



MUKAND LIMITED

Registered Office : Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400021, Maharashtra.

Corporate Identity Number : L99999MH1937PLC002726

Tel No : 91 22 61216666; **Fax No :** 91 22 22021174

Website : www.mukand.com; **Email :** kjmallya@mukand.com

NOTICE OF TRIBUNAL CONVENED MEETING OF THE UNSECURED CREDITORS (INCLUDING THE DEPOSIT HOLDERS)

Day, Date & Time	:	Wednesday, 16 th August, 2017 at 1.30 p.m.
Venue	:	Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400021

Sr. No.	Contents	Page No.
1.	Notice of Tribunal Convened Meeting of the shareholders of Mukand Limited under the provisions of Sections 230 to 232 and Section 52 and other relevant provisions of the Companies Act, 2013 and any amendments thereto or re-enactments thereof.	2-4
2.	Explanatory Statement under Section 230 of the Companies Act, 2013, read with Section 102 of the Companies Act, 2013.	5-21
3.	Scheme of Arrangement and Amalgamation amongst Mukand Limited, Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors under section 230 to 232 and section 52 and other applicable provisions of Companies Act, 2013.	22-102
4.	Certificate dated 12 th January, 2017 issued by M/s Sanjay & Snehal, Independent Chartered Accountants, certifying the value of assets and liabilities of the Transferred Undertaking as on 31 st December, 2016.	103-106
5.	Entitlement Ratio Report dated 12 th January, 2017 issued by M/s Sharp & Tannan.	107-117
6.	Fairness opinion dated 12 th January, 2017 issued by JM Financial Institutional Securities Limited Merchant Banker (Category I SEBI registered Merchant Banker) for the Share Entitlement Ratio.	118-121
7.	Complaints Reports dated 2 nd March, 2017 submitted to BSE Limited and National Stock Exchange of India Limited.	122-123
8.	Copies of Observation Letter dated 3 rd April, 2017 issued by BSE Limited and dated 31 st March, 2017 and 27 th April, 2017 issued by National Stock Exchange of India Limited.	124-128
9.	Board of Directors Report of Mukand Limited, Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited.	129-134
10.	Pre and Post Scheme of Arrangement Shareholding Pattern of Mukand Limited.	135-140
11.	Proxy Form	141
12.	Attendance Slip	143
13.	Map of the venue of the meetings	144

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH
COMPANY SCHEME APPLICATION NO. 632 OF 2017

In the matter of Companies Act, 2013;

And

In the matter of the Sections 230 to 232 and
Section 52 of the Companies Act, 2013 and other
applicable provisions of the Companies Act,
2013;

And

In the matter of the Scheme of Arrangement
and Amalgamation amongst Mukand Limited
(Transferor Company); Mukand Vijayanagar
Steel Limited (Transferee Company/
Amalgamating Company) and Mukand Alloy
Steels Private Limited (Amalgamated Company)
and their respective shareholders and creditors.

Mukand Limited CIN No.: L99999MH1937PLC002726)
a company incorporated under the Companies Act, 1913)
and having its registered office at Bajaj Bhawan, Jamnalal Bajaj)
Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra.) **Applicant Company**

**NOTICE CONVENING THE MEETING OF UNSECURED CREDITORS (INCLUDING THE DEPOSIT
HOLDERS) OF THE APPLICANT COMPANY**

To,

The Unsecured Creditors (including the deposit holders) of Mukand Limited

Notice is hereby given that by an order dated 20th June, 2017, in the above mentioned Company Scheme Application (the “**Order**”), the National Company Law Tribunal, Mumbai Bench (“**NCLT**” or “**Tribunal**”) has directed that meeting of the unsecured creditors (including the deposit holders) shall be convened for the purpose of considering and if thought fit, approving, with or without modification(s), the proposed composite Scheme of Arrangement and Amalgamation amongst Mukand Limited (“**Mukand**” or “**Transferor Company**”); Mukand Vijayanagar Steel Limited (“**MVSL**” or “**Transferee Company**” or “**Amalgamating Company**”) and Mukand Alloy Steels Private Limited (“**MASPL**” or “**Amalgamated Company**”) and their respective shareholders and creditors (“**Scheme**”).

In pursuance of the said Order and as directed therein, a meeting of the unsecured creditors (including the deposit holders) of Mukand (“**Tribunal Convened Meeting**”) will be held on Wednesday, 16th August, 2017 at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021 at 1.30 p.m., or soon after the conclusion of the meeting of equity shareholders, whichever is later, at which place, day, date and time you are requested to attend to consider and, if thought fit, approve with or without modification(s), the following Resolutions under Sections 230 to 232 and Section 52 and other applicable provisions of the Companies Act, 2013 with requisite majority:

*“**RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and Section 52 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof for the time being in force) as may be applicable and subject to the approval of the National Company Law Tribunal, Mumbai Bench (“**Tribunal**”) and such other approvals, sanctions and permissions of any regulatory or appropriate authorities as may be necessary (“**Appropriate Authorities**”) and subject to such conditions and modifications as may be prescribed or imposed by the Tribunal or Appropriate Authorities while granting such consents, approvals, and permissions, the Scheme of Arrangement and Amalgamation amongst Mukand Limited;*

Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors including the utilisation of the securities premium account for the adjustment of the accumulated debit balance of the profit and loss account of the sum of ₹ 199.31 Crores (“Scheme”) placed before the meeting be and is hereby approved.”

“RESOLVED FURTHER THAT *for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of Mukand Limited (hereinafter referred to as the “Board”, which term shall be deemed to mean and include any of its committee(s) or any person(s) which the Board may nominate or constitute to exercise its powers, including the powers conferred under this resolution), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, including settling of any questions or difficulties arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any matter whatsoever connected therewith, and if necessary, to waive any of those, and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect or to carry out such modifications/directions as may be required and/or imposed and/or permitted by the Tribunal while sanctioning the Scheme, or by any Appropriate Authorities.”*

Persons entitled to attend and vote at the said meeting, may vote in person or by proxy or through authorized representative, provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the registered office of Mukand, at Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021, Maharashtra, not later than 48 (forty eight) hours before the scheduled time of the commencement of the aforesaid meeting. Form of proxy can also be obtained from the registered office of the Company.

It is further clarified that proxies can only vote on poll at the meeting and not through any other mode. The above mentioned Scheme, if approved by the meeting, will be subject to the subsequent approval of the Tribunal. The Tribunal, vide the Order, has appointed Niraj Bajaj, Chairman & Managing Director of the Applicant Company, failing him, Rajesh V. Shah, Co-Chairman & Managing Director of the Applicant Company, failing him, Suketu V. Shah, Joint Managing Director of the Applicant Company, failing him, Dhirajlal S. Mehta, Director of the Applicant Company, and failing him, Prakash V. Mehta, Director of the Applicant Company to be the Chairman of the said meeting or of any adjournment(s) thereof.

A copy of the Scheme, the Explanatory Statement under Section 230 and Section 102 of the Companies Act, 2013 (“Act” or “2013 Act”) read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016, observation letter issued by BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”), Entitlement Ratio Report, CA Certificate, Fairness Opinion, Complaint’s Report, pre-Scheme and post-Scheme shareholding pattern of Mukand, Form of Proxy and Attendance Slip are enclosed herewith.

Sd/-
Niraj Bajaj
Chairman appointed for the Meeting
(DIN:00028261)

Dated this 4th day of July, 2017

Place: Mumbai

Registered Office: Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra.

Notes:

1. All alterations made in the Form of Proxy should be initialed. The Proxy Form duly filled in must be deposited at the Registered Office of Mukand not less than 48 (forty eight) hours before the scheduled time for commencement of the Meeting.
2. The quorum of the meeting of the unsecured creditors shall be 5(five) unsecured creditors (including the deposit holders) (together referred to as “the unsecured creditors”) present in person.
3. **Only the unsecured creditors of Mukand may attend and vote (either in person or by proxy or by authorized representative of a body corporate as per Section 113 of the Companies Act, 2013) (“Act” or “2013 Act”) at the Tribunal convened meeting of the unsecured creditors and such a proxy need not be an unsecured creditor of the Applicant Company.** The authorized representative of a body corporate which is an unsecured creditor of Mukand may attend and vote at the meeting of the unsecured creditors provided a certified copy of the resolution of the board of directors or other governing body of the body corporate authorizing such representative to attend and vote at the unsecured creditors’ meeting as required under Section 113 of the Companies Act, 2013, is deposited at the Registered Office of Mukand not later than 48 (forty eight) hours before the scheduled time for commencement of the meeting.
4. The unsecured creditors attending the meeting are requested to bring a copy of the notice of the meeting, and produce it at the entrance of the meeting venue, along with duly filled signed attendance slip.
5. The Notice is being sent to all the unsecured creditors, whose names appeared in the books of account as on 31st May, 2017. This notice of the Tribunal Convened Meeting of the unsecured creditors (including deposit holders) of Mukand is also displayed/posted on the website of Mukand. i.e. www.mukand.com.
6. The Notice convening the aforesaid meeting will be published through advertisement in The Free Press Journal (Mumbai edition) in English language and translation thereof in Navshakti (Mumbai edition) in Marathi language, having wide circulation in the district where the registered office of Mukand is situated.
7. As directed by the Tribunal, Anant Khamankar, Practising Company Secretary (ICSI Membership No. FCS No. 3198 CP No. 1860) has been appointed as the Scrutinizer to conduct the voting at the meeting in a fair and transparent manner. The Scrutiniser will submit a report on votes cast to the Chairman of the meeting.
8. The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.mukand.com within 2 (two) days of the Tribunal Convened Meeting and shall be immediately communicated to the BSE Limited and National Stock Exchange of India Limited.
9. The queries, if any, related to the Scheme should be sent to Mukand in the name of Company Secretary at the Registered Office of Mukand or addressed at its e-mail address investors@mukand.com in such a way that Mukand will receive the same at least 7 (seven) days before the meeting.
10. The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the unsecured creditors at the Registered Office of the Applicant Company on all working days(except Saturdays, Sundays and Public Holidays) between 10.30 a.m. to 12.30 p.m. upto one day prior to the date of the meeting.
11. The unsecured creditors as per the books of account as on 31st May, 2017 will be entitled to exercise their right to vote at the above meeting.
12. Route Map of the venue of the meeting is given at the end of the Explanatory Statement.

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH
COMPANY SCHEME APPLICATION NO. 632 OF 2017

In the matter of Companies Act, 2013;

And

In the matter of the Sections 230 to 232 and section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013;

And

In the matter of the Scheme of Arrangement and Amalgamation amongst Mukand Limited (Transferor Company); Mukand Vijayanagar Steel Limited (Transferee Company/ Amalgamating Company) and Mukand Alloy Steels Private Limited (Amalgamated Company) and their respective shareholders and creditors.

Mukand Limited CIN No.: L99999MH1937PLC002726)
a company incorporated under the Companies Act, 1913,)
and having its registered office at Bajaj Bhawan, Jamnalal Bajaj)
Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra.) **Applicant Company**

EXPLANATORY STATEMENT UNDER SECTION 230 AND SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE UNSECURED CREDITORS (INCLUDING DEPOSIT HOLDERS) OF MUKAND LIMITED

1. Pursuant to an order dated 20th June, 2017, passed by the National Company Law Tribunal, Mumbai Bench, in the Company Scheme Application No. 632 of 2017 referred to hereinabove (“**Order**”), a meeting (“**Tribunal Convened Meeting**”) of the unsecured creditors (including deposit holders) (together hereinafter referred to as “**unsecured creditors**”) of Mukand Limited is being convened on Wednesday, 16th August, 2017, at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021 at 1.30 p.m. for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Arrangement and Amalgamation amongst Mukand Limited (“**Transferor Company**” or “**Mukand**”), Mukand Vijayanagar Steel Limited (“**Transferee Company**” or “**Amalgamating Company**” or “**MVSL**”) and Mukand Alloy Steels Private Limited (“**Amalgamated Company**” or “**MASPL**”) and their respective shareholders and creditors (the “**Scheme**”) pursuant to Sections 230 to 232 and section 52 of the Companies Act, 2013, and other relevant provisions of the Act.
2. The Scheme provides for (1) the slump sale of the alloy steel rolling and finishing business into long round products and the marketing of alloy steel products including (i) 3 rolling mills (wire rod mill, bar mill and blooming mill) and alloy steel heat treatment and finishing facilities located at Dighe, Thane, (excluding the buildings and underlying land) and (ii) plot of 52.8 acres of land in Karnataka (“**Transferred Undertaking**”) of the Transferor Company to the Transferee Company, on a going concern basis (“**Slump Sale**”) with effect from January 1, 2017 (“**Appointed Date**”); and thereafter (2) the subsequent amalgamation of and vesting of the Amalgamating Company into the Amalgamated Company, on a going concern basis, in accordance with Section 2(1B) of the Income Tax Act, 1961, also with effect from the Appointed Date (“**Amalgamation**”).

