

SCHEME OF ARRANGEMENT
(UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956)

BETWEEN

JK ENVIRO-TECH LIMITED

AND

JK PAPER LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS



PART I

1 OVERVIEW AND OBJECTS OF THIS SCHEME

1.1 Brief overview of each company

1.1.1 JK Enviro-tech Limited (“Transferor Company”):

- (i) The Transferor Company is a public limited company incorporated under the Companies Act, having its registered office at P.O. Central Pulp Mills – 394660, Fort Songadh, District Tapi, Gujarat. The CIN of the Transferor Company is U73100GJ2007PLC075963.
- (ii) The Transferor Company is authorised to and is primarily engaged in the business of lime sludge re-burning.

1.1.2 JK Paper Limited (“Transferee Company”):

- (i) The Transferee Company is a public limited company incorporated under the Companies Act, having its registered office at P.O. Central Pulp Mills – 394660, Fort Songadh, District Tapi, Gujarat. The CIN of the Transferee Company is L21010GJ1960PLC018099. The equity shares of the Transferee Company are listed on the Stock Exchanges.
- (ii) The Transferee Company is authorised to and is primarily engaged in the business of manufacture and sale of writing and printing papers, speciality papers and packaging board.

1.2 Overview, Objectives and Benefits of this Scheme

1.2.1 Pursuant to and under the provisions of sections 391 to 394 of the Companies Act and the other relevant provisions thereunder, the Transferor Company and the Transferee Company propose through this Scheme to transfer the Lime Kiln Undertaking from the Transferor Company to the Transferee Company as a going concern on slump sale basis.

1.2.2 This Scheme is segregated into the following six (6) parts:

- (i) Part-I sets-forth the overview, objectives and benefits of this Scheme;
- (ii) Part-II sets-forth the capital structure of the Transferor Company and the Transferee Company;
- (iii) Part-III deals with the transfer and vesting of the Lime Kiln Undertaking of the Transferor Company to and in the Transferee Company, in accordance with section 2(42C) of the IT Act and sections 391 to 394 of the Companies Act;
- (iv) Part-IV deals with the payment of consideration by the Transferee Company to the Transferor Company, and accounting treatment in the books of the Transferor Company and the Transferee Company;
- (v) Part-V deals with the reorganisation of the share capital of the Transferor Company;



- (vi) Part-VI deals with the general terms and conditions applicable to this Scheme.

1.2.3 This Scheme of Arrangement shall result in:

- (i) consolidation of the businesses presently being carried on by the Transferor Company through the Lime Kiln Undertaking with the businesses of the Transferee Company which shall be beneficial to the interests of the shareholders, creditors and employees of both the companies and to the interests of public at large, as such consolidation shall create greater synergies between the businesses and shall facilitate the more effective utilisation of the Lime Kiln Undertaking by utilisation of the management, administrative, technical skills and resources of the Transferee Company;
- (ii) creation of value for shareholders of the Transferee Company;
- (iii) creation of greater management focus and easier, speedy decision process to achieve strategic advantage;
- (iv) better administration and cost reduction (including reduction in administrative and other common costs);
- (v) alignment, coordination and streamlining of day to day operations of businesses; and
- (vi) creation of synergies of operations besides economies of administrative and managerial costs by combining operations, which will result in improved performance and enhance shareholders' value.

1.3 **Definitions**

In this Scheme, unless repugnant to the subject, context or meaning thereof, the following capitalised words and expressions have the meanings set forth below:

- 1.3.1 "Appointed Date" means April 01, 2013, being the date with effect from which this Scheme shall, upon sanction by the Court, be deemed to be effective;
- 1.3.2 "Assets" has the meaning ascribed to such term in Clause 1.3.13(i)
- 1.3.3 "Board of Directors" in relation to the Transferee Company and the Transferor Company, as the case may be, means their respective board of directors, and unless repugnant to the subject, context or meaning thereof, shall be deemed to include every committee (including committee of directors) or any person authorised by the board of directors or by any such committee;
- 1.3.4 "Companies Act" means the Companies Act, 1956;
- 1.3.5 "Contracts" has the meaning ascribed to such term in Clause 1.3.13(iii);
- 1.3.6 "Court" means the High Court of Gujarat;
- 1.3.7 "Effective Date" means the date on which all the conditions and matters referred to in Clause 6.5 of this Scheme have been fulfilled. Any references in this Scheme to "upon this Scheme



becoming effective” or “effectiveness of this Scheme” or “after this Scheme becomes effective” means and refers to the Effective Date;

