting Business Undertaking shall, without any further act, instrument or deed, be and stand de-merged from the Transferor Company and transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company as a going concern, so as to vest in the Transferee Company, all the rights, titles and interests pertaining to the Casting Business Undertaking, pursuant to Sections 391 to 394 of the Act and any other relevant provisions of the Act and the order of the Hon'ble High Court sanctioning the Scheme, subject however, to subsisting charges, if any.
- 4.2 Without prejudice to the provisions of Clause 4.1 above, in respect of such of the assets and properties (whether movable or immovable, tangible or intangible) of the Casting Business Undertaking, including cash in hand, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed and delivered, as the case may be, and shall upon such delivery or endorsement and delivery, become the assets and properties of the Transferee Company, without requiring any deed or instrument or conveyance for the same.
- 4.3 In respect of movable assets other than those specified in Clause 4.2 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, the following methodology shall to the extent possible be followed:
The Transferor Company shall give notice in such form as it may deem fit and proper to each person, debtor or deposittee that pursuant to the High Court having sanctioned this Scheme, the said debt, loan, advance or deposit be paid to or made good to or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.
- 4.4 Upon this Scheme coming into effect, and with effect from the Appointed Date, and subject to the provisions of this Scheme, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Transferor Company pertaining or relating to the Casting Business Undertaking shall, without any further act, instrument or deed, be and stand transferred from the Transferor Company and transferred to and vested in or be deemed to be transferred to and vested in and assumed by the Transferee Company so as to become as and from the



Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, pursuant to Sections 391 to 394 of the Act and any other relevant provisions of the Act and the order of the Hon'ble High Court sanctioning the Scheme, 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 debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

- 4.5 All permits, no objection certificates, contracts, permissions, approvals, consents, sanctions, grants, subsidies, rights, entitlements, licenses, including those relating to tenancies, copyrights, intellectual property rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Casting Business Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect on the Effective Date, shall stand transferred to and vested in the Transferee Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company upon the vesting and transfer of Casting Business Undertaking pursuant to this Scheme, and shall be and remain in full force, operative and effectual for the benefit of the Transferee Company, and may be enforced by the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been the original party or beneficiary or obligee thereto.
- 4.6 With effect from the Appointed Date, all motor vehicles of any description whatsoever of the Transferor Company relating to the Demerged Undertaking shall stand transferred to and be vested in the Transferee Company, and the appropriate Governmental and Registration Authorities shall substitute the name of the Transferee Company in place of the Transferor Company, as the case may be.
- 4.7 The Transferor Company and the Transferee Company are expressly permitted to make and / or revise their income tax returns and related TDS Certificates and the right to claim refund, advance tax credits, fringe benefit tax credits, etc. on the Scheme becoming effective from the Appointed Date and their right to make such revisions in the income tax returns and related TDS Certificates and the right to claim refund, advance tax credits, fringe benefit tax credits, etc. pursuant to the sanction of the Scheme and the Scheme becoming effective is expressly granted.
- 4.8 In accordance with the CENVAT Credit Rules framed under the Central Excise Act, 1944, and the Service tax law as applicable and prevalent on the effective date, the unutilized credits relating to excise duties paid on inputs / capital goods / input



services lying in the accounts of the Transferor Company relating to the Demerged Undertaking shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credit were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credit against the excise duty / service tax payable by it

4.9 In accordance with the legislations relating to value added tax as are prevalent on the Effective Date in respect of each state, the unutilized credits, benefits, exemptions, if any, relating to VAT paid on inputs / works in process / capital goods lying in the account of the Transferor Company relating to the Demerged Undertaking shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credit were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credit against the VAT / CST payable by it against their existing business.