3. BACKGROUND OF THE COMPANIES

3.1. Mukand - Applicant Company/Transferor Company

3.1.1 Corporate Details of Mukand

Particulars	Details
Corporate Identification Number (CIN)	L99999MH1937PLC002726
Permanent Account Number (PAN)	AAACM5008R
Date of Incorporation	November 29, 1937 under the provisions of the Companies Act, 1913.
Type of Company	Listed Public Limited Company. The equity and preference shares are listed on the BSE Limited and the National Stock Exchange of India Limited.
Registered Office address	Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra.
Details of change of name, Registered Office and objects of the Company during the last five years	The Company was incorporated in the name of 'Mukand Iron & Steel Works Limited' and changed to present name with effect from March 23, 1989. Not undergone change in registered office or objects in the last 5 years.
E-mail address	investors@mukand.com
Relationship with the parties to the Scheme	Mukand is the holding company of both MVSL and MASPL.

3.1.2 Share Capital of Mukand

3.1.2.1 The share capital of Mukand as of January 1, 2017 is as under :

Particulars	Amount (`)
Authorised Share Capital	
15,30,00,000 Equity Shares of ` 10/- each	153,00,00,000
70,00,000 Cumulative Redeemable Preference Shares of ` 10/- each	7,00,00,000
Total	160,00,00,000
Issued Share Capital	Amount (`)
14,62,73,934* Equity Shares of ` 10/- each	146,27,39,340
<i>*includes equity shares kept in abeyance by the stock exchanges</i>	
56,26,320 0.01% Cumulative Redeemable Preference Shares of ` 10/- each	5,62,63,200
Total	151,90,02,540
Subscribed and Fully Paid Up Share Capital	
14,14,05,861 Equity Shares of ` 10/- each	141,40,58,610
56,26,320 0.01% Cumulative Redeemable Preference Shares of ` 10/- each	5,62,63,200
Add: Forfeited shares (amounts originally paid up)	1,15,597
Total	147,04,37,407

3.1.3 Business and objects of Mukand

3.1.3.1 Mukand is a multi-product, multi-division company involved in the manufacture of i) speciality alloy steels blooms / billets at Ginigera, Koppal District, Karnataka, ii) stainless steel finished products at Dighe, Thane, iii) rolling & finishing of alloy steel blooms / billets into bars & rods and iv) industrial machinery at Dighe, Thane District, Maharashtra. Mukand is a supplier of alloy steels, mainly to the automobile and auto component industry. The Residual Undertaking shall

mean business & operations of alloy steel blooms / billets and bars at Ginigera, Karnataka and underlying land and buildings at Ginigera, Karnataka, stainless steel and industrial machinery at Dighe, Thane and the underlying land and buildings at Dighe, Thane.

3.1.3.2 The principal main objects, as stated in the Memorandum of Association, are set out hereunder:

- i. To carry on the trades or business of iron masters, steel makers, steel converters, rolled steel makers, miners, smelters, engineers, tinplate makers and iron founders in all their respective branches and manufacturers of all sorts of bars, rods and other sections, sheets and plates, wires and wire products of iron, steel and other metals.
- ii. To carry on the business of electrician, electrical engineers, and contractors and manufacturers, workers and dealers in electricity motive power and light and any business in which the application of electricity or any like power or any power that can be used as substitute therefore or is or may be useful, convenient or ornamental or any other business of a like nature.
- iii. To manufacture, fabricate, assemble and deal in all kinds of goods from iron and steel or any kind of alloy of ferrous as well as non-ferrous metals such as utensils, household appliances, clinical appliances, other household goods, machinery, plant, equipment, machine parts, tools, nuts, bolts, implements and the like.

3.1.3.3 The Board of Directors of Mukand in furtherance to the business restructuring exercise to unlock shareholder value by creating stand-alone companies and to attract strategic partners and investors have approved a Scheme of Arrangement and Amalgamation between Mukand and its wholly owned subsidiaries with respect to the transfer of the industrial machinery business on 27th March 2017 separate and independent from the present scheme.

3.1.3.4. Mukand, Sumitomo Corporation, Japan (“SC”) and MASPL has entered into a Share Subscription and Shareholders’ Agreement (“SSHA”) on March 30, 2017. Mukand proposes to induct SC as a JV Partner for the Alloy Steel Rolling and Finishing Business after completion of condition precedent, receipt of applicable regulatory approvals including the approval and sanction of the scheme by NCLT. Upon such investment, Mukand shall hold 51% and Sumitomo shall hold 49% of MASPL. Further, it may be noted that after SSHA was signed on 30th March 2017, Mukand made a disclosure to the stock exchanges under the applicable Listing Regulations and SEBI Circular CIR/CFD/CMD/4/2015 dated September 9, 2015 announcing the said joint venture.

3.2 MVSL (“Transferee Company” or “Amalgamating Company”).

3.2.1 Corporate Details of MVSL

Particulars	Details
Corporate Identification Number (CIN)	U85110MH1995PLC235609
Permanent Account Number (PAN)	AABCM2891F
Date of Incorporation	September 8, 1995
Type of Company	Unlisted Public Limited Company
Registered Office address	Bajaj Bhawan, 3 rd Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra.
Details of change of name, Registered Office and objects of the Company during the last five years	The Registered office of the Company was shifted from Bangalore, Karnataka to Mumbai, Maharashtra on 26 th September, 2012.
E-mail address	mvsl@mukand.com
Relationship with the parties to the Scheme	MVSL is the wholly owned subsidiary of Mukand

3.2.2 Share Capital of MVSL

3.2.2.1 The share capital of MVSL as of January 1, 2017 is as under:

Particulars	Amount (`)
Authorised Share Capital	
75,00,000 Equity Shares of ` 10/- each	7,50,00,000
Total	7,50,00,000
Issued, Subscribed and Fully Paid-up Share Capital	
70,66,243 Equity Shares of ` 10/- each	7,06,62,430
Total	7,06,62,430

Mukand individually and jointly along with other individuals holds the entire equity share capital of MVSL as of December 31, 2016. The pre scheme shareholding pattern of MVSL as on 31st December, 2016 is as under:

Sr. No.	Name of the Shareholder(s)	No. of Shares held	% to paid up Share Capital
1	Mukand Limited	70,66,237	99.99992%
2	Mukand Limited J/w P. V. Asher	1	0.00001%
3	Mukand Limited J/w P. R. Dhruva	1	0.00001%
4	Mukand Limited J/w K. J. Mallya	1	0.00001%
5	Mukand Limited J/w J. S. Shrivastav	1	0.00001%
6	Mukand Limited J/w S. B. Jhaveri	1	0.00001%
7	Mukand Limited J/w U. V. Joshi	1	0.00001%
	Total	70,66,243	100%

3.2.3 Business and objects of MVSL

3.2.3.1 MVSL has been incorporated inter alia for manufacture of alloy steel bars, rods, structurals, rails, etc. MVSL was incorporated with a view to commission a steel plant in Karnataka. However, due to various reasons (including changes in licensing policies for setting up of steel plant coupled with recession in steel sector), the aforesaid project was abandoned by MVSL during the financial year 2003-04. MVSL as on date is a wholly owned subsidiary of Mukand. Since then MVSL has been exploring various opportunities in the steel sector for pursuing its objectives. As of date, MVSL does not have any operating activities.

3.2.3.2 The main objects, *inter alia*, as stated in the Memorandum of Association of MVSL, are set out as under. MVSL has not changed its object clause since its incorporation:

- To set up iron, Steel, including Stainless and Special Steel and non-ferrous metals making facilities, including melting, casting, hot/cold rolling, forging and pressing plants and galvanised coating plants for producing ferrous and non-ferrous metals in all kinds of shapes, sizes and specifications, including but not limited to mild steel, alloy steel, torr steel, stainless steel, duplex steel, copper, aluminium, zinc in all shapes and sizes of ingots, slabs, blooms, billets etc. as well as rolled/forged/pressed sections, like flats, angles, rounds, squares, rails, joists, slabs, channels, beams, strips, coils, sheets, plates deformed bars, plain and cold twisted bars and shaftings and other pressed and rolled sections.
- To carry on business of manufacturers, processors, refiners, smelters, converters, coaters and finishers for all kinds of steel and shapes including tool and alloy steels, stainless steel, special steel, iron and other metals and alloys etc. and non-ferrous metals of all shapes, all kinds of goods, products, articles, and merchandise whatsoever manufactured partly from steel and other metals and alloys.

3.3 MASPL (“Amalgamated Company”)

3.3.1 Corporate Details of MASPL

Particulars	Details
Corporate Identification Number (CIN)	U27310MH2015PTC260936
Permanent Account Number (PAN)	AAJCM5569J
Date of Incorporation	January 15, 2015
Type of Company	Unlisted Private Limited Company
Registered Office address	Flat no. 11, 7 West Wing, Shah House, JankiKutir, Juhu Tara Road, Vile Parle (W), Mumbai - 400049 Maharashtra.
Details of change of name, Registered Office and objects of the Company during the last five years	Not undergone any changes.
E-mail address	maspl@mukand.com
Relationship with the parties to the Scheme	MASPL is the wholly owned subsidiary of Mukand.

3.3.2 Share Capital of MASPL

3.3.2.1 The share capital of MASPL as of January 1, 2017 is as under

Particulars	Amount (`)
Authorised Share Capital	
10,000 Equity Shares of ` 10/- each	1,00,000
Total	1,00,000
Issued, Subscribed and Fully Paid-up Share Capital	
10,000 Equity Shares of ` 10/- each	1,00,000
Total	1,00,000

Mukand individually and jointly along with other individuals holds the entire equity share capital of MASPL as of 31st December, 2016. The pre scheme shareholding pattern of MASPL as on 31st December, 2016 is as under:

Sr. No.	Name of the Shareholder(s)	No. of Shares held	% to paid up Share Capital
1	Mukand Limited	9,800	98%
2	Arvind M. Kulkarni J/w Mukand Limited	100	1%
3	Umesh V. Joshi J/w Mukand Limited	100	1%
	Total	10,000	100%

3.3.3 Business and objects of MASPL

3.3.3.1 MASPL has been incorporated in order to take over and carry on, *inter alia*, the alloy steel business of the parent company viz., Mukand Limited. Although the shareholders of Mukand had earlier in the year 2015 approved transfer of alloy steel business as a going concern on slump sale basis under a business transfer agreement to MASPL, the agreement could not be consummated for want of certain consents / approvals.

3.3.3.2. The main objects of MASPL, in the Memorandum of Association, are *inter alia* as under. MASPL has not changed its object clause since incorporation:

To produce, manufacture, purchase, refine, prepare, import, export, sell and generally to deal in iron and steel in all forms, and/or bye products thereof; to carry on the trades or business of iron masters, steel makers, steel converters, rolled steel makers, miners, smelters, engineers, tinplate makers and iron founders in all their respective branches and manufacturers of all sorts of bars, rods, blooms, billets and other sections, sheets and plates, wires and wire products of iron, steel,

alloy steel and other metals; to carry on the business of processing, manufacturing and sales of special and alloy steel products and involve all downstream operations for the processing and manufacturing of special and alloy steel and *inter alia* cover processes of heating, casting, normalizing, annealing (soft/ spheroidized/ solution), drawing, peeling, grinding, pickling, coating and/or any other process in connection therewith.

4. RATIONALE OF THE SCHEME AND BENEFITS TO COMPANY, MEMBERS, CREDITORS AND OTHERS

The Scheme is expected to enable better realisation of potential of the businesses and yield beneficial results and enhanced value creation for the companies, their respective shareholders, lenders and employees. The rationale for the Scheme is set out below:

- (i) Each of the varied businesses being carried on by Mukand including alloy steel, stainless steel and industrial machinery division has potential for sustainable profitable growth and is also capable of attracting a different set of investors, strategic partners and knowhow providers to scale up the size and operations. Additionally, in order to enable investors to choose the business of their liking and priority of portfolio in the event of such a possibility arising, Mukand proposes to reorganize and segregate its alloy steel rolling & finishing business (more particularly defined as 'Transferred Business' below) into a separate company.
- (ii) Each business vertical gets the requisite management focus and autonomy to pursue the possibilities of expansion and growth. It can be managed more efficiently leading to better returns.
- (iii) The proposed arrangement would result in greater economies of scale and will provide a larger and stronger base for potential future growth.
- (iv) The Arrangement and Amalgamation will result in simplification of the corporate structure of the Mukand Group Companies.
- (v) The Arrangement and Amalgamation will also facilitate in retirement of debt.
- (vi) The amalgamated company would be able to better leverage on its large net worth base and have enhanced business potential.
- (vii) The Arrangement and Amalgamation will bring about simplicity in working, reduction in various statutory and regulatory compliances and related costs, reduction in operational and administrative expenses and overheads, better cost and operational efficiencies and it will also result in coordinated optimum utilization of resources.

The creditors of Mukand will not be prejudiced by the Scheme. The financial position of Mukand will not be adversely affected by the Scheme. Mukand will be able to meet and pay its debts as and when they become due in the ordinary course of business. As stated above the Scheme will result in early retirement of debt of the Applicant Company. The Scheme does not contemplate compromise or reduction of any outstanding dues of the creditors. The liabilities of the Transferred Undertaking shall be taken over by MASPL. The impact of the Scheme on the employees and deposit holders of Mukand is stated in paragraph 9 below. There will be no impact of the Scheme on the secured creditors. The assets of the Transferred Undertaking shall be transferred subject to the existing charges except for the plant and machinery at Dighe which shall stand released.