- 1.3.8 “**Employees**” has the meaning ascribed to such term in Clause 1.3.13(vi);
- 1.3.9 “**Intellectual Property**” has the meaning ascribed to such term in Clause 1.3.13(iv);
- 1.3.10 “**IT Act**” means the Income Tax Act, 1961;
- 1.3.11 “**Liabilities**” has the meaning ascribed to such term in Clause 1.3.13(ii);
- 1.3.12 “**Licences**” has the meaning ascribed to such term in Clause 1.3.13(v);
- 1.3.13 “**Lime Kiln Undertaking**” means the Transferor Company’s business, activities and operations pertaining to the lime sludge re-burning plants located within the premises of Unit – JKPM and Unit – CPM of the Transferee Company located at Jaykaypur, District –Rayagada, Odisha and Fort Songadh, District – Tapi, Gujarat, respectively, and comprising of all the assets and liabilities; which relate thereto or are necessary therefore and including specifically the following:
- (i) all assets, title, properties, interests, investments, loans, advances and rights, including rights arising under contracts, wherever located (including in the possession of vendors, third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, exclusively used or held, by the Transferor Company in, or otherwise identified for use in, the Transferor Company’s undertaking, business, activities and operations pertaining to the lime sludge re-burning business (collectively, “**Assets**”);
 - (ii) all debts, liabilities, guarantees, assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability), pertaining to the Transferor Company’s undertaking, business, activities and operations pertaining to the lime sludge re-burning business (collectively, “**Liabilities**”);
 - (iii) all contracts, agreements, leases, leave and licences, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Transferor Company is a party, exclusively relating to the Transferor Company’s undertaking, business, activities and operations pertaining to the lime sludge re-burning business (collectively, “**Contracts**”);
 - (iv) all registrations, trademarks, trade names, service marks, copyrights, patents, designs, domain names, applications for trademarks, trade names, service marks, copyrights, designs and domain names exclusively used by or held for use by the Transferor Company in the Transferor Company’s undertaking, business, activities and operations pertaining to the lime sludge re-burning business (collectively, “**Intellectual Property**”);
 - (v) all permits, licenses, consents, approvals, authorisations, quotas, rights, entitlements, allotments, concessions, exemptions, liberties, advantages, no-objection certificates,



certifications, easements, tenancies, privileges and similar rights and any waiver of the foregoing issued by any legislative, executive or judicial unit of any Governmental or semi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, administrative or judicial authority exclusively used or held for use by the Transferor Company in the Transferor Company's undertaking, business, activities and operations pertaining to the lime sludge re-burning business (collectively, "**Licences**"); and

- (vi) all such permanent employees of the Transferor Company, employees/personnel engaged on contract basis and contract labourers and interns/trainees, as are primarily engaged in or in relation to the Transferor Company's undertaking, business, activities and operations pertaining to the lime sludge re-burning business, at its respective offices, branches or otherwise, and any other employees/personnel and contract labourers and interns/trainees hired by the Transferor Company after the date hereof who are primarily engaged in or in relation to the Transferor Company's undertaking, business, activities and operations pertaining to the lime sludge re-burning business (collectively, "**Employees**");

- 1.3.14 "**Record Date**" means the date to be fixed by the Board of Directors of the Transferor Company in terms of Clause 6.7;
- 1.3.15 "**Residual Undertaking**" means all the undertakings, businesses, activities and operations of the Transferor Company other than the Lime Kiln Undertaking;
- 1.3.16 "**Scheme**" means this Scheme of Arrangement in its present form (along with any annexures, schedules, etc., annexed/attached hereto), with such modifications and amendments as may be made from time to time, and with appropriate approvals and sanctions of the Court and other relevant regulatory authorities, as may be required under the Companies Act and under all other applicable laws;
- 1.3.17 "**Stock Exchanges**" means the National Stock Exchange of India Limited and the BSE Limited;
- 1.3.18 "**Transferee Company**" has the meaning ascribed to such term in Clause 1.1.2; and
- 1.3.19 "**Transferor Company**" has the meaning ascribed to such term in Clause 1.1.1.

1.4 Interpretation

- 1.4.1 Terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Companies 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, 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 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 the Court under sections 391 to 394 of the Companies Act and/or rules made thereunder.
- 1.4.2 In this Scheme, unless the context otherwise requires:



- (i) references to "persons" shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;
- (ii) heading, sub-heading and bold typeface are only for convenience and shall not affect the construction or interpretation of this Scheme;
- (iii) the term "Clause" refers to the specified clause of this Scheme;
- (iv) references to one gender includes all genders;
- (v) words in the singular shall include the plural and vice versa; and
- (vi) reference to any legislation, statute, regulation, rule, notification or any other provision of law means and includes references to such legal provisions as amended, supplemented or re-enacted from time to time, and any reference to a legal provision shall include any subordinate legislation made from time to time under such a statutory provision.



PART-II

2 CAPITAL STRUCTURE

2.1 Transferor Company

2.1.1 The capital structure of the Transferor Company, as of [July 31, 2013]*, is as under:

Share Capital	Amount in Rs.
Authorised	
1,00,00,000 equity shares of Rs. 10 each	10,00,00,000
5,00,000 preference shares of Rs. 100 each	5,00,00,000
Total	15,00,00,000
Issued, Subscribed and Paid-up	
49,50,600 equity shares of Rs. 10 each	4,95,06,000
Total	4,95,06,000

2.1.2 The shares of the Transferor Company are, at present, not listed on any stock exchange, either in India or in any other jurisdiction.