4.10 Where the Transferor Company is entitled to various benefits under incentive schemes, Advance license, EPCG, DEPB, Duty draw-back or unclaimed benefits (including benefits pending utilization in full or in part based on past performance) including any other export schemes and policies in relation to the Demerged Undertaking and pursuant to the Scheme it is declared that the benefits under all of such Schemes and policies shall be transferred to and vest in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever, shall be claimed by the Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive scheme and / or policies subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under the incentive schemes were made available to the Transferor Company with respect to the Demerged Undertaking

4.11 This part of the Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is / are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961, the provisions of Section 2(19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(19AA) of the Income-tax Act, 1961; such modification to not affect other parts of the Scheme.

5. CONSIDERATION



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- 5.1 Upon this Scheme coming into effect, and in consideration of the demerger, the Transferee Company shall, without any further application or deed, issue and allot fully paid-up equity shares on a proportionate basis to all the shareholders of the Transferor Company whose names appear in the register of members of the Transferor Company as on the Record Date, or his / her heirs, executors, administrators or successors-in-title, as the case may be, on the following basis:
“For every 10 (ten) fully paid-up equity shares of Rs. 100/- each held by the equity shareholders in the Transferor Company on the Record Date, 121 (one hundred and twenty-one) fully paid-up equity shares of Rs. 5/- each of the Transferee Company”.
- 5.2 Any fraction arising on issue of equity shares as above will be rounded off, or as the case may be, truncated, to the nearest integer.
- 5.3 The equity shares being issued and allotted by the Transferee Company to the shareholders of the Transferor Company in accordance with Clause 5.1 above shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank pari passu with the existing equity shares of the Transferee Company in all respects including dividend.
- 5.4 The equity shares being issued and allotted by the Transferee Company to the shareholders of the Transferor Company in accordance with Clause 5.1 above shall be issued in dematerialized form provided all details relating to the account of those shareholders with the Depository Participant are available with the Transferee Company.
- 5.5 The equity shares being issued and allotted by the Transferee Company to the shareholders of the Transferor Company in accordance with Clause 5.1 above shall be listed on all the stock exchanges on which the equity shares of the Transferee Company are listed as on the Record Date.
- 5.6 It is clarified that the Transferee Company, for the purpose of issuing the aforesaid shares to the shareholders of the Transferor Company shall not be required to pass a separate Special Resolution under Section 62 of the Companies Act, 2013 or any other provisions of the Act, and on the shareholders of the Transferee Company giving their consent to the Scheme, it shall be deemed that the shareholders of the Transferee Company have given their consent to issue aforesaid shares to the shareholders of the Transferor Company as required under Section 62 of the Companies Act, 2013.
- 5.7 The Transferee Company shall file the requisite forms with the Registrar of Companies, Maharashtra, Pune upon issuance of equity shares.



6. CONTRACTS, DEEDS, ETC.

- 6.1 Upon this Scheme coming into effect, and subject to the provisions of this Scheme, all contracts, including contracts for tenancies, licenses, deeds, bonds, agreements, incentives, benefits, exemptions, entitlements, arrangements, operations manuals, guidelines and other instruments of whatsoever nature relating to the Casting Business Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- 6.2 The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings, confirmations or novations or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and relating to the Casting Business Undertaking and to carry out or perform all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed, to give effect to the provisions of this Scheme.

7. STAFF, WORKMEN AND EMPLOYEES

- 7.1 On the Scheme becoming effective, all staff, workmen and employees of the Transferor Company (excluding the contractual staff) relating to the Casting Business Undertaking and in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date or joining date whichever is later, without any break, discontinuance or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Company on the Effective Date.
- 7.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees of the Transferor



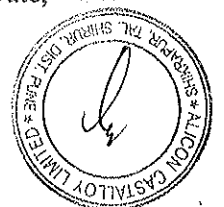
Company relating to the Casting Business Undertaking shall become trusts / funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Fund or Funds shall become those of the Transferee Company. It is clarified that the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous for the purpose of the said Fund or Funds.