5. SALIENT FEATURES OF THE SCHEME

The salient features of the Scheme are as follows:

5.1 Key Definitions

“Amalgamation” means the amalgamation of Amalgamating Company with Amalgamated Company in accordance with Section 2(1B) of the Income Tax Act, 1961, in terms of Part IV of the Scheme;

“Appointed Date” means January 01, 2017 or such other date as may be directed by the NCLT to be operative and effective;

“Arrangement and Amalgamation” means the restructuring contemplated by the Scheme including (i) the Slump Sale in terms of Part III of the Scheme and (ii) Amalgamation (post the Slump Sale) in terms of Part IV of the Scheme;

“Effective Date” shall mean the date on which the last of all the conditions and matters referred to in clause 37 of the Scheme have been fulfilled, obtained or waived. It is clarified that the Slump Sale and Amalgamation as mentioned in Part III and Part IV of the Scheme shall be deemed to be effective from the Appointed Date in terms of the provisions of Section 232(6) of the 2013 Act. References in this Scheme to date of ‘upon this Scheme becoming effective’ or ‘upon this Scheme coming into effect’ shall mean the Effective Date;

“Goodwill having underlying intangible assets” means such portion of goodwill, recorded in terms of Part IV of the Scheme upon Amalgamation, in the books of the Amalgamated Company, which either represents or is identified with or is allocable to assets representing intangible assets of the Amalgamating Company but not recorded as yet in the books of Amalgamating Company;

“Residual Goodwill” means the total goodwill as recorded by the Amalgamated Company in terms of Part IV of the Scheme upon Amalgamation as reduced by the amount of Goodwill having underlying intangible assets;

“Residual Undertaking of the Transferor Company” shall mean all the assets, liabilities, business and operations (including stainless steel and industrial machinery) of the Transferor Company other than the Transferred Undertaking. It is clarified that the alloy steel blooms / billets and bars operations at Ginigera, Karnataka and the underlying land and building at Dighe, Thane, shall also remain part of the Residual Undertaking of the Transferor Company;

“Slump Sale” means the transfer and vesting of the Transferred Undertaking of the Transferor Company into the Transferee Company on a going concern and “as-is-where-is” basis for a lump sum consideration, without values being assigned to the individual assets and liabilities in terms of Section 2(42C) of the Income Tax Act, 1961 and to be implemented in terms of Part III of the Scheme;

“Transferred Business” shall mean the alloy steel rolling (wire rod mill, bar mill and blooming mill), heat treatment and finishing business into long round products and the marketing of alloy steel products. It is clarified that the Transferred Business shall not include the existing alloy steel blooms / billets and bars operations at Ginigera, Karnataka and the underlying land and building at Dighe, Thane;

“Transferred Undertaking” shall mean the Transferred Business of the Transferor Company which shall be transferred to the Transferee Company by the Transferor Company upon Slump Sale in terms of Part III of this Scheme on a going concern basis including, inter alia, all the assets and liabilities which relate to the Transferred Business, as more particularly defined in clause 1.1 of the Scheme.

Slump Sale and Adjustment of Securities Premium Account– Part III

5.2 The Slump Sale of the Transferred Undertaking

The Slump Sale entails:

- a) The transfer of the Transferred Undertaking from the Transferor Company to the Transferee Company and vesting of the same in the Transferee Company with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 subject to existing Encumbrances or lispendens, if any, thereon, (save and except the Encumbrance existing over the plant and machinery situated at Dighe, Thane) in the manner as provided in Part III of the Scheme. It is clarified that the Encumbrance existing over the plant and machinery situated at Dighe, Thane shall stand released from Mukand immediately on the Scheme becoming effective and will be given as security to the respective lenders by MASPL.
- b) The transfer of assets, contracts, intellectual property and rights and debts, liabilities, duties, and obligations relating to the Transferred Undertaking in the manner and mode as set out in detail in the Scheme from the Transferor Company to the Transferee Company.
- c) The transfer of all employees relating to the Transferred Undertaking and legal proceedings by or against the Transferor Company to the Transferee Company.

5.3 Consideration for Slump Sale

Upon the Scheme coming into effect and upon transfer and vesting of the Transferred Undertaking of the Transferor Company into the Transferee Company pursuant to the Slump Sale as stated herein, the lump sum consideration of INR 227 Crores (Rupees Two Hundred and Twenty Seven Crores) shall be payable in

cash by the Transferee Company to the Transferor Company. The consideration of INR 227 Crores shall be discharged within 6 months from the Effective Date or such other date and terms as determined by the Boards of Directors.

The value of the consideration is certified by the certificate dated January 12, 2017 issued by M/s Sanjay & Snehal, Independent Chartered Accountants, certifying the value of assets and liabilities of the Transferred Undertaking as on December 31, 2016 (“CA Certificate”).

5.4 Adjustment of the Securities Premium Account

Upon the Scheme coming into effect, the accumulated debit balance in the Statement of Profit and Loss of the Transferor Company as on December 31, 2016 shall be adjusted with the existing balance in the Securities Premium Account as at 31st December, 2016.

The reduction in the Securities Premium Account of the Transferor Company, as mentioned in Clause 15.2 of the Scheme, shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 read with Section 230 of the 2013 Act. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

- 5.5.** The consent / approval given by the shareholders of the Transferor Company to the Scheme, shall also be deemed as the consent of the members of the Transferor Company, as the case may be, under Section 180(1)(a) of the Companies Act 2013.

Amalgamation of Amalgamating Company with Amalgamated Company – Part IV

The Amalgamation entails:

- a) The Amalgamating Company shall stand merged with and be vested in the Amalgamated Company, as a going concern in accordance with Section 2(1B) of the Income Tax Act, 1961 without any further act, instrument, deed, matter or thing but subject to existing Encumbrances affecting the same, so as to become, as and from the Appointed Date the undertakings, businesses, properties and other belongings, of the Amalgamated Company by virtue of and in the manner provided in this Scheme;
- b) The transfer of assets, contracts, intellectual property and rights and debts, liabilities, duties, and obligations of the Amalgamating Company including the Transferred Undertaking in the manner and mode as set out in detail in the Scheme from the Amalgamating Company to the Amalgamated Company;
- c) The transfer of all employees of the Amalgamating Company and legal proceedings by or against the Amalgamating Company to the Amalgamated Company.

5.6 Consideration for Amalgamation

- a) Upon coming into effect of this Scheme as consideration for the Amalgamation of Amalgamating Company into the Amalgamated Company under this Scheme, the Amalgamated Company shall without any further act or deed issue and allot equity shares to the shareholders of the Amalgamating Company (i.e. The Transferor Company), as per the Share Entitlement Ratio of 3:1 i.e. for every 1 (One) fully paid equity share of face value of ` 10 each held by such shareholder in Amalgamating Company, the holders thereof shall receive 3 (Three) fully paid up equity shares of Amalgamated Company of face value of ` 10 each, ranking *pari passu* in all respects with the existing equity shares of Amalgamated Company.
- b) The Share Entitlement Ratio is based on the valuation report issued by M/s Sharp & Tannan, an independent Chartered Accountant dated 12th January, 2017 (“**Entitlement Ratio Report**”). The fairness opinion dated 12th January, 2017 with respect to the Share Entitlement Ratio is issued by JM Financial Institutional Securities Ltd. an independent merchant banker.
- c) The Share Entitlement Ratio mentioned above has been approved by the audit committee of the Transferor Company and the Board of Directors of the Transferor Company, the Amalgamating Company and the Amalgamated Company.
- d) The equity shares issued and allotted pursuant to the Scheme, shall in all respects, be subject to the Memorandum and Articles of Association of the Amalgamated Company and shall rank *pari passu* with the existing equity shares of the Amalgamated Company.

- e) The issue and allotment of the equity shares pursuant to the Scheme in the Amalgamated Company to the shareholders of the Amalgamating Company as provided in the Scheme, shall be deemed to have been carried out as if the procedure laid down under Section 62 (1) (c) of the 2013 Act and any other applicable provisions of the Act or any amendments thereto were duly complied with.

5.7 Dissolution of the Amalgamating Company

On the Scheme becoming effective, the Amalgamating Company shall without any further act, instrument or deed stand dissolved without being wound-up.

5.8 Adjustment of Securities Premium Account

- a) Upon the Scheme becoming effective, (i) the amount of Residual Goodwill and (ii) accumulated debit balance in the Statement of Profit and Loss of the Amalgamated Company as on Appointed Date, shall be adjusted against the balance in its Securities Premium Account arising pursuant to the Amalgamation in accordance with clause 32.4 of the Scheme.
- b) The reduction in the Securities Premium Account of the Amalgamated Company, shall be effected as an integral part of the Scheme in accordance with provisions of sections 230 to 232 read with section 52 and Section 230 of the 2013 Act. The reduction of securities premium account as aforesaid would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

5.9 Conditions of the Scheme

The Scheme is conditional upon and subject to:

- a. The Scheme being approved by the respective requisite majorities of the various classes of shareholders and/or creditors, as applicable, of Mukand, MVSL and MASPL as required under Companies Act 2013, as may be directed by the National Company Law Tribunal, Mumbai Bench;
- b. Such other approvals and sanctions including sanction of any Appropriate Authority, as may be required by law or contract in respect of the Scheme;
- c. The sanction accorded to the Scheme by the National Company Law Tribunal, Mumbai Bench; and if any modifications have been prescribed the same being acceptable to Mukand, MVSL and MASPL; and
- d. Such certified/authenticated copy of the sanctioned order being filed with the concerned Registrar of Companies.

5.10 Operational sequence of the Scheme

Upon the sanction of the Scheme and it becoming effective, the different transactions envisaged under the Scheme shall be operative in the following sequence:

- a) Slump Sale of Transferred Undertaking of Transferor Company to Transferee Company;
 - b) Amalgamation of Amalgamating Company with Amalgamated Company.
- 5.11 The Scheme also entails consolidation of authorized share capital of the Amalgamating Company with the Amalgamated Company. All costs, charges and expenses (including, but not limited to, any taxes and duties, stamp duty, registration charges, etc.) payable in relation to or in connection with the Scheme and of carrying out and completing the terms and provisions of the Scheme and/or incidental to the completion of the Scheme shall be borne and paid solely by MASPL.
- 5.12. The accumulated debit balance in the Statement of Profit and Loss of the Transferor Company as on December 31, 2016 i.e. ₹ 199.31 Crores shall be adjusted with the existing balance in the Securities Premium Account as at 31st December, 2016. The reduction in the Securities Premium Account of the Transferor Company, as mentioned in Clause 15.2 of the Scheme, shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 read with Section 230 of the 2013 Act. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the key provisions of the Scheme.

6. Approvals and supporting documents

6.1 Board of Directors approval

- a. The Board of Directors of Mukand, at their meeting dated January 12, 2017 took into account the CA Certificate dated January 12, 2017 issued by M/s Sanjay & Snehal, Entitlement Ratio Report dated January 12, 2017 issued by M/s Sharp & Tannan, Fairness Opinion dated January 12, 2017, issued by JM Financial Institutional Securities Limited, Merchant Banker (Category I SEBI registered Merchant Banker) (“Fairness Opinion”) and the recommendation of the Audit Committee of the Applicant Company. Based on these documents and after considering the Scheme, the Board of Directors of Mukand had, at its meeting held on January 12, 2017, approved the Scheme. As disclosed in paragraph 6.3 hereinbelow, the Scheme has been modified in terms of the SEBI directions dated 31st March 2017 issued through the National Stock Exchange of India Ltd. In compliance with provisions of Section 232(2)(c) of the Act, the Board of Directors have adopted a report inter-alia explaining the effect of the Scheme on each class of shareholders, promoters and non-promoter shareholders and key managerial personnel amongst others. Copy of the report adopted by the Board of Directors is annexed at Annexure 9.
- b. The Boards of Directors of MVSL and MASPL has, at its meetings held on January 12, 2017 also approved the Scheme after taking into consideration the relevant reports and certificates.
- c. Summary of valuation report including basis of valuation is enclosed as under:
 - I. Slump Sale –CA Certificate obtained from M/s Sanjay & Snehal, Chartered Accountants, dated 12th January, 2017 certifying the value of the Transferred Undertaking as on the Appointed Date based on NAV method at INR 227 Crs.
 - II. Amalgamation – Summary of valuation report obtained from M/s Sharp & Tannan, Chartered Accountants, is as under:
 - i. Net Assets Value method under cost approach for equity valuation of MASPL.
 - ii. DCF Method under Income Approach and Comparable Company Method under the Market Approach for equity valuation of MVSL.
 - iii. The Valuation summary of MASPL and MVSL based on the aforesaid methods of valuations, as given in the valuation report is:

3 (three) equity shares of face value of INR 10/- each of MASPL, for every 1 (one) equity share of face value of INR 10/- each held in MVSL.
 - III. Fairness Opinion obtained from JM Financial Institutional Securities Limited, Category I - SEBI registered merchant banker:

Fairness Opinion obtained on Valuation Report on Share Entitlement Ratio for the amalgamation of MVSL (post Slump Sale) into MASPL. The share entitlement ratio of 3:1 i.e., 3 equity shares of MASPL of INR 10/- each for every 1 equity share of MVSL of INR 10/- each to the equity shareholders of MVSL for amalgamation of MVSL with MASPL is fair since the shareholder of MASPL will remain the same post the Amalgamation.
 - IV. The above reports are available for inspection at the registered office of the Applicant Company.