2.2 Transferee Company

2.2.1 The capital structure of the Transferee Company, as of [July 31, 2013]*, is as under:

Share Capital	Amount in Rs.
Authorised	
20,00,00,000 equity shares of Rs. 10 each	200,00,00,000
3,00,00,000 redeemable preference shares of Rs. 100 each	300,00,00,000
Total	500,00,00,000
Issued, Subscribed and Paid-up	
13,66,20,625 equity shares of Rs. 10 each	136,62,06,250
Total	136,62,06,250

2.2.2 The equity shares of the Transferee Company are, at present, listed on the Stock Exchanges.

* *To be updated while filing the Scheme with the Court.*

2.3 Alteration of the objects of Transferee Company

The objects of the Transferee Company shall stand altered by addition of a new paragraph namely paragraph 14A, which shall stand inserted immediately after paragraph 14 and shall read as under:

“14A To establish, operate, run and maintain lime kilns for environmental protection, undertake any projects for ecological upgradation, including Research & Development in the field of pollution control filtration and treatment plants in India or elsewhere, to carry on the business of constructing on turnkey basis or otherwise all types of pollution control equipment, and/or to manufacture, sell,



buy or otherwise deal in tools and apparatus for lime kilns or other pollution control equipment.”

- 2.4 It is hereby clarified that consent of the shareholders of the Transferee Company to this Scheme shall be sufficient for the purposes of effecting the abovementioned amendments to the Memorandum of Association of the Transferee Company, and that no further resolutions under Sections 16, and 94 or any other applicable provisions of the Companies Act, would be required to be separately passed, nor shall any additional registration fee, stamp duty, etc., be payable by the Transferee Company for this purpose.



PART III

3 TRANSFER AND VESTING OF LIME KILN UNDERTAKING OF TRANSFEROR COMPANY IN TRANSFEREE COMPANY

3.1 Transfer and Vesting

3.1.1 Upon this Scheme becoming effective, and with effect from the Appointed Date, the Lime Kiln Undertaking of the Transferor Company shall stand transferred to and vested in the Transferee Company, which shall be deemed to have acquired the Lime Kiln Undertaking from the Transferor Company, as a going concern on slump sale basis, without any further deed or act, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to existing charges or *lispendens*, if any, thereon.

3.1.2 Without limiting the generality of the foregoing, upon this Scheme becoming effective, and with effect from the Appointed Date:

- (i) All the Assets that are movable in nature or incorporeal property or are otherwise capable of transfer by manual or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, shall stand vested in 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 or constructive delivery or by endorsement and delivery or by vesting and recordal, as appropriate to the property being vested, and title to the property shall be deemed to have been transferred accordingly.
- (ii) All the Assets that are movable properties other than those described under 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, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. It is hereby clarified that all the rights, title and interest of the Transferor Company in the leasehold properties of the Lime Kiln Undertaking, if any, shall, pursuant to section 394(2) of the Companies Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company.
- (iii) All the Assets that are immovable properties, including land together with the buildings and structures standing thereon, whether freehold, leasehold, licensed or otherwise held by the Transferor Company, and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company. The Transferee Company shall be entitled to and shall exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities, pursuant to the sanction of this Scheme by the Court in accordance with the terms hereof.



- (iv) All the Liabilities shall without any further act, instrument or deed, become the liability of the Transferee Company and shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, as the case may be, and the Transferee Company shall be liable to meet, discharge and satisfy the same in accordance with its terms. 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 sub-clause.
- (v) All the Contracts shall be in full force and effect against or in favour 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. In relation to the same, any procedural requirements which are to be fulfilled by the Transferor Company shall be fulfilled by the Transferee Company, as if it is the duly constituted attorney of the Transferor Company. Upon this Scheme becoming effective and with effect from the Appointed Date, any contract of the Transferor Company relating to or benefiting at present the Residual Undertaking and the Lime Kiln Undertaking, shall be deemed to constitute separate contracts, thereby relating to and/or benefiting the Transferor Company and the Transferee Company.
- (vi) All the Intellectual Property shall stand transferred to and be vested in the Transferee Company. The other intellectual property rights presently held by the Transferor Company, that relate to or benefit at present the Residual Undertaking and the Lime Kiln Undertaking, shall be deemed to constitute separate intellectual property rights and the necessary substitution/endorsement shall be made and duly recorded in the name of the Transferor Company and the Transferee Company by the relevant authorities pursuant to the sanction of this Scheme by the Court.
- (vii) All the Licences shall stand transferred to and vested in the Transferee Company. Such of the other permits, licenses, consents, approvals, authorisations, quotas, rights, entitlements, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, easements, tenancies, privileges and similar rights, and any waiver of the foregoing, as are held at present by the Transferor Company, but relate to or benefitting at present the Residual Undertaking and the Lime Kiln Undertaking, shall be deemed to constitute separate permits, licenses, consents, approvals, authorisations, quotas, rights, entitlements, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, easements, tenancies, privileges and similar rights, and any waiver of the foregoing, and the necessary substitution/endorsement shall be made and duly recorded in the name of the Transferor Company and the Transferee Company by the relevant authorities pursuant to the sanction of this Scheme by the Court. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this sub-clause, the said third party or authority shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company pursuant to sanction of this Scheme by the Court. For this purpose, the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.
- (viii) All the Employees shall be transferred to and 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 the Transferor Company.