8. LEGAL PROCEEDINGS

- 8.1 If any suit, appeal, action or legal proceeding of whatever nature by or against the Transferor Company and relating to the Casting Business Undertaking is pending on or before the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the demerger or by anything contained in this Scheme, but the said suit, appeal, action or legal proceeding may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.
- 8.2 On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Casting Business Undertaking of the Transferor Company.
- 8.3 All disputes pending in relation to the Casting Business Undertaking under the arbitration mechanism of the Transferor Company shall be continued to be conducted without further act, deed or thing to be done, as if the arbitration mechanism had always been promulgated by the Transferee Company.

9. CONDUCT OF BUSINESS

- 9.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company :
- i) shall be deemed to have been carrying on all business activities relating to the Casting Business Undertaking and stand possessed of all the assets, rights, title, interest and authorities of the Casting Business Undertaking for and on account of, and in trust for the Transferee Company;
 - ii) shall ensure that all profits or incomes accruing or losses or expenditures arising or incurred by it from the Appointed Date till the Effective Date,



relating to the Casting Business Undertaking, shall for all purposes, be treated as the profits, incomes, taxes or losses or expenditures as the case may be, of the Transferee Company; and

iii) shall carry on the business of the Casting Business Undertaking with reasonable care and diligence in the ordinary course of business, and in the same manner as it had been doing hitherto and the Transferor Company shall not alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof of the Casting Business Undertaking except in the ordinary course of business without the prior consent of the Transferee Company.

9.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government, and all other agencies, departments and authorities concerned as are necessary under any law for such registrations, consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Casting Business Undertaking.

10. SAVING OF CONCLUDED TRANSACTIONS

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

11. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEEE COMPANY

On the Scheme becoming effective, the Transferee Company shall provide for the following accounting treatment in its books of accounts:-

11.1 Upon the Scheme becoming effective, the Transferee Company shall, record the assets and liabilities (including any additions and accretions thereto) pertaining to the Casting Business Undertaking of the Transferor Company vested in it pursuant to this Scheme, at their respective book values thereof as appearing in the books of the Transferor Company (excluding revaluation, if any).

11.2 The Transferee Company shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to Clause 5 of this Scheme.



- 11.3 The difference between the Net Assets ("Net Assets" means excess of book value of assets transferred over the book value of liabilities transferred) and the amount credited as share capital shall be recorded as Capital Reserve where the difference is positive, and shall be recorded as Goodwill where the difference is negative.

12. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY

On the Scheme becoming effective, the Transferor Company shall provide for the following accounting treatment in its books of accounts:

- 12.1 Upon the Scheme becoming effective, the Transferor Company shall deduct the book values of the assets and liabilities transferred to and vested in the Transferee Company, from the respective assets and liabilities in its books of account.
- 12.2 The Net Assets transferred pursuant to the Scheme shall be adjusted to the extent required, against the balance in the Capital Reserve Account to the extent available, followed by the balance in the General Reserve Account to the extent available and balance, if any, against the balance in the Profit and Loss Account.

13. AMENDMENT TO THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

- 13.1 With effect from the Appointed Date and upon the Scheme becoming effective, the authorized share capital of the Transferee Company as detailed in Clause 3.2 of this Scheme shall be increased from the present Authorized Share Capital of Rs. 5,50,00,000/- (Rupees Five Crores Fifty Lakhs Only) divided into 1,10,00,000 (One Crore Ten Lakhs) equity shares of Rs. 5/- (Rupees Five Only) each to 6,50,00,000/- (Rupees Six Crore Fifty Lakhs Only) divided into 1,30,00,000 (One Crore Thirty Lakhs) equity shares of Rs. 5/- (Rupees Five Only) each. Accordingly, the Authorised Share Capital of the Transferee Company shall be increased to that effect by just filing requisite forms and no separate procedure shall be followed under the Act or Companies Act, 2013.