- 6.2 In accordance with the provisions of SEBI circular bearing No. CIR/CFD/CMD/16/2015 dated November 30, 2015 (“SEBI Circular”), the Audit Committee of the Applicant Company on January 12, 2017 recommended the Scheme to the Board of Directors of the Applicant Company inter-alia, taking into account CA Certificate, the Entitlement Ratio Report and Fairness Opinion. On the basis of its evaluation and independent judgment, the Audit Committee has approved and recommended the Scheme to the Board of Directors of the Applicant Company.

- 6.3. Mukand has received observation letters regarding the Scheme from BSE Limited (“BSE”) on April 3, 2017 and from National Stock Exchange of India Limited (“NSE”) on April 27, 2017 in substitution of the objection letter received on March 31, 2017. BSE by the observation letter dated April 3, 2017 has conveyed that they have no adverse observation and NSE has by their revised observation letter dated April 27, 2017 conveyed their no objection in terms of regulation 94 of SEBI (LODR) Regulations 2015. However, NSE has directed Mukand that pursuant to the directions of SEBI conveyed to NSE by SEBI’s letter dated March 31, 2017, Mukand is directed to ensure that information provided by Mukand to NSE by the letters dated March 7, 2017 and March 16, 2017 pertaining to Naresh Chandra Sharma, an independent director of the Company be disclosed in the Scheme under the heading ‘Action taken by SEBI/RBI’. Accordingly, Mukand modified the Scheme by inserting paragraph 46 to the Scheme and refiled the same with the NCLT.
- 6.4. As required by the SEBI Circular, Mukand has filed the Complaints Report with BSE Limited and National Stock Exchange of India Limited on March 2, 2017. This report indicates that Mukand received nil complaints.
- 6.5. The certificates issued by the respective Auditors of Mukand, MVSL and MASPL to the effect that the accounting treatment, proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013. As required under paragraph I(A)(9)(c) of Annexure I of the SEBI Circular, Mukand has furnished an undertaking certified by the auditor and duly approved by the Board of Directors stating the non-applicability of paragraph I(A)(9)(a) of the said circular to the proposed Scheme. The auditor’s certificate stated above is available for inspection at the registered office of the respective companies.
- 6.6. Notice under Section 230(5) of the Companies Act, 2013 is being given to /filed with the Central Government, Registrar of Companies and Income Tax Authorities in respect of all Companies, BSE and NSE in respect of Mukand and Official Liquidator in respect of MVSL for their representation/approval to the Scheme. SEBI vide its letter dated March 31, 2017 to BSE has stated that Mukand is not required to send notice for representation as mandated under Section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.
- 6.7. On the Scheme being approved by the requisite majority of the shareholders of the respective companies involved and unsecured creditors (including deposit holders) of Mukand, all the companies will file a petition with the Tribunal at Mumbai for sanction of the Scheme.
- 7. Directors, Promoters and Key Managerial Personnel:**
 - 7.1 None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules framed thereunder) of Mukand and their respective relatives (as defined under the Companies Act, 2013 and rules framed thereunder) or Promoters has any financial interest, material or otherwise, in the Scheme except to the extent of shares held by them in the Applicant Company. The effect of the Scheme on the interests of the Directors and Key Managerial Personnel and their relatives or Promoters, is not different from the effect of the Scheme on other shareholders of Mukand.

7.2 The details of the Directors and their relatives, Key Managerial Personnel and Promoters along with the shareholding as on 30th June, 2017 are as follows:-

➤ **Mukand**

Name of Director	Designation/ Date of Appointment/ Age	Address	No. of Shares in Mukand (equity and preference)
Niraj Bajaj (DIN: 00028261)	Designation: Chairman & Managing Director, Date of Appointment: 03/07/1989, Age: 62	Mount Unique, 97, 62 – A, Dr. G. Deshmukh Marg, Mumbai – 400 026.	Equity: 1,17,86,730 Preference: 6,523
Rajesh V. Shah (DIN: 00033371)	Designation: Co-Chairman & Managing Director, Date of Appointment: 03/07/1989, Age: 65	7, Janki Kutir Juhu Tara Road, Juhu, Mumbai – 400 049.	Equity: 72,00,842 Preference: 2,32,066
Suketu V. Shah (DIN: 00033407)	Designation: Joint Managing Director, Date of Appointment: 03/07/1989, Age: 62	A – 52, Darshan Apartments, Mount Pleasant Road, Mumbai – 400 006.	Equity: 10,15,381 Preference: 7,138
Dhirajlal S. Mehta (DIN: 00038366)	Designation: Independent Director, Date of Appointment: 22/07/1976, Age: 80	Gora Gandhi Apartments, 3rd Floor, 3, Laburnam Road, Gamdevi, Mumbai – 400 007.	Equity: 144 Preference: 36
Vinod S. Shah (DIN: 00033327)	Designation: Non-Executive Director, Date of Appointment: 03/07/1989, Age: 86	11, Om Suryavishar CHS Ltd. Road No. 25 B, Sion Matunga Scheme No. 6, Sion (W), Mumbai – 400 022.	Equity: 6032 Preference: 464
Narendra J. Shah (DIN: 00047403)	Designation: Non-Executive Director, Date of Appointment: 16/01/1990, Age: 88	43 – B, Meher Apartments, Altamont Road, Peddar Road, Mumbai – 400 026.	Equity: 99,605 Preference: 8,245
N. C. Sharma (DIN: 00054922)	Designation: Independent Director, Date of Appointment: 29/05/2004, Age: 74	Flat No.605, Dosti Blossoms, Dosti Acres Complex, Off. S.M. Road, Wadala (East), Mumbai – 400 037.	Equity: 36 Preference: NIL
Prakash V. Mehta (DIN: 00001366)	Designation: Independent Director, Date of Appointment: 27/09/2007, Age: 74	123 A, Maker Tower, Cuffe Parade, Colaba, Mumbai – 400 005.	Equity: NIL Preference: NIL
Amit Yadav (DIN: 02768784)	Designation: Independent Director, Date of Appointment: 10/11/2014, Age: 62	House No.91, Sector – I, Cheeranjeev Vihar, Ghaziabad – 201 002.	Equity: 200 Preference: NIL
Bharti R Gandhi (DIN: 00306004)	Designation: Independent Director, Date of Appointment: 11/02/2015, Age: 66	Amalfi, 6 th Floor, 15 L. D. Ruparel Marg, Malabar Hill, Mumbai – 400 006.	Equity: NIL Preference: NIL

Name of KMPs	Designation	No. of Shares in Mukand	
S. B. Jhaveri	Chief Financial Officer	Equity: 3680;	Preference: 129
A. M. Kulkarni	Chief Executive, Steel Plant	Equity: 3520;	Preference: 40
K. J. Mallya	Company Secretary	Equity: 400;	Preference: 93

Name of the relatives of the directors	No. of Shares in Mukand	
	Equity	Preference
Shekhar Bajaj	7,11,134	4,260
Madhur Bajaj	7,17,133	7,570
Minal Bajaj	1,92,000	7,384
Jyoti Shah	19,768	1280
Bansri R. Shah	34,31,542	91
Priyaradhika R. Shah	9,60,046	-
Kaustubh R. Shah	96,000	-
Czaee S. Shah	49,75,352	144
Rishabh Sukumar Vir	20,17,538	-

Name of the Promoters	Address	No. of Shares in Mukand
Rahul Bajaj	Bajaj Vihar, Mumbai-Pune Road, Akurdi, Pune – 411 035.	Equity: 712,044 Preference: 21,003
Niraj Bajaj	Mount Unique, 97, 62 – A, Dr. G. Deshmukh Marg, Mumbai – 400 026.	Equity: 1,17,86,730 Preference: 6,523
Rajesh V. Shah	7, Janki Kutir Juhu Tara Road, Juhu, Mumbai – 400 049.	Equity: 72,00,842 Preference: 2,32,066
Suketu V. Shah	A – 52, Darshan Apartments, Mount Pleasant Road, Mumbai – 400 006.	Equity: 10,15,381 Preference: 7,138

➤ **MVSL**

Name of the Director	Designation/ Date of Appointment/ Age	Address	No. of Shares in Mukand	No. of Equity Shares in MVSL	No. of Equity Shares in MASPL
Virendra K. Mital	Designation: Director, Date of Appointment: 30/09/2012, Age: 68	RH001, Sicily Apartments, Plot No.60-61 Sector 16A, Phase III, Nerul, Navi Mumbai – 400 706.	Equity: 50 Preference: NIL	-	-
R. Jagannathan	Designation: Director, Date of Appointment: 01/03/2012, Age: 66	501, Lightbridge, Hiranandani Meadows, Gladys Alwares Road, Thane – 400 610.	Equity: 50 Preference: 40	-	-
Umesh V. Joshi	Designation: Director, Date of Appointment: 01/03/2012, Age: 65	A-102, Anubhav, P. K. Road, Mulund (W), Mumbai – 400 080.	Equity: 740 Preference: 10	-	-
Satish K. Ahluwalia	Designation: Director, Date of Appointment: 14/09/1995, Age: 82	B-134, Anand Vihar New Delhi – 110 092.	Equity: NIL Preference: NIL	-	-

It is clarified that neither the directors and their relatives, nor Key Managerial Personnel nor Promoters of Mukand have beneficial interest in shares of MVSL.

➤ **MASPL**

Name of the Director	Designation/ Date of Appointment/ Age	Address	No. of Shares in Mukand	No. of Equity Shares in MVSL	No. of Equity Shares in MASPL
Arvind M. Kulkarni	Designation: Director, Date of Appointment: 15/01/2015, Age: 65	504, Swastik Apts, Khopat, Thane – 400 601.	Equity: 3520 Preference: 40	-	-
Umesh V. Joshi	Designation: Director, Date of Appointment: 15/01/2015, Age: 65	A-102, Anubhav, P. K. Road, Mulund (W), Mumbai – 400 080.	Equity: 740 Preference: 10	-	-

It is clarified that neither the directors and their relatives, nor Key Managerial Personnel nor Promoters of Mukand have beneficial interest in shares of MASPL.

8. The pre and post Scheme shareholding pattern of Mukand shall remain unchanged. The pre and post Scheme shareholding pattern of the Applicant Company as on 31st March, 2017 is enclosed as Annexure 10 to this Notice. The Amalgamated Company shall remain wholly owned subsidiary of Mukand post the Scheme. The pre Scheme shareholding pattern of the Amalgamating Company is disclosed in para 3.2.2.1 above. The post scheme shareholding pattern of MVSL is not applicable since the company will wind up post amalgamation with MASPL. The pre Scheme shareholding pattern of the Amalgamated Company is disclosed in para 3.3.2.1 above. The post scheme shareholding pattern of the amalgamated company is as follows:

Sr. No.	Name of the Shareholder(s)	No. of Shares held	% to paid up Shr. Cap.
1	Mukand Limited	2,12,08,511	99.99897
2	Mukand Limited J/w P. V. Asher	3	0.00001
3	Mukand Limited J/w P. R. Dhruva	3	0.00001
4	Mukand Limited J/w K. J. Mallya	3	0.00001
5	Mukand Limited J/w J. S. Shrivastav	3	0.00001
6	Mukand Limited J/w S. B. Jhaveri	3	0.00001
7	Mukand Limited J/w U. V. Joshi	103	0.00048
8	Mukand Limited J/w Arvind M. Kulkarni	100	0.00047
	Total	2,12,08,729	100.00

The post Scheme issued and paid up share capital of the Amalgamated Company would be under:

Particulars	Amount (`)
Issued, Subscribed and Fully Paid-up Share Capital	
2,12,08,729 Equity Shares of ` 10/- each	21,20,87,290
Total	21,20,87,290

9. Statement disclosing further details of Arrangement and Amalgamation as per sub-section 3 of Section 230 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 is as under:

No.	Particulars	Mukand	MVSL	MASPL
		(Transferor Company)	(Transferee / Amalgamating Company)	(Amalgamated Company)
(i)	Relationship subsisting between such companies			
	Nature of Relationship	Holding company of Transferee/ Amalgamating Company and Amalgamated Company	Wholly Owned Subsidiary of the Transferor Company	Wholly Owned Subsidiary of the Transferor Company
(ii)	The date of board meeting at which the scheme was approved by the board of directors including the name of directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution			
	Voting Pattern & related information	The meeting was held on 12 th January, 2017 which was attended by all the Directors mentioned above and the resolution was passed unanimously.	The meeting was held on 12 th January, 2017 which was attended by all the Directors mentioned above and the resolution was passed unanimously.	The meeting was held on 12 th January, 2017 which was attended by all the Directors mentioned above and the resolution was passed unanimously
(iii)	Disclosure about effect of the compromise or arrangement on			
	Key Managerial personnel (KMP) (other than Directors)	No effect.	No Effect since no KMPs	No Effect since no KMPs
	Directors	No effect	Shall cease to be Directors	No effect
	Promoters	No effect. No consideration being issued to the shareholders pursuant to the Scheme.	Not Applicable being Wholly Owned Subsidiary of the Transferor Company	Not Applicable being Wholly Owned Subsidiary of the Transferor Company
	Non-promoter members	No effect. No consideration being issued to the shareholders pursuant to the Scheme.	Not Applicable being Wholly Owned Subsidiary of the Transferor Company	Not Applicable being Wholly Owned Subsidiary of the Transferor Company
	Deposit Holders	No effect. Mukand has accepted deposits from members pursuant to the provisions of section 58A of the Companies Act, 1956 and section 73 of the Companies Act 2013. The deposits are unsecured and the obligations under the terms of the deposit (including its refund) and provisions of section 58A of the Companies Act, 1956 and section 73 of the Act will continue to be that of Mukand. Mukand also has Inter-corporate Deposits which will remain the responsibility and liability of Mukand. Mukand has no overdue deposits other than unclaimed deposits.	Not applicable	Not applicable