With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special scheme or benefits created or existing exclusively for the benefit of the Employees, if any, upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including but not limited to those relating to the obligation to make contributions to such funds and schemes in accordance with the provisions of such funds and schemes in the respective trust deeds or other documents. The accumulations under provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme and any other special scheme or benefits of the Transferor Company pertaining to the Employees shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company or as may be created by the Transferee Company for such purpose. Pending such transfer, the contributions required to be made in respect of the Lime Kiln Undertaking Employees shall continue to be made by the Transferee Company to the existing funds maintained by the Transferor Company.

The Transferee Company undertakes that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to the Employees, the past services of such employees with the Transferor Company shall also be taken into account and it shall pay the same accordingly, as and when such amounts are due and payable. Upon this Scheme becoming effective, the Transferor Company shall transfer/handover to the Transferee Company, copies of employment information, including but not limited to, personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records, medical documents (including documents relating to past or ongoing leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files relating to the Employees and all forms, notifications, orders and contribution/identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause.

The Transferee Company shall continue to abide by any agreement(s)/ settlement(s) entered into by the Transferor Company with any of the Employees, either prior to the Appointed Date or the Effective Date.

- (ix) All contractors primarily engaged in or in relation to the Lime Kiln Undertaking by the Transferor Company and any other contractors hired by the Transferor Company till the Effective Date who are primarily engaged in or in relation to the Lime Kiln Undertaking shall be engaged by the Transferee Company on the same terms and conditions as those offered to them by the Transferor Company.
- (x) The Transferee Company shall be entitled to the benefits and shall bear the burdens of any legal or other proceedings to the extent relating to the Lime Kiln Undertaking, initiated by or against the Transferor Company. If any suit, appeal or other proceedings to the extent relating to the Lime Kiln Undertaking initiated by or against the Transferor Company is pending, the same shall not be abated, be discontinued or in any way 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 the Transferor Company, if this Scheme had not been effected. All reasonable costs incurred by the Transferor Company in respect of any proceedings



initiated by or against the Transferor Company after the Appointed Date to the extent relating to the Lime Kiln Undertaking shall be reimbursed by the Transferee Company upon submission by the Transferor Company to the Transferee Company of documents evidencing that the Transferor Company has incurred such costs.

- (xi) All rights, obligations, benefits available under any direct and indirect taxes, including tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, etc., sales tax benefits/exemptions, service tax credit, electricity duty benefits, excise duty benefits, import and export benefits, custom duty benefits and stamp duty benefits and exemptions which may be obtained by the Transferor Company or which the Transferor Company is entitled to or which are or may be available to Transferor Company in respect of the Lime Kiln Undertaking shall, pursuant to the sanction of this Scheme, be available to the Transferee Company on an as is where is/going concern basis. Without prejudice to the generality of the foregoing, in the event the Transferee Company finally becomes liable for reversal of Cenvat credit or payment of any demand in regard to the adverse order passed by the Excise Department requiring the Transferee Company to reverse the Cenvat Credit availed on capital goods sold to the Transferor Company, as such a sale tantamounts to removal of the capital goods, and the Transferor Company qualifies (in lieu of the business carried on by it through the Lime Kiln Undertaking) for taking credit of the amount paid/payable by the Transferee Company, then in light of the transfer of the Lime Kiln Undertaking, the Transferee Company shall be eligible to take credit of the amount so paid/payable for utilising against its duty liability for the clearances of paper which shall be made in future from Unit – JKPM and Unit – CPM of the Transferee Company located at Jaykaypur, District –Rayagada, Odisha and Fort Songadh, District – Tapi, Gujarat, respectively.

It is hereby clarified that any tax related liabilities/benefits, arising out of or in connection with an event occurring prior to the Appointed Date, even when the same may arise and/or accrue subsequent to the Appointed Date, shall, subject to and in accordance with applicable direct and indirect tax laws, continue to be liabilities/benefits of Transferor Company.

- (xii) The benefits of any and all corporate approvals as may have already been taken by the Transferor Company in relation to the Lime Kiln Undertaking, whether being in the nature of compliances or otherwise, including without limitation, approvals under sections 81(1A), 293(1)(a), 293(1)(d), 295, 297, and 372A of the Companies Act, read with the rules and regulations made thereunder, shall stand transferred to the Transferee Company and shall be deemed to have been taken by the Transferee Company, by virtue of approval of this Scheme.
- (xiii) All estates, assets, rights, title, interests and authorities accrued to and/or acquired by the Transferor Company for or in relation to the Lime Kiln Undertaking shall be deemed to have been accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon this Scheme becoming effective, pursuant to the provisions of section 394(2) and other applicable provisions of the Companies Act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company to that extent and shall become the estates, assets, right, title, interests and authorities of the Transferee Company.