Consequently, the Memorandum of Association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 61, 64 and other applicable provisions of the Companies Act, 2013 and other applicable provisions of the Act as follows:

The existing capital Clause V contained in the Memorandum of Association of the Transferee Company shall read as under:



“The Authorised Share Capital of the Company is Rs. 6,50,00,000/- (Rupees Six Crore Fifty Lacs Lakhs Only) divided into 1,30,00,000 (Once Crore Thirty Lakhs) Equity Shares of Rs. 5/- (Rupees Five Only) each. Any shares of the original or increased capital may from time to time be issued with guarantee or any rights or preference, whether in respect of dividend or repayment of capital or both or any other special privilege or advantage over any shares previously issued or then about to be issued or subject to any provisions or conditions and with any special rights or limited right or without any right of voting and generally on such terms as the Company may from time to time determine. The right of the holders of any class or shares, for the time being forming part of the capital of the Company may be modified, effected, carried, extended or surrendered either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate meeting of the holders of those shares.”

- 13.2 Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the Registrar of Company, Maharashtra, Pune for increasing its authorised share capital in accordance with the Clause 13.1 of this Scheme.
- 13.3 Pursuant to this Scheme, the Memorandum of Association and Articles of Association of the Transferee Company shall be revised / updated to the extent required for complying with the provisions of the Companies Act, 2013.
- 13.4 It is hereby clarified that for the purposes of Clause 13, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above increase in authorised share capital and revising / updating Memorandum of Association and Articles of Association (if required) of the Transferee Company, and no further resolution under Sections 13, 61, 64 and other applicable provisions of the Companies Act, 2013 and other applicable provisions of the Act, would be required to be separately passed.

14. REMAINING BUSINESS

The Transferor Company shall continue to carry on its business activities, other than the Casting Business Undertaking, and all the assets, liabilities and obligations pertaining to the businesses other than the Casting Business Undertaking arising prior to, on or after the Appointed Date shall continue to belong to, be vested in and be managed by the Transferor Company.

PART C



GENERAL TERMS AND CONDITIONS

15. APPLICATIONS TO THE HIGH COURT

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications / petitions, under Sections 391 to 394 of the Act and other applicable provisions of the Act to the High Court(s) for seeking sanction of this Scheme.

16. MODIFICATIONS / AMENDMENTS TO THE SCHEME

The Transferor Company and the Transferee Company by their respective Boards of Directors or such other person or persons, as the respective Boards of Directors may authorize including any committee or sub-committee thereof, may make and / or consent to any modifications / amendments to this Scheme or to any conditions or limitations that the court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them or the Board, including the withdrawal of this Scheme and 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. The power of the Board to modify / amend the Scheme shall be subject to the approval of the High Court.

17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

The Scheme is conditional upon and subject to:

- 17.1 The requisite consent, approval or permission of the Central Government, SEBI, concerned Stock Exchanges and any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;
- 17.2 The approval by the requisite majority of the members / creditors of the Transferor Company and the Transferee Company as may be directed by the High Court or any other competent authority, as may be applicable;
- 17.3 The approval of the public shareholders of the Transferee Company shall be obtained through postal ballot and e-voting. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it as required under the Securities and Exchange Board of India circulars CIR/CFD/DIL/5/2013 dated February 4, 2013 and



CIR/CFD/DIL/8/2013 dated May 21, 2013 issued by the Securities and Exchange Board of India;

17.4 Sanctions and Orders under the provisions of the Act being obtained by the Transferor Company and the Transferee Company from the High Court;

17.5 Certified copies of the orders of the High Court, sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai by the Transferor Company and with the Registrar of Companies, Maharashtra, Pune by the Transferee Company.

18. EFFECT OF NON RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in Clause 17 above not being obtained (unless otherwise released by the Board of Directors) and / or the Scheme not being sanctioned by the High Court or such other competent authority as aforesaid, 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.

19. COSTS

The Transferor Company and the Transferee Company shall bear and pay their respective compliance & legal costs (including fees to High Court, Corporate Law authorities, etc.), taxes including duties, levies, etc. arising out of, or incurred in implementing this Scheme and matters incidental thereto. Any other costs, charges and all other expenses (including professional charges), arising out of, or incurred in implementing this Scheme, shall be borne by the Transferee Company. Stamp duty cost, if any, shall be borne by the Transferee Company.