No.	Particulars	Mukand	MVSL	MASPL
		(Transferor Company)	(Transferee / Amalgamating Company)	(Amalgamated Company)
	Creditors	Creditors of the Transferred Undertaking shall become the creditors of the Transferee Company / Amalgamated Company and paid off in the ordinary course of business. Inter-company creditors would get cancelled.	Creditors of MVSL shall become the creditors of MASPL, the Amalgamated Company and paid off in the ordinary course of business. Inter-company creditors would get cancelled.	No effect.
	Debenture holders	Not applicable	Not applicable	Not applicable
	Deposit Trustee & Debenture Trustee	Not applicable	Not applicable	Not applicable
	Employees of the Company	No effect on employees of Residual Undertaking. Employees of the Transferred Undertaking will become employees of MVSL/ MASPL on the same terms and conditions not less favourable than existing conditions without any break or interruption of service.	Employees of MVSL will become employees of MASPL on the same terms and conditions not less favourable than existing conditions without any break or interruption of service upon amalgamation with MASPL.	Not applicable
(iv)	Disclosure about effect of compromise or arrangement on material interest of Directors, Key Managerial Personnel (KMP) and debenture trustee			
	Nature of effect, if any	No material effect of arrangement and amalgamation	No material effect of arrangement and amalgamation	No material effect of arrangement and amalgamation
(v)	Details of capital or debt restructuring, if any			
	Adjustment of securities premium account	See clause 15.2 of Scheme	Not Applicable	See clause 32.12 and 33 of Scheme
(vi)	Amount due to unsecured Creditors (including deposit holders) as of 31st May, 2017			
		INR 2,319.74/- Crores	INR 118,129/-	INR 522,975/-
(vii)	Investigation or proceedings, if any, pending against the company under Sections 235 to 251 of the Companies Act 1956 and Sections 210 to 229 of the Companies Act 2013.			
		None. No winding up petitions have been admitted or filed against Mukand as far as Mukand is aware.	None. No winding up petitions have been admitted or filed against MVSL as far as MVSL is aware.	None. No winding up petitions have been admitted or filed against MASPL as far as MASPL is aware.

10. Inspection of Documents:

The following documents will be open for inspection by the unsecured creditors (including deposit holders) of the Applicant Company at its registered office at Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra from 10.30 a.m. to 12.30 p.m. on all working days (except Saturdays, Sundays and public holidays), upto one day prior to the date of the meeting and at the venue of the meeting on 16th August, 2017 from 10.00 a.m. upto the conclusion of the meeting:

- (i) Certified copy of the order passed by the National Company Law Tribunal, Mumbai Bench in Company Scheme Application No. 632 of 2017, dated 20th June, 2017;
- (ii) Scheme of Arrangement and Amalgamation;

- (iii) Memorandum of Association and Articles of Association of Mukand, MVSL and MASPL;
- (iv) Copy of the Company Scheme Application No.632, 633 and 634 of 2017;
- (v) Copy of the certificate dated 16th June, 2017 issued by M/s Sanjay & Snehal, Chartered Accountants certifying the amount due to the unsecured creditors as on 31st May 2017;
- (vi) Annual reports of Mukand and MVSL for the last three financial years ended March 31, 2014, 2015 and 2016, Annual report of MASPL for financial years ended March 31, 2015 and 2016 (as the company was incorporated on 15th January, 2015) and audited financial statements of MVSL and MASPL as at 31st December 2016 and Audited financial results of Mukand as at 31st March, 2017. Additionally, the documents are also available on the website of Mukand;
- (vii) Certificate dated January 12, 2017, issued by M/s Sanjay & Snehal, Independent Chartered Accountants, certifying the value of assets and liabilities of the Transferred Undertaking as on December 31, 2016;
- (viii) Entitlement Ratio report dated January 12, 2017, issued by M/s Sharp & Tannan, Independent Chartered Accountants;
- (ix) Fairness Opinion dated January 12, 2017, issued by JM Financial Institutional Securities Limited, Merchant Banker (Category I SEBI registered Merchant Banker) for the Share Entitlement Ratio;
- (x) Copy of the complaints report, dated March 2, 2017, submitted by Mukand to BSE Limited and National Stock Exchange of India Limited;
- (xi) Certified Copy of the Audit Committee Report dated January 12, 2017 of Mukand;
- (xii) Certificate of the statutory auditors of Mukand, MVSL and MASPL with respect to the accounting treatment disclosed in the Scheme that it is in compliance with the applicable accounting standards;
- (xiii) Mukand's management undertaking certified by the auditor with respect to the non-applicability of paragraph I(A)(9)(a) of the SEBI Circular to the proposed Scheme;
- (xiv) Certified Copies of the resolutions passed by the respective Board of Directors of the Mukand, MVSL and MASPL dated January 12, 2017 approving the Scheme;
- (xv) No adverse observations/no-objection letters issued by BSE Limited dated April 3, 2017 and by National Stock Exchange of India Limited dated March 31, 2017 and April 27, 2017, to Mukand; and
- (xvi) Register of directors' shareholding of Mukand, MVSL and MASPL.

A copy of the Scheme, Explanatory Statement, Form of Proxy and Attendance Slip may be obtained free of charge during business hours i.e. 10.00 a.m. to 5.00 p.m. from the registered office of the Applicant Company on all days (except Saturdays, Sundays and public holidays) and the same can also be downloaded from the website of the Company i.e. www.mukand.com.

Dated at this 4th day of July, 2017.

Niraj Bajaj

DIN: 00028261

Chairman appointed for the meeting

Registered Office:

Bajaj Bhawan, Jamnalal Bajaj Marg,

226, Nariman Point,

Mumbai - 400021, Maharashtra.

SCHEME OF ARRANGEMENT AND AMALGAMATION

(UNDER SECTIONS 230-232 OF THE COMPANIES ACT, 2013 READ WITH SECTION 52 OF THE COMPANIES ACT 2013 AND OTHER APPLICABLE PROVISIONS AND RULES THEREUNDER)

AMONGST

**MUKAND LIMITED
AND
MUKAND VIJAYANAGAR STEEL LIMITED
AND
MUKAND ALLOY STEELS PRIVATE LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

DESCRIPTION OF COMPANIES

- A. Mukand Limited (CIN: L99999MH1937PLC002726) is a listed public company limited by shares, incorporated on November 29, 1937 under the provisions of the Companies Act, 1913 and is having its registered office at Bajaj Bhawan, Jammalal Bajaj Marg, 226, Nariman Point, Mumbai Maharashtra-400021 (“**Mukand**” or “**Transferor Company**”). Equity shares and 0.01% cumulative redeemable preference shares of Mukand are listed on the National Stock Exchange of India Limited (“NSE”) and BSE Limited (“BSE”). Mukand is a multi-product, multi-division company involved in the manufacture of speciality alloy steels blooms / billets at Ginigera, Koppal District, Karnataka, stainless steel finished products, rolling & finishing of blooms / billets into bars & rods and industrial machinery at Dighe, Thane District, Maharashtra. Mukand is a supplier of alloy steels, mainly to the automobile and auto component industry.
- B. Mukand Vijayanagar Steel Limited (CIN: U85110MH1995PLC235609) is an unlisted public company limited by shares, incorporated on September 8, 1995 under the provisions of the Companies Act, 1956 and is having its registered office at Bajaj Bhawan, 3rd floor, Jammalal Bajaj Marg, 226, Nariman Point, Mumbai Maharashtra - 400021 (“**MVSL**” or “**Transferee Company**” or “**Amalgamating Company**”). MVSL has been incorporated *inter alia* for manufacture of alloy steel bars, rods, structurals, rails, etc. As on January 01, 2017 Mukand individually and jointly along with other individuals hold the entire equity share capital of MVSL.
- C. Mukand Alloy Steels Private Limited (CIN: U27310MH2015PTC260936) is an unlisted private company limited by shares, incorporated on January 15, 2015 under the provisions of the Companies Act, 2013 and is having its registered office at Flat no. 11, 7 West Wing, Shah House, Janki Kutir, Juhu Tara Road, Vile Parle (W) Mumbai Maharashtra 400049 (“**MASPL**” or “**Amalgamated Company**”). MASPL has been incorporated to carry out the alloy steel manufacturing activities. As on January 01, 2017 Mukand individually and jointly along with other individuals hold the entire equity share capital of MASPL.

RATIONALE

- A. This Scheme of Arrangement and Amalgamation (as defined hereinafter) is expected to enable better realisation of potential of the businesses and yield beneficial results and enhanced value creation for the companies, their respective shareholders, lenders and employees. The rationale for the Scheme is set out below:
- (i) Each of the varied businesses being carried on by Mukand including alloy steel, stainless steel and industrial machinery division has potential for sustainable profitable growth and is also capable of attracting a different set of investors, strategic partners and knowhow providers to scale up the size and operations. Additionally, in order to enable investors to choose the business of their liking and priority of portfolio in the event of such a possibility arising, Mukand proposes to reorganize and segregate its alloy steel rolling & finishing

business (more particularly defined as ‘Transferred Business’ below) into a separate company.

- (ii) Each business vertical gets the requisite management focus and autonomy to pursue the possibilities of expansion and growth. It can be managed more efficiently leading to better returns.
 - (iii) The proposed arrangement would result in greater economies of scale and will provide a larger and stronger base for potential future growth.
 - (iv) The Arrangement and Amalgamation will result in simplification of the corporate structure of the Mukand Group Companies.
 - (v) The Arrangement and Amalgamation will also facilitate in retirement of debt.
 - (vi) The amalgamated company would be able to better leverage on its large net worth base and have enhanced business potential.
 - (vii) The Arrangement and Amalgamation will bring about simplicity in working, reduction in various statutory and regulatory compliances and related costs, which presently have to be duplicated in different entities, reduction in operational and administrative expenses and overheads, better cost and operational efficiencies and it will also result in coordinated optimum utilization of resources.
- B. Consequently, the respective Board of Directors (defined below) of Mukand, MVSL and MASPL after due consideration, have approved this Scheme and have accordingly proposed the Slump Sale(defined below) of the Transferred Undertaking(defined below) into MVSL and thereafter, amalgamation of MVSL with MASPL as an integral and composite part of the Scheme.

GENERAL

This Scheme is divided into the following parts:

- (i) **Part I**, provides for the definitions and interpretation;
- (ii) **Part II**, provides for the capital structure of Mukand, MVSL and MASPL;
- (iii) **Part III**, provides for the transfer and vesting of Transferred Undertaking (defined below) of Mukand to MVSL by way of Slump Sale, discharge of consideration, accounting treatment, adjustment of accumulated debit balance in the Statement of Profit and Loss of Mukand against its Securities Premium Account and matters incidental thereto;
- (iv) **Part IV**, provides for the amalgamation of MVSL with MASPL, discharge of consideration, accounting treatment, merger of authorised share capital and matters incidental thereto;
- (v) **Part V**, deals with the general terms and conditions applicable to all parts of this Scheme.

PART I- DEFINITIONS AND INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

- 1.1 In the Scheme, unless repugnant to the meaning or context thereof, the following terms and expressions shall have the meanings given against them:

“1956 Act” means the provisions of the erstwhile Companies Act, 1956 and the rules and regulations made thereunder as may be applicable;

“2013 Act” means the Companies Act, 2013 and the rules and regulations made thereunder, and includes any alterations, modifications, amendments made thereto and/or any re-enactment thereof;

“Amalgamation” means the amalgamation of Amalgamating Company with Amalgamated Company in accordance with Section 2(1B) of the Income Tax Act, 1961, in terms of Part IV of the Scheme;

“Applicable Law” shall mean any statute, notification, bye-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force;

“Appointed Date” means January 01, 2017 or such other date as may be directed by the NCLT to be operative and effective;

“Appropriate Authority” means any governmental body (central, state or local Government), legislative body, statutory body, departmental or public body or regulatory or administrative authority, judicial or arbitral body or other organization operating under the force of law including the NCLT, the stock exchanges, the Securities and Exchange Board of India (“SEBI”), income tax authorities, Reserve Bank of India and other applicable authorities pursuant to the provisions of Section 230(5) of the 2013 Act, as may be relevant in the context;

“Arrangement and Amalgamation” means the restructuring contemplated by the Scheme including (i) the Slump Sale in terms of Part III of the Scheme and (ii) Amalgamation (post the Slump Sale) in terms of Part IV of the Scheme;

“Board of Directors” or **“Board”** in relation to Mukand, MVSL and MASPL, as the case may be, means the board of directors of such company, and shall include a committee duly constituted and authorised for the purposes of matters pertaining to the Scheme and/or any other matter relating thereto;

“Effective Date” shall mean the date on which the last of all the conditions and matters referred to in clause 37 have been fulfilled, obtained or waived. It is clarified that the Slump Sale and Amalgamation as mentioned in Part III and Part IV of the Scheme shall be deemed to be effective from the Appointed Date in terms of the provisions of Section 232(6) of the 2013 Act. References in this Scheme to date of ‘upon this Scheme becoming effective’ or ‘upon this Scheme coming into effect’ shall mean the Effective Date;

“Encumbrance” means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever, and the term **“Encumbered”** shall be construed accordingly.