3.1.3 Upon this Scheme becoming effective and the consequent transfer of the Liabilities from the Transferor Company to the Transferee Company, the secured creditors of the Lime Kiln



Undertaking shall only continue to be entitled to security over such properties and assets forming part of the Assets, as existing immediately prior to the transfer of the Lime Kiln Undertaking from the Transferor Company to the Transferee Company and the secured creditors of the Transferee Company shall continue to be entitled to security over such properties, assets, rights, benefits and interest of and in the Transferee Company, as existing immediately prior to the transfer of the Lime Kiln Undertaking from the Transferor Company to the Transferee Company. It is hereby clarified that pursuant to the transfer of the Lime Kiln Undertaking from the Transferor Company to the Transferee Company, the secured creditors of the Lime Kiln Undertaking shall not be entitled to any further security over the properties, assets, rights, benefits and interests of and in the Transferor Company and/or the Transferee Company, and accordingly such assets of Transferor Company and Transferee Company which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any new indebtedness that may be incurred by the Transferor Company and/or the Transferee Company. For this purpose, no further consent from the existing secured creditors shall be required and sanction of this Scheme shall be considered as a specific consent of such secured creditors.

3.1.4 The Transferor Company and/or the Transferee Company, as the case may be, shall, at any time after this Scheme becomes effective in accordance with the provisions hereof, if so required under any law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Lime Kiln Undertaking to which the Transferor Company has been a party, including any filings with the regulatory authorities, in order to give formal effect to the above provisions.

3.1.5 The Transferor Company and/or the Transferee Company, as the case may be, shall, at any time after this Scheme becomes effective in accordance with the provisions hereof, if so required under any law or otherwise, do all such acts or things as may be necessary to transfer/obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company in relation to the Lime Kiln Undertaking. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority 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. For this purpose the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes. 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 Company and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.

3.2 Conduct of business till Effective Date

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

- (i) the Transferor Company undertakes to carry on and shall be deemed to have carried on the business activities of the Lime Kiln Undertaking and stand possessed of the properties and assets of the Lime Kiln Undertaking, for and on account of and in trust for the Transferee Company;
- (ii) all profits or income accruing to or received by the Transferor Company, out of the Lime Kiln Undertaking and all taxes paid thereon (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, value added tax, sales tax, service tax, etc.) or



losses arising in or incurred by the Transferor Company with respect to the Lime Kiln Undertaking shall, for all purposes, be treated as and deemed to be the profits, losses, income or taxes, as the case may be, of the Transferee Company;

- (iii) the Transferor Company shall carry on the business of the Lime Kiln Undertaking with reasonable diligence and business prudence and in a manner consistent with its past practices;
 - (iv) the Transferor Company shall not alter or substantially expand the business of the Lime Kiln Undertaking, except with the written concurrence of the Transferee Company.
- 3.2.2 (i) With effect from the Effective Date, the Transferee Company shall carry on and shall be authorised to carry on the businesses of the Lime Kiln Undertaking of the Transferor Company.
- (ii) For the purpose of giving effect to the order passed, under sections 391 to 394 and other applicable provisions of the Companies Act in respect of this Scheme, by the Court, the Transferee Company shall, at any time, pursuant to the order on this Scheme, be entitled to get the recordal of the change in the legal rights upon the transfer of the Lime Kiln Undertaking, in accordance with the provisions of sections 391 to 394 of the Companies Act. The Transferee Company is and shall always be deemed to have been authorised to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme, pursuant to the sanction of this Scheme by the Court.

3.2.3 Upon this Scheme becoming effective, the Transferee Company, unconditionally and irrevocably, agrees and undertakes to pay, discharge and satisfy liabilities and obligations of the Transferor Company pertaining to the Lime Kiln Undertaking with effect from the Appointed Date, in order to give effect to the foregoing provisions.

3.3 Residual Business

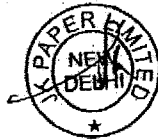
- 3.3.1 The Residual Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company.
- 3.3.2 (i) All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company which relate to the Residual Undertaking under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Residual Undertaking (including those relating to any property, right, power, liability, obligation or duties of the Transferor Company in respect of the Residual Undertaking) shall be continued and enforced by or against the Transferor Company after the Effective Date. The Transferee Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceeding against the Transferor Company, which relate to the Residual Undertaking.
- (ii) If proceedings are taken up against the Transferee Company in respect of the matters referred to in sub-clause (i) above, it shall defend the same in accordance with the advice of the Transferor Company and at the cost of the Transferor Company, and the latter shall reimburse and indemnify the Transferee Company against all liabilities and obligations incurred by the Transferee Company in respect thereof.



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

- (i) the Transferor Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Residual Undertaking for and on its own behalf;
- (ii) all profits accruing to the Transferor Company (including the effect of taxes, if any, thereon) relating to the Residual Undertaking shall, for all purposes, be treated as the profits of the Transferor Company; and
- (iii) all losses arising or incurred by the Transferor Company (including the effect of taxes, if any, thereon) relating to the Residual Undertaking shall, for all purposes, be treated as the losses of the Transferor Company.

3.3.4 All profits pertaining to the Lime Kiln Undertaking, up to and including the Appointed Date, which are recorded in the books of the Transferor Company shall, for all purposes, continue to be treated as the profit of the Transferor Company and shall be retained in the books of the Transferor Company.



PART IV

4 CONSIDERATION AND ACCOUNTING TREATMENT

4.1 Payment of Consideration

4.1.1 Upon this Scheme becoming effective and in consideration of and subsequent to the transfer of the Lime Kiln Undertaking by the Transferor Company to the Transferee Company in terms of Part-III of this Scheme, the Transferee Company shall be liable to pay an amount of Rs. 1,59,00,000 (Indian rupees one crore and fifty nine lakhs) to the Transferor Company, as lump sum purchase consideration.

4.1.2 The lump sum purchase consideration set forth in Clause 4.1.1 is based on the valuation of the Lime Kiln Undertaking approved by the Board of Directors of the Transferor Company and the Transferee Company, based on their independent judgment and after taking into consideration the valuation report of SS Kothari Mehta & Co. dated July 15, 2013. The Transferee Company engaged ICICI Securities Limited as the merchant banker to provide a fairness opinion in this regard, and pursuant to such engagement, ICICI Securities Limited has issued an opinion dated July 17, 2013, stating that the valuation mentioned above is fair. The Board of Directors of the Transferor Company and the Transferee Company based on and relying upon the aforesaid expert advice, and on the basis of their independent evaluation and judgment, have come to the conclusion that the proposed payment of the lump sum purchase consideration in terms of Clause 4.1.1 is fair and reasonable and have approved the same at their respective meetings on July 19, 2013.

4.2 Accounting Treatment

4.2.1 Accounting treatment in the books of the Transferor Company, upon this Scheme becoming effective and upon the arrangement becoming operative:

- (i) The assets and liabilities of the Lime Kiln Undertaking proposed to be transferred to the Transferee Company under this Scheme shall be transferred at the lump sum purchase consideration mentioned in Clause 4.1.
- (ii) The surplus or deficit, if any, arising out of the difference between the book value of net asset of the Lime Kiln Undertaking transferred pursuant to this Scheme and the consideration received under Clause 4.1 in lieu of such transfer shall be set off against the share capital of the Transferor Company, pursuant to which the share capital of the Transferor Company shall be reorganized in terms of Part-V of this Scheme.

4.2.2 Accounting treatment in the books of the Transferee Company, upon this Scheme becoming effective and upon the arrangement becoming operative:

- (i) The Transferee Company shall account for the transactions contemplated in this Scheme at its purchase cost and apportion it appropriately.
- (ii) The loss arising in the books of the Transferee Company, as a result of the diminution in value of the investments made in the Transferor Company by the Transferee Company shall be charged to the statement of profit and loss of the Transferee Company.



- (iii) An amount equivalent to the aforementioned diminution in value of the investments, i.e., Rs. 5,04,36,444 (Indian rupees five crore four lakhs thirty six thousand four hundred and forty four), shall be transferred from the securities premium reserve to the statement of profit and loss.
- 4.2.3 In case of difference in the accounting policy between the Transferor Company and the Transferee Company, the impact of such difference shall be quantified and adjusted to the general reserve account, in the books of the Transferee Company to ensure that the true financial statements of the Transferee Company as on the Appointed Date are prepared on the basis of a consistent accounting policy.
- 4.2.4 This Scheme has been drawn up in compliance with the conditions specified under the tax laws, specifically section 2(42C), and other relevant sections of the IT Act.