“Goodwill having underlying intangible assets” means such portion of goodwill, recorded in terms of Part IV of the Scheme upon Amalgamation, in the books of the Amalgamated Company, which either represents or is identified with or is allocable to assets representing intangible assets of the Amalgamating Company but not recorded as yet in the books of Amalgamating Company;

“Income Tax Act” means the Income Tax Act, 1961, including any amendments made therein or statutory modifications or re-enactments thereof for the time being in force;

“MASPL” or **“Amalgamated Company”** means Mukand Alloy Steels Private Limited, an unlisted private company limited by shares, incorporated on January 15, 2015 under the provisions of the 2013 Act and having its registered office at Flat no. 11, 7 West Wing, Shah House, Janki Kutir, Juhu Tara Road, Vile Parle (W) Mumbai Maharashtra 400049;

“Mukand” or **“Transferor Company”** means Mukand Limited, a listed public company limited by shares, incorporated on November 29, 1937 under the provisions of the Companies Act, 1913 and having its registered office at Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai Maharashtra - 400021;

“MVSL” or “Transferee Company” or “Amalgamating Company” means Mukand Vijayanagar Steel Limited, an unlisted public company limited by shares, incorporated on September 8, 1995 under the provisions of 1956 Act, and having its registered office at Bajaj Bhawan, 3rd floor, Jammalal Bajaj Marg, 226, Nariman Point, Mumbai Maharashtra - 400021;

“NCLT” means the National Company Law Tribunal, Mumbai Bench having jurisdiction over Mukand, MVSL and MASPL;

“Registrar of Companies” means the Registrar of Companies, at Mumbai;

“Residual Goodwill” means the total goodwill as recorded by the Amalgamated Company in terms of Part IV of the Scheme upon Amalgamation as reduced by the amount of Goodwill having underlying intangible assets;

“Residual Undertaking of the Transferor Company” shall mean all the assets, liabilities, business and operations (including stainless steel and industrial machinery) of the Transferor Company other than the Transferred Undertaking. It is clarified that the alloy steel blooms / billets and bars operations at Ginigera, Karnataka and the underlying land and building at Dighe, Thane, shall also remain part of the Residual Undertaking of the Transferor Company;

“Scheme” or “this Scheme” means this Scheme of Arrangement and Amalgamation in its present form submitted to the NCLT or any other Appropriate Authority with any modification(s) thereto as the NCLT or any other Appropriate Authority may require, direct or approve;

“SEBI Circular” means the circular number CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by the Securities and Exchange Board of India and all applicable circulars and regulations issued by SEBI in this respect;

“Slump Sale” means the transfer and vesting of the Transferred Undertaking of the Transferor Company into the Transferee Company on a going concern and “as-is-where-is” basis for a lump sum consideration, without values being assigned to the individual assets and liabilities in terms of Section 2(42C) of the Income Tax Act and to be implemented in terms of Part III of the Scheme;

“Transferred Business” shall mean the alloy steel rolling (wire rod mill, bar mill and blooming mill), heat treatment and finishing business into long round products and the marketing of alloy steel products. It is clarified that the Transferred Business shall not include the existing alloy steel blooms / billets and bars operations at Ginigera, Karnataka and the underlying land and building at Dighe, Thane;

“Transferred Undertaking” shall mean the Transferred Business of the Transferor Company which shall be transferred to the Transferee Company by the Transferor Company upon Slump Sale in terms of Part III of this Scheme on a going concern basis including, *inter alia*, all the assets and liabilities which relate to the Transferred Business, more particularly disclosed in **Schedule 1** and including (without limitation) the following:

- (a) (i) 3 rolling mills (wire rod mill, bar mill and blooming mill) and alloy steel heat treatment and finishing facilities located at Dighe, Thane, (excluding the buildings and underlying land) and ii) plot of 52.8 acres of land in Karnataka as defined in Schedule 2;
- (b) all assets and properties wherever located, whether real, tangible or intangible (whether or not recorded in books), present or future, actual or contingent, exclusively used or held, by the Transferor Company pertaining to the Transferred Business, all immovable properties of the Transferor Company used for the Transferred Business, structures and buildings constructed thereon, set out in **Schedule 2**, tenancies with respect to warehouses, parking rights, title, rights, interests, benefits, and documents of title, rights or interest and easements in relation thereto and all plant and machineries, equipment, fixed assets, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, advances and deposits with any Appropriate Authority or others, loans, outstanding loans and advances recoverable in cash or in kind (including accrued

interest), receivables, all types of stocks including work-in-process, cash, balances with banks, cheques, bills of exchange and other negotiable instruments, benefits of any bank guarantees, performance guarantees, corporate guarantees, letters of credit, financial assets and instruments, and other funds along with accrued interest thereon and benefits attached thereto, pertaining to the Transferred Business;

- (c) all debts, liabilities, loans, guarantees, forward contract liability, assurances, commitments, duties and obligations of any nature or description, whether fixed, contingent or absolute, 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 Transferred Business;
- (d) all contracts including material contracts/agreements, licenses, linkages, memoranda of understanding, memoranda of agreements, memoranda of agreed points, letters of agreed points, agreed term sheets, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders, job orders or other instruments of whatsoever nature to which the Transferor Company is a party, exclusively relating to the Transferred Business or otherwise identified to be for the benefit of the same;
- (e) all intellectual property rights including registered intellectual property rights, registered trademarks, trade names, copyrights, patents, designs, all registrations, trademarks, trade names, service marks, copyrights, patents, designs, domain names and applications relating thereto, goodwill, technical knowhow and trade secrets exclusively used by or held for use by the Transferor Company pertaining to the Transferred Business, whether or not registered, owned or licensed, including any form of intellectual property which is in progress;
- (f) all permits, licenses, consents, approvals, authorizations, quotas, rights, entitlements, claims, registrations, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, easements, tenancies, permissions, if any, privileges and similar rights, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Appropriate Authority or any department, commission, board, agency, bureau, official or other statutory, regulatory, local, administrative or judicial authority including telephone, broadband, wireless and other communication systems and equipment related approvals and connections including for data/image/graphics storage, reproduction, transmission and transfers, and all other rights, permits, consents, no-objections and approvals, pending applications for consents, renewals or extension exclusively relates to or used or held for use by the Transferor Company pertaining to the Transferred Business;
- (g) all benefits, entitlements, incentives and concessions under incentive schemes and policies including under customs, excise, service tax, VAT, sales tax, goods and service tax, as applicable and entry tax and income tax laws, subsidy receivables from Government, grants from any Appropriate Authority, all other direct tax benefit/exemptions/ deductions, sales tax deferrals, to the extent statutorily available to the Transferor Company pertaining to the Transferred Business, along with associated obligations;
- (h) all employees of the Transferor Company, whether permanent or temporary, including employees/personnel engaged on contract basis and contract labourers, apprentices, interns/ trainees, both on-shore and offshore, as are primarily engaged in or in relation to the Transferred Business, at its respective offices, branches etc., and any other employees/personnel and contract labourers, apprentices, interns/trainees hired by the Transferor Company after the date hereof who are primarily engaged in or in relation to the Transferred Business and contributions, if any, made towards any provident fund, employees state insurance, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes, funds or benefits existing for the benefit of such employees of the Transferor Company, together with such of the investments made by these funds, which are referable to such employees of the Transferor Company pertaining to the Transferred Business;

- (i) all legal (whether civil or criminal), taxation or other proceedings or investigations of whatsoever nature (including those before any Appropriate Authority) initiated by or against the Transferor Company or proceedings or investigations to which the Transferor Company is party to, that pertain to the Transferred Business, whether pending/ongoing as on the Appointed Date or which may be instituted any time in the future;
 - (j) all taxes, duties, cess, levies etc., that are allocable, referable or related to the Transferred Business, including all or any refunds, interest due thereon, credits and claims relating thereto, including service tax, input credits, CENVAT credits, value added tax, sales tax, goods and service tax, as applicable, entry tax credits or set-offs and any other tax benefits, exemptions and refunds and other benefits, payment deferrals, subsidies, concessions, grants; and
 - (k) all books, records, files, papers, engineering and process information, databases, catalogues, quotations, advertising materials, lists of present and former credit, whether in physical or electronic form, pertaining to the Transferred Business.
- 1.2 All terms and words used in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the 1956 Act or the 2013 Act, as applicable, the Income Tax Act, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.
- 1.3 In this Scheme, unless the context otherwise requires:
- (a) words denoting singular shall include plural and vice versa;
 - (b) headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
 - (c) references to the word “include” or “including” shall be construed without limitation;
 - (d) a reference to an article, clause, section or paragraph is, unless indicated to the contrary, a reference to an article, clause, section or paragraph of this Scheme;
 - (e) unless otherwise defined, the reference to the word “days” shall mean calendar days;
 - (f) references to dates and times shall be construed to be references to Indian dates and times;
 - (g) reference to a document includes an amendment or supplement to, or replace mentor novation of, that document; and
 - (h) references to a person include any individual, firm, body corporate (whether incorporated or not), Government, state or agency of a state or any joint venture, association, partnership, works councillor employee representatives body (whether or not having separate legal personality).
 - (i) references to any of the terms taxes, duty, levy, cess in the Scheme shall be construed as reference to all of them whether jointly or severally.
 - (j) word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them.
 - (k) any reference to any statute or statutory provision shall include:
 - (i) all subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment; and
 - (ii) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the filing of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the matters contemplated under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.

PART II – SHARE CAPITAL

2. SHARE CAPITAL

2.1. Mukand

The share capital of Mukand as on January 01, 2017 is as under:

Authorised Share Capital	Amount (Rs.)
15,30,00,000 Equity Shares of Rs. 10 each	153,00,00,000
70,00,000 Cumulative Redeemable Preference Shares of Rs. 10 each	7,00,00,000
Total	160,00,00,000
Issued Share Capital	Amount (Rs.)
146,273,934* Equity Shares of Rs. 10 each	146,27,39,340
<i>*includes equity shares kept in abeyance by the stock exchanges</i>	
56,26,320 0.01% Cumulative Redeemable Preference Shares of Rs. 10 each	5,62,63,200
Total	151,90,02,540
Subscribed and Fully Paid Up Share Capital	
14,14,05,861 Equity Shares of Rs. 10 each	141,40,58,610
56,26,320 0.01% Cumulative Redeemable Preference Shares of Rs. 10 each	5,62,63,200
	147,03,21,810
Add: Forfeited shares (amounts originally paid up)	1,15,597
Total	147,04,37,407

Thereafter, there has been no change in authorised, issued, subscribed and paid up share capital of Mukand.

2.2. MVSL

The share capital of MVSL as on January 01, 2017 is as under:

Authorised Share Capital	Amount
75,00,000 Equity Shares of Rs. 10 each	7,50,00,000
Total	7,50,00,000
Issued, Subscribed and Fully Paid Up Share Capital	Amount (Rs.)
70,66,243 Equity Shares of Rs. 10 each	7,06,62,430
Total	7,06,62,430

Thereafter, there has been no change in authorised, issued, subscribed and paid up share capital of MVSL. MVSL is a wholly owned subsidiary of Mukand.

2.3. MASPL

The share capital of MASPL as on January 01, 2017 is as under:

Authorised Share Capital	Amount (Rs.)
10,000 Equity Shares of Rs. 10 each	1,00,000
Total	1,00,000
Issued, Subscribed and Fully Paid Up Share Capital	Amount (Rs.)
10,000 Equity Shares of Rs. 10 each	1,00,000
Total	1,00,000

Thereafter, there has been no change in authorised, issued, subscribed and paid up share capital of MASPL. MASPL is a wholly owned subsidiary of Mukand.