PART V

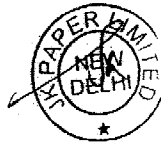
5 REORGANISATION OF SHARE CAPITAL OF TRANSFEROR COMPANY

- 5.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the existing issued, subscribed and paid-up share capital of the Transferor Company shall be reorganised as detailed hereunder, so as to bring it in line with the value of the Residual Undertaking.
- 5.2 The issued, subscribed and paid-up share capital of the Transferor Company of Rs. 4,95,06,000 (Indian rupees four crore ninety five lakhs and six thousand) divided into 49,50,600 equity shares of Rs. 10 (Indian rupees ten) each shall stand reduced to Rs. 1,65,00,000 (Indian rupees one crore and sixty five lakh) divided into 16,50,000 equity shares of Rs. 10 (Indian rupees ten) each, without extinguishment or reduction of liability on the said shares and without any payment of the cancelled value of the said shares to the shareholders of the Transferor Company. Upon this Scheme becoming effective, the existing shareholders of the Transferor Company as on the Record Date shall, pursuant to such reorganisation, receive such number of fully paid-up equity shares in the reorganised paid-up equity share capital of the Transferor Company pro-rated accordingly as against their shareholding in the Transferor Company as on the Record Date.
- 5.3 In case any shareholder's holding in the Transferor Company is such that the shareholder becomes entitled to, upon reorganisation of the share capital of the Transferor Company as contemplated in this Clause 5, a fraction of an equity share of the Transferor Company, then the Board of Directors of the Transferor Company shall round-off such fraction to the nearest whole number, and thereupon shall issue and allot equity shares to such shareholders of the Transferor Company.
- 5.4 All equity shareholders of Transferor Company holding their equity shares in the Transferor Company in dematerialized form, as on the Record Date, shall be issued the equity shares of the Transferor Company in dematerialized form. Each of the remaining equity shareholders of Transferor Company holding their equity shares in the Transferor Company in physical form, as on the Record Date, shall have the option, to be exercised by way of giving a notice to the Transferor Company, on or before such date as may be determined by the Board of Directors of the Transferor Company to receive the new equity shares of Transferor Company, either in physical form or in dematerialized form. In the event such a notice has not been received by the Transferor Company from the aforementioned equity shareholders of Transferor Company holding their shares in physical form by the specified date, the equity shares of Transferor Company shall be issued to such shareholders in physical form. Such equity share certificates (if any) issued by the Transferor Company shall be sent by the Transferor Company to such shareholders at their respective registered addresses, as appearing in the register of members maintained by the Transferor Company as on the Record Date (or in the case of joint shareholders, to the address of that one of the joint shareholders whose name stands first in such register of members in respect of such joint shareholding) and the Transferor Company shall not be responsible for any loss in transit.

In respect of those equity shareholders of Transferor Company exercising the option to receive the equity shares in dematerialized form, such persons shall have opened and be maintaining an account with a depository participant, and shall provide such other confirmation, information and details, as may be required, to the Transferor Company. Such equity shareholders shall be issued the equity shares in the Transferor Company in dematerialized form.



- 5.5 The reorganisation of the share capital of the Transferor Company as contemplated in this Clause 5, resulting in reduction of such share capital, shall be conditional upon this Scheme becoming effective on the Effective Date. If this Scheme is for any reason whatsoever, not sanctioned by the Court, such reorganisation resulting in reduction of share capital shall not become effective.
- 5.6 There being no extinguishment or reduction of liability or payment to the shareholders with respect to such reduced share capital in such reorganisation, the Transferor Company shall not be required to use the words "and reduced" as part of its name as contemplated under section 102(2) and other relevant provisions of the Companies Act.



PART VI

6 GENERAL TERMS AND CONDITIONS

- 6.1 The reduction in the share capital of the Transferor Company as contemplated in Clause 5 and the reduction in the securities premium reserve of the Transferee Company as contemplated in Clause 4.2.2(iii) shall be effected as an integral part of this Scheme in accordance with the provisions of section 78, sections 100 to 103 and any other applicable provisions of the Companies Act and the order of the Court sanctioning this Scheme shall also be deemed to be an order under sections 100 to 102 of the Companies Act confirming the reduction of: (i) share capital of the Transferor Company as contemplated in Clause 5 and (ii) securities premium reserve of the Transferee Company as contemplated in Clause 4.2.2(iii). Neither the reduction of share capital of the Transferor Company nor the reduction of the securities premium reserve of the Transferee Company involves either a diminution of liability in respect of the unpaid share capital or payment to any shareholder of any part of the paid-up share capital, and accordingly the provisions of the section 101 of the Companies Act shall not be applicable to such reductions. The approval of the shareholders and creditors of the Transferor Company and the Transferee Company, as the case may be, accorded for this Scheme shall also constitute approval for reduction of share capital/securities premium reserve in accordance with section 100 of the Companies Act and accordingly no separate approval/consent shall be necessary from such shareholders/creditors. For the purpose of the aforesaid reduction, separate applications under section 100 of the Companies Act may, if required, be filed by the Transferor Company and/or the Transferee Company, as the case may be, before the Court. Such applications for reduction of share capital/securities premium reserve shall be conditional upon the sanction of this Scheme by the Court under sections 391-394 of the Companies Act. If this Scheme is not sanctioned by the Court, the reduction contemplated in Clause 5 and Clause 4.2.2(iii) shall not take effect and shall be deemed to be redundant. The Transferor Company and the Transferee Company shall not be required to add the words "and reduced" as part of their respective names as contemplated under section 102(2) and other relevant provisions of the Companies Act.
- 6.2 Upon this Scheme becoming effective, the accounts of the Transferor Company and Transferee Company as on Appointed Date shall be reconstructed in accordance with the terms of this Scheme. The Transferor Company and the Transferee Company shall be entitled to revise their respective income tax returns, TDS returns, and other statutory returns as may be required under respective statutes pertaining to indirect taxes, such as sales-tax, value added tax, excise duties, service tax etc., and shall also have the right to claim refunds, advance tax credits, credit of tax under section 115JB of the IT Act, credit of tax deducted at source, credit of foreign taxes paid/withheld, etc, if any, as may be required consequent to implementation of this Scheme.
- 6.3 The Transferor Company and the Transferee Company, shall, with all reasonable dispatch, make respective applications to the Court, under sections 391 to 394 and other applicable provisions of the Companies Act, seeking orders for dispensing with or convening, holding and/or conducting of the meetings of the classes of their respective shareholders and/or creditors and for sanctioning this Scheme with such modifications, as may be approved by the Court.
- 6.4 Upon this Scheme being approved by the requisite majority of the shareholders and creditors of the Transferor Company and the Transferee Company, wherever required, each such company shall, with all reasonable dispatch, file their respective petitions before the Court for sanction of this Scheme under sections 391 to 394 and other applicable provisions of the Companies Act, and for such other order or orders, as the Court may deem fit for carrying this Scheme into effect. Upon this Scheme becoming effective, the shareholders of the Transferor Company and the



Transferee Company shall be deemed to have also accorded their approval under all relevant provisions of the Companies Act for giving effect to the provisions contained in this Scheme.

6.5 The effectiveness of this Scheme is conditional upon and subject to:

- (i) this Scheme being approved by the respective requisite majorities of the various classes of shareholders (including by a majority of the public shareholders, i.e., if the votes cast by the public shareholders in favor of this Scheme are more than the number of votes cast by the public shareholders against it) and/or creditors of the Transferee Company and the Transferor Company as required under the Companies Act, and the requisite orders of the Court being obtained; and
- (ii) such certified copies of the Orders of the Court being filed with the Registrar of Companies, Gujarat at Ahmedabad, by the Transferee Company and the Transferor Company, respectively.

The Transferee Company shall comply with the provisions of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013, as modified by SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, while *inter alia* procuring the approval of the public shareholders of the Transferee Company and shall provide for voting by such public shareholders through postal ballot and e-voting. For the purposes of this Clause 6.5, the term 'public' shall have the meaning ascribed to such term under Rule 2 of Securities Contracts (Regulation) Rules, 1957.

6.6 Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred on the Appointed Date and become effective and operative only in the sequence and in the order mentioned hereunder:

- (i) alteration of the objects of the Transferee Company as provided in Clause 2.3;
- (ii) transfer of the Lime Kiln Undertaking from the Transferor Company to the Transferee Company in accordance with Part-III of this Scheme;
- (iii) payment of the lump sum purchase consideration by the Transferee Company to the Transferor Company in terms of Clause 4.1 of this Scheme;
- (iv) reorganisation and reduction of share capital of the Transferor Company in accordance with Part-V of this Scheme;
- (v) issue and allotment of fully paid-up equity shares of the Transferor Company to its shareholders as on the Record Date and in accordance with Clause 5.2; and
- (vi) reduction of securities premium reserve of the Transferee Company in accordance with Clause 4.2.2(iii) of this Scheme.

6.7 After this Scheme is sanctioned but before it becomes effective, the Board of Directors of the Transferor Company shall determine the record date for issue and allotment of fully paid-up equity shares of the Transferor Company to its shareholders, pursuant to the reorganisation of share capital as contemplated in Clause 5, on pro-rata basis and in lieu of and in the place of the fully paid-up equity shares of the Transferor Company held by such shareholders as on such date. On determination of such record date, the Transferor Company shall draw-up a list of its



shareholders as on such record date, and such shareholders shall be entitled to receive fully paid-up equity shares in the Transferor Company as contemplated in Clause 5.2.

- 6.8 The transfer of properties and liabilities to, and the continuance of proceedings by or against the Transferee Company, as envisaged in Part-III shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Appointed Date, and after 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 the Transferor Company in respect thereto as done and executed on behalf of itself.
- 6.9 Though this Scheme shall become effective from the Effective Date, the provisions of this Scheme shall be applicable and come into operation from the Appointed Date.
- 6.10 The Transferee Company and the Transferor Company (acting through their respective Boards of Directors) may assent to any modifications or amendments to this Scheme, which the 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. In case any of the provisions of this Scheme are inconsistent with any accounting standards, the Transferee Company and the Transferor Company (acting through their respective Boards of Directors) may undertake appropriate steps to amend this Scheme to bring it in line with such accounting standards. The Transferee Company and the Transferor Company (acting through its respective Boards of Directors) be and are hereby authorised 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 any orders of the 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. Without prejudice to the generality of the above, the Board of Directors of the Transferee Company shall have the option and shall be entitled to make suitable accounting entries at the time of closing of the books of accounts for the first financial year post the effectiveness of this Scheme as they may deem fit to give effect to the intent herein.
- 6.11 Notwithstanding anything else to the contrary in this Scheme, the Transferee Company and the Transferor Company (acting through its respective Boards of Directors) shall be at liberty to withdraw from this Scheme in case any condition or alteration imposed by the Court or any other authority is not acceptable to them.
- 6.12 All costs, expenses, charges, fees, taxes, duties, levies and all incidental expenses arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and matters incidental thereto shall be borne and paid by the Transferee Company.
- 6.13 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferee Company and the Transferor Company and their respective shareholders and/or creditors, and the terms and conditions of this Scheme, the latter shall prevail.
- 6.14 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 Transferee Company and the Transferor Company (acting through their respective Boards of Directors) shall attempt to bring about appropriate modification to this Scheme, so as to best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part.