PART III – TRANSFER OF TRANSFERRED UNDERTAKING OF THE TRANSFEROR COMPANY TO THE TRANSFEE COMPANY BY WAY OF SLUMP SALE

Transfer and vesting of Transferred Undertaking of the Transferor Company to the Transferee Company by way of Slump Sale

3. Upon this Scheme becoming effective, pursuant to the orders of the NCLT sanctioning the Scheme and pursuant to the provisions of Sections 230 to 232 of the 2013 Act and all other applicable provisions of 2013 Act, with effect from the Appointed Date the Transferred Undertaking of the Transferor Company shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Transferee Company, as a going concern, by way of Slump Sale, so as to become, as from the Appointed Date, the undertaking of the Transferee Company, without any further act, instrument or deed, as per the provisions and in the manner provided herein, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to existing Encumbrances or *lis pendens*, if any, thereon, (save and except the Encumbrance existing over the plant and machinery situated at Dighe, Thane) in the manner as provided hereinafter in this Part III of the Scheme. It is clarified that the Encumbrance existing over the plant and machinery situated at Dighe, Thane shall stand released immediately on the Scheme becoming effective.
4. Without prejudice to the generality of the foregoing in clause 3 above and to the extent applicable, unless otherwise stated herein, upon the Scheme becoming effective, with effect from the Appointed Date, the entire Transferred Undertaking together with all its business and operations including all its assets and liabilities, shall be transferred by the Transferor Company to the Transferee Company on a going concern and "as-is-where-is" basis, for a lump sum consideration as mentioned in clause 13 herein below, without assigning value to individual assets and liabilities, and in the following manner:
 - 4.1. all assets (whether or not recorded in the books of accounts) pertaining to the Transferred Undertaking that are movable in nature or are incorporeal property or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery or by operation of law or pursuant to the vesting orders of the NCLT sanctioning the Scheme and on the Scheme becoming effective, shall stand vested in the Transferee Company and shall be deemed to have become and be the property and an integral part of the Transferee Company by operation of law. Such vesting pursuant to this clause shall be deemed to have occurred by manual/constructive delivery and/or by endorsement and delivery, as appropriate in relation to the property being vested and title to the property shall be deemed to have been transferred accordingly, without requiring execution of any deed or instrument of conveyance for the same.
 - 4.2. all assets pertaining to the Transferred Undertaking that are movable in nature, other than those in sub-clause 4.1 above, 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, pursuant to the vesting orders and by operation of law become the property of the Transferee Company, and the title thereof together with all rights, interests or obligations therein shall be deemed to have been mutated and recorded as that of the Transferee Company. Any document of title pertaining to the assets of the Transferred Undertaking shall also be deemed to have been mutated and recorded as titles of the Transferee Company to the same extent and manner as originally held by the Transferor Company to the end and intent that all the ownership, right, title and interest so vesting in the Transferee Company therein will be such as if the Transferee Company was originally the Transferor Company. The Transferee Company shall, subsequent to the vesting orders, be entitled to the delivery and possession of all documents of title including all related documents of such movable property in this regard.

- 4.3. all immovable properties pertaining to the Transferred Undertaking including tenancies in relation to warehouses, rights, covenants, continuing rights, title and interest in connection with the said immovable properties and all documents of title, rights and easements in relation thereto, shall upon this Scheme becoming effective, stand transferred to and be vested in and be deemed to have been transferred to and vested in the Transferee Company, without any further act or deed done/executed or being required to be done/executed by the Transferor Company or the Transferee Company or both. The Transferee Company shall be entitled to exercise and enjoy all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations and be entitled to all rights in relation to or as applicable to such immovable properties.
- 4.4. all contracts including contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements for the purpose of carrying on the Transferred Undertaking, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferred Undertaking, or to the benefit of which, Transferred Undertaking may be eligible and which are subsisting or having effect immediately before the Scheme coming into effect, shall by endorsement, delivery or record or by operation of law pursuant to the vesting orders of the NCLT sanctioning the Scheme, and on the Scheme becoming effective, be deemed to be contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements of the Transferee Company. Such properties and rights described hereinabove shall stand transferred to and vested in the Transferee Company and shall be deemed to have become the property of the Transferee Company as its integral part by operation of law. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto for in favor of or against the Transferee Company and shall be the legal and enforceable rights and interests of the Transferee Company, which can be enforced and acted upon as fully and effectually as if, it were the Transferor Company and shall be deemed to be its successor in interest. Upon the Scheme becoming effective, the rights, duties, obligations, interests flowing from such contracts and properties, shall be deemed to have been entered in and novated to the Transferee Company by operation of law and the Transferee Company shall be deemed to be the Transferor Company's substituted party or beneficiary or obligor thereto. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company (and not by any of its successors), shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company. Upon the Scheme becoming effective, with effect from the Appointed Date, any contract of the Transferor Company relating to or benefiting at present the Transferor Company and the Transferred Undertaking, shall be deemed to constitute separate contracts, thereby relating to and/or benefiting the Transferor Company and the Transferee Company, respectively.
- All guarantees provided by any bank in relation to the Transferred Undertaking in favour of the Transferor Company outstanding as on the Effective Date, shall stand substituted in favour of and vest in the Transferee Company and shall enure to the benefit of the Transferee Company and, all guarantees issued by the bankers of the Transferor Company in relation to the Transferred Undertaking at the request of the Transferor Company favouring any third party shall be deemed to have been issued at the request of the Transferee Company and continue to remain in full force in favour of such third party till its maturity or earlier termination.
- 4.5. All intellectual property including registrations, licenses, trademarks, logos, service marks, copyrights, domain names, trade names, goodwill, know-how, trade secrets and trademarks, pertaining to the Transferred Undertaking, if any, shall stand vested in the Transferee Company without any further act, instrument or deed, upon the Scheme becoming effective.
- 4.6. all taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credit, securities transaction tax, input credit, CENVAT, value added tax,

sales tax, goods and service tax, as applicable, entry tax, goods and service tax, as applicable, taxes withheld/paid in a foreign country, etc.) payable by or refundable to the Transferred Undertaking, including all or any refunds or claims shall be treated as the tax liability or refunds/claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, rebates, benefits, credits, remissions, reductions, etc., as would have been available to Transferred Undertaking, shall pursuant to the Scheme becoming effective, be available to the Transferee Company.

- 4.7. all approvals, consents, sanctions, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses (including the licenses granted by any Appropriate Authority for the purpose of carrying on its business or in connection therewith), and certificates of every kind and description whatsoever in relation to the Transferred Undertaking, or to the benefit of which the Transferred Undertaking may be eligible/entitled, and which are subsisting or having effect immediately before the Scheme coming into effect, shall by endorsement, delivery or recordal or by operation of law pursuant to the vesting orders of the NCLT sanctioning the Scheme, and on the Scheme becoming effective, be deemed to be approvals, consents, sanctions, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses (including the licenses granted by any Appropriate Authority for the purpose of carrying on its business or in connection therewith) and certificates of every kind and description of whatsoever nature, of the Transferee Company, and shall be in full force and effect in favor 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 obligor thereto. Such of the other permits, licenses, consents, sanctions, approvals, authorizations, quotas, rights, entitlements, allotments, concessions, exemptions, rebates, 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 Residual Undertaking of the Transferor Company and the Transferred Undertaking, shall be deemed to constitute separate permits, licenses, consents, sanctions, approvals, authorizations, quotas, rights, entitlements, allotments, concessions, exemptions, rebates, 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, respectively, by the relevant authorities pursuant to the sanction of this Scheme by the NCLT. 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 take on record the orders of the NCLT sanctioning the Scheme on its file and make and duly record the necessary substitution or endorsement in the name of the Transferee Company as successor-in-interest, pursuant to the sanction of this Scheme by the NCLT, and upon the Scheme becoming effective in accordance with the terms hereof. For this purpose, the Transferee Company shall file certified copies of such sanctioned orders, and if required file appropriate applications, forms or documents with relevant authorities concerned for statistical, information and record purposes only, and there shall be no break in the validity and enforceability of approvals, consents, sanctions, exemptions, rebates, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses (including the licenses granted by any Appropriate Authority for the purpose of carrying on its business or in connection therewith), and certificates of every kind and description of whatsoever nature.
- 4.8. all benefits, entitlements, incentives and concessions under incentive schemes and policies, pertaining to the Transferred Undertaking that the Transferor Company is entitled to, including under customs, excise, service tax, VAT, sales tax, goods and service tax, as applicable and entry tax and income tax laws, subsidy receivables from government, direct tax benefit/ exemptions/ deductions, shall, to the extent statutorily available and along with associated obligations, stand transferred to and be available to the Transferee Company upon Part III of the Scheme becoming effective as if the Transferee Company was originally entitled to all such benefits, entitlements, incentives and concessions.

All benefits of any and all corporate approvals as may have already been taken by the Transferor Company with respect to the Transferred Undertaking, whether being in the nature of compliances or otherwise, shall stand vested in the Transferee Company and the said corporate approvals and compliances shall, upon the Scheme becoming effective, be deemed to have been taken/complied with by the Transferee Company.

- 4.9. all estates, assets, rights, title, interests and authorities accrued to and/or acquired by the Transferor Company in relation to the Transferred Undertaking shall be deemed to have been accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon the Scheme coming into effect, pursuant to the provisions of Section 232 and other applicable provisions of the 2013 Act, without any further act, instrument or deed be and shall stand vested in or be deemed to have been vested in the Transferee Company to that extent and shall become the estates, assets, right, title, interests and authorities of the Transferee Company.
- 4.10. The Transferee Company shall be entitled to claim refunds or credits, including input tax credits, with respect to taxes paid by, for, or on behalf of, the Transferred Undertaking under Applicable Law, including but not limited to sales tax, goods and service tax, as applicable, value added tax, service tax, excise duty, cess or any other tax, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed. For the avoidance of doubt, input tax credits already availed of or utilized by the Transferred Undertaking and the Transferee Company in respect of inter se transactions shall not be adversely impacted by the cancellation of inter se transactions pursuant to this Scheme.
- 4.11. All statutory rights and obligations pertaining to Transferred Undertaking would vest in/accrue to the Transferee Company. Hence, obligation pertaining to Transferred Undertaking, prior to the Effective Date, to issue or receive any statutory declaration or any other forms by whatever name called, under the State VAT Acts or the Central Sales Tax Act or any other act for the time being in force, would be deemed to have been fulfilled if they are issued or received by the Transferee Company and if any form relating to the period prior to the Effective Date is received in the name of the Transferor Company, it would be deemed to have been received by the Transferee Company in fulfillment of their obligations.
- 4.12. all books, records, files, papers, engineering and process information, catalogues, quotations, advertising materials, if any, lists of present and former clients, whether in physical or electronic form, pertaining to the Transferred Undertaking of the Transferor Company, to the extent possible and permitted under Applicable Law, be handed over by them to the Transferee Company.
5. Without prejudice to the generality of clause 3 above, upon the Scheme coming into effect, with effect from the Appointed Date:
 - 5.1. all the liabilities, whether or not provided in the books of the Transferor Company pertaining to the Transferred Undertaking, shall, under the provisions of Sections 230 to 232 of the 2013 Act and other applicable provisions of 2013 Act, and all other provisions of Applicable Law, if any, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Transferred Undertaking, as a going concern and the same shall be assumed by the Transferee Company, to the extent they are outstanding on the Effective Date and shall become as and from the Appointed Date, the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company alone shall meet, discharge and satisfy the same.

- 5.2. all liabilities comprised in the Transferred Undertaking, and which are incurred or which arise or accrue to the Transferred Undertaking of the Transferor Company, on or after the Appointed Date but prior to the Effective Date, shall under the provisions of Sections 230 to 232 of the 2013 Act and other applicable provisions of the 2013 Act and all other provisions of Applicable Law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as part of the transfer of the Transferred Undertaking as a going concern and the same shall be assumed by the Transferee Company and to the extent they are outstanding on the Effective Date on the same terms and conditions as were applicable to the Transferor Company, the Transferee Company alone shall meet, discharge and satisfy the same.
- 5.3. any liabilities of the Transferred Undertaking as on the Appointed Date that are discharged by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to have been discharged for and on account of the Transferee Company.
- 5.4. all loans raised and utilized, liabilities, duties and taxes and obligations incurred or undertaken by the Transferor Company pertaining to the Transferred Undertaking on or after the Appointed Date but prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and shall, under the provisions of Sections 230 to 232 of 2013 Act, as applicable, and all other provisions of Applicable Law, if any, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Transferred Undertaking as a going concern and the same shall be assumed by the Transferee Company and to the extent they are outstanding on the Effective Date, the Transferee Company shall meet, discharge and satisfy the same.
- 5.5. the liabilities, if any, due or which may at any time in the future become due in relation to the Transferred Undertaking, inter-se the Transferor Company and the Transferee Company, shall stand discharged /cancelled and there shall be no liability in that behalf on either company and corresponding effect shall be given in the books of account and records of the Transferee Company.

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

- 5.6. all Encumbrances, if any, existing prior to the Effective Date over the assets of the Transferred Undertaking which secure or relate to the liabilities shall, without any further act, instrument, deed or document, cost or charge and without any notice or other intimation to any third party for the transfer of the same, continue to relate and attach to such assets or any part thereof to which they were related or attached prior to the Effective Date and are transferred to the Transferee Company. It is being clarified that the aforesaid Encumbrances shall not be extended to any existing assets of the Transferee Company. It is clarified that the plant and machinery situated at Dighe, Thane forming part of the Transferred Undertaking shall be transferred free from Encumbrance upon the Scheme becoming effective. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 5.7. Any reference, in any security documents or arrangements, to the Transferor Company and assets and properties pertaining to the Transferred Undertaking, shall be construed as a reference to the Transferee Company and the assets and properties of Transferred Undertaking transferred to the Transferee Company pursuant to this Scheme.

- 5.8. Without prejudice to the foregoing provisions, the Transferee Company/the Transferor Company may execute any instruments or documents or do all such acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- 5.9. the provisions of this clause shall operate notwithstanding anything to the contrary contained in any instrument, deed, document or writing or the terms of sanction or issue or any security document; all of which instruments, deeds, documents or writings shall stand modified and/or superseded by the foregoing provisions.
6. It is clarified that all rights, title and obligation enuring for the benefit of or becoming liability of the Transferee Company by virtue of clause 3, 4 and 5 above, shall enure for or become the rights, title, obligation and liability of the successors-in-interest of the Transferee Company either under the provisions of Part IV of this Scheme or otherwise.
7. Upon the Scheme becoming effective, the secured creditors of the Transferor Company that relate to the Transferred Undertaking, if any, and/or other security holders over the properties of the Transferred Undertaking shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of Transferred Undertaking, as existing immediately prior to transfer and vesting of the Transferred Undertaking into the Transferee Company. It is hereby clarified that pursuant to the transfer and vesting of the Transferred Undertaking into the Transferee Company in terms of the Scheme, the secured creditors of the Transferor Company relating to the Transferred Undertaking and/or other security holders over the properties of the Transferred Undertaking shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferee Company and vice-versa.
8. **Employees**
- 8.1. All the employees, pertaining to the Transferred Undertaking, shall become employees of and be engaged by the Transferee Company pursuant to the vesting orders and by operation of law, with effect from the Scheme coming into effect, on same terms and conditions which, as a result, shall be no less favorable than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of transfer and vesting of Transferred Undertaking and without any further act, deed or instrument on the part of the Transferor Company or the Transferee Company.
- 8.2. All contributions made by the Transferor Company on behalf of its employees and all contributions made by the employees including the interests arising thereon, to the funds and standing to the credit of such employees' account with such funds, shall, upon this Scheme becoming effective, be transferred to the Transferee Company along with such of the investments made by such funds which are referable and allocable to the employees of the Transferred Undertaking of the Transferor Company and the Transferee Company shall stand substituted for the Transferor Company with regard to the obligation to make the said contributions.
- 8.3. With regard to provident fund, gratuity fund, superannuation fund, leave encashment and any other special scheme or benefits created or existing for the benefit of employees pertaining to the Transferred Undertaking, upon Part III of the Scheme becoming effective, shall be continued on the same terms and conditions by the Transferee Company and, the Transferee Company including its successor or assigns shall stand substituted for the Transferor Company for all purposes and intents, whatsoever, relating to the administration or operations of such schemes or funds or in relation to the obligation to make contributions to the said funds, in accordance with the provisions of Applicable Law or otherwise. It is the intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such fund or funds shall become those of the Transferee Company without need of any fresh approval from any statutory authority. It is hereby clarified that upon the Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to such employees and the services of all such employees of the Transferor Company for such purpose shall be treated as having been continuous.

- 8.4. the Transferee Company agrees that the services of all employees of the Transferor Company, pertaining to the Transferred Undertaking prior to the transfer, shall be taken into account for the purposes of all benefits to which such employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, superannuation, provident fund and other retirement benefits and accordingly, such benefits shall be reckoned from the date of their respective appointment in the Transferor Company. The Transferee Company undertakes to pay the same, as and when payable under Applicable Law.
- 8.5. The contributions made by the Transferor Company under Applicable Law in connection with the employees of the Transferred Undertaking of the Transferor Company, to the funds, for the period after the Appointed Date shall be deemed to be contributions made by the Transferee Company.
- 8.6. The Transferor Company will transfer/handover to Transferee Company, copies of employment information of all such transferred employees of Transferred Undertaking, 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 and all forms, notifications, orders and contribution/identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause.
- 8.7. Transferee Company shall continue to abide by any agreement(s)/ settlement(s) entered into by Transferor Company with employees of Transferred Undertaking to the extent applicable in relation to the Transferred Undertaking, which are subsisting or having effect immediately prior to Appointed Date and continuing from Appointed Date till the Effective Date.
9. The Transferor Company and/or the Transferee Company, as the case may be, shall, at any time after the Scheme becoming effective, in accordance with the provisions hereof, if so required under any law or otherwise, execute appropriate deeds and/or documents of confirmation or other writings or arrangements with any party to any contract or arrangement in relation 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. the Transferee Company shall, for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such deeds, documents and writings for and on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above or otherwise required to be carried out or performed on the part of the Transferor Company.
10. The Transferor Company and/or the Transferee Company, as the case may be, shall, at any time after the Scheme becoming 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 for transfer/vesting of the approvals, sanctions, consents, exemptions, rebates, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company in relation to the Transferred Undertaking including its business and operations, into the Transferee Company. 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 pursuant to the sanction of this Scheme by the NCLT, and upon the Scheme becoming effective in accordance with the terms hereof. For this purpose, the Transferee Company (including its successors and assigns) shall, if and as required, file, appropriate applications/documents etc. with relevant authorities concerned for information and record purposes. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such applications/documents etc. for and 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.

11. Legal Proceedings

- 11.1. All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitrations, execution proceedings, revisions, writ petitions, if any) whether by or against, pertaining to the Transferred Undertaking, shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer and vesting of the Transferred Undertaking or anything contained in this Scheme.
- 11.2. Upon the coming into effect of this Scheme, all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) whether by or against, pertaining to the Transferred Undertaking, whether pending and/or arising on or before the Effective Date shall be continued and / or enforced by or against the Transferee Company or its successor as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Transferee Company or its successor.
- 11.3. The Transferee Company undertakes to have accepted on behalf of itself, all suits, claims, actions and legal proceedings initiated pertaining to the Transferred Undertaking, transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company.

12. Conduct of business

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

- 12.1. The Transferor Company shall carry on and shall be deemed to have carried on all its business activities pertaining to the Transferred Undertaking and shall hold and stand possessed and shall be deemed to have held and stood possessed of all the said assets, rights, title, interests, authorities, contracts, investments and decisions, benefits for and on account of and in trust for the Transferee Company;
- 12.2. all obligations, liabilities, duties and commitments attached, related or pertaining to the Transferred Undertaking of the Transferor Company shall be undertaken and shall be deemed to have been undertaken for and on account of and in trust for the Transferee Company; and
- 12.3. all profits or income arising or accruing in favor of the Transferor Company in relation to the Transferred Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax credit, securities transaction tax, taxes withheld/paid in a foreign country, sales tax, value added tax, excise duty, customs duty, service tax or goods and service tax, as applicable, cess, tax refunds, etc.) or losses arising or incurred by the Transferor Company in relation to the Transferred Undertaking shall, for all intent and purposes, be treated as and be deemed to be the profits or income, taxes or losses, as the case may be, of the Transferee Company. It is hereby clarified that any tax payable by or refundable relating to the Transferred Undertaking, including all or any tax refunds or tax liabilities or tax claims arising from pending tax proceedings, under any law, on or before the Effective Date, shall be treated as or deemed to be treated as the tax liability or tax refunds/ tax claims (whether or not recorded in the books relating to the Transferred Undertaking) of the Transferee Company, and any unabsorbed tax losses and depreciation, etc., as would have been available to the Transferred Undertaking on or before the Effective Date, shall be available to the Transferee Company upon Part III of the Scheme coming into effect.

13. Consideration for Slump Sale

- 13.1. Upon the Scheme coming into effect and upon transfer and vesting of the Transferred Undertaking of the Transferor Company into the Transferee Company pursuant to the Slump Sale as stated herein, the lump sum consideration of INR 227 Crores (Rupees Two

Hundred and Twenty Seven Crores) shall be payable in cash by the Transferee Company to the Transferor Company. The consideration of INR 227 Crs shall be discharged within 6 months from the Effective Date or such other date and terms as determined by the Boards of Directors.

- 13.2. On the Effective Date the total consideration payable in cash for transfer and vesting of the Transferred Undertaking as given under clause 13.1 above shall be disclosed as payable in terms of Clause 32.6 of Part IV of the Scheme in the books of the Amalgamated Company.
- 13.3. The consideration for the vesting of the Transferred Undertaking with the Transferee Company, by way of Slump Sale, has been determined and agreed upon by the Board of Directors of the Transferor Company and the Transferee Company based on their independent judgment after considering i) the recommendation of the audit committee of the Transferor Company and ii) Certificate issued by M/s Sanjay & Snehal, an independent chartered accountant certifying the value of the Transferred Undertaking as on the Appointed Date.

14. Accounting Treatment in the books of the Transferee Company

The Transferee Company shall, upon the Scheme becoming effective, with effect from the Appointed Date, record the assets and liabilities of the Transferred Undertaking (as appearing in the books of accounts of the Transferor Company at the close of business on the day preceding the Appointed Date), as vested in it pursuant to Slump Sale in terms of this Part III, at a value derived at by apportioning the cash consideration payable by it amongst all the assets and liabilities pertaining to Transferred Undertaking.

15. Accounting Treatment in the books of the Transferor Company

- 15.1. The Transferor Company shall, upon the Scheme becoming effective, with effect from the Appointed Date, account for Slump Sale as under:
 - (a) The accounts representing the assets and liabilities pertaining to the Transferred Undertaking shall stand reduced by the book value of assets and liabilities transferred to the Transferee Company.
 - (b) Difference, if any, between consideration as per clause 13 above and the book value i.e. net assets (assets less liabilities) of the Transferred Undertaking transferred shall be adjusted in the Statement of Profit and Loss by the Transferor Company.
- 15.2. Upon the Scheme coming into effect, the accumulated debit balance in the Statement of Profit and Loss of the Transferor Company as on December 31, 2016 shall be adjusted with the existing balance in the Securities Premium Account as at 31st December, 2016.

16. Compliance with section 180(1)(a) and 52 of 2013 Act

- 16.1. The consent / approval given by the shareholders of the Transferor Company to the Scheme, in writing by way of a consent letter/ affidavit or by passing a resolution at a general meeting or at a NCLT-convened meeting of the Transferor Company, as may be applicable, shall also be deemed as the consent of the members of the Transferor Company, as the case may be, under Section 180(1)(a) of the 2013 Act and all other relevant provisions of 2013 Act, as applicable, to the Slump Sale of Transferred Undertaking of the Transferor Company to the Transferee Company and there shall be no need to pass a separate shareholders' resolution/s at a general meeting for the same as is required under Section 180(1)(a) of the 2013 Act and/or other relevant provisions of 2013 Act, as applicable.
- 16.2. The reduction in the Securities Premium Account of the Transferor Company, as

mentioned in Clause 15.2 above, shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 read with Section 230 of the 2013 Act. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

17. Validity of existing resolutions, etc.

Upon the coming into effect of the Scheme, the resolutions passed by the Board of Directors and/or the shareholders of the Transferor Company pertaining to the Transferred Undertaking, as are considered necessary by the Board of Directors of the Transferee Company and which are valid and subsisting on the Effective Date shall continue to be valid and subsisting and be considered as the resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the 1956 Act and the 2013 Act, or any other applicable statutory provisions, then the said limits as are considered necessary by the Board of Directors of the Transferee Company shall be added to the limits, if any, under like resolutions passed by the Board of Directors and/or the shareholders of the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

18. Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Transferred Undertaking or whether it arises or does not arise out of the activities, business or operations of the Transferred Undertaking shall be decided by mutual agreement between the respective Boards of Directors of the Transferor Company and/or the Transferee Company.

19. Residual Undertaking of the Transferor Company to continue with the Transferor Company

- (i) All the assets, liabilities and obligations together with the business and operations, pertaining to the Residual Undertaking of the Transferor Company, shall continue to belong to and remain vested in and be managed by the Transferor Company.
- (ii) All legal and other proceedings by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, whether or not in respect of any matter arising before the Effective Date and pertaining or relating to the Residual Undertaking of the Transferor Company (including those relating to any property, right, power liability, obligation or duty, of the Transferor Company in respect of the Residual Undertaking of the Transferor Company) shall be continued and enforced solely by or against the Transferor Company.
- (iii) With effect from the Appointed Date, as applicable, and up to Effective Date;
 - a) All profits accruing to the Transferor Company or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Residual Undertaking of the Transferor Company shall, for all purposes, be treated as the profits or losses, as the case may be, of the Transferor Company; and
 - b) All assets and properties acquired by the Transferor Company in relation to the Residual Undertaking of the Transferor Company, on and after the Appointed Date shall belong to and continue to remain vested in the Transferor Company.

PART IV-AMALGAMATION OF AMALGAMATING COMPANY WITH AMALGAMATED COMPANY

Upon the occurrence of the Slump Sale pursuant to Part III of this Scheme, the Transferee Company shall be referred to as the “Amalgamating Company” for the purposes of Part IV of the Scheme. It is clarified that, the Amalgamating Company shall be deemed to include the “Transferred Undertaking”.

20. With effect from the Appointed Date and upon the coming into effect of this Scheme, pursuant to the provisions of Sections 230 to 232 of the 2013 Act and other applicable provisions of the 2013

Act, the Amalgamating Company shall stand merged with and be vested in the Amalgamated Company, as a going concern in accordance with Section 2(1B) of the Income Tax Act without any further act, instrument, deed, matter or thing but subject to existing Encumbrances affecting the same, so as to become, as and from the Appointed Date, the undertakings, businesses, properties and other belongings, of the Amalgamated Company by virtue of and in the manner provided in this Scheme.

21. Transfer of Assets

Without prejudice to the generality of Clause 20 of the Scheme upon the coming into effect of the Scheme and with effect from the Appointed Date:

- 21.1. all immovable properties of the Amalgamating Company, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Amalgamating Company, whether freehold or leasehold or licensed or otherwise, any tenancies in relation to warehouses, all rights, covenants, continuing rights, title and interest in connection with the said immovable properties and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in the Amalgamated Company, without any further act or deed done or being required to be done by the Amalgamating Company or the Amalgamated Company. The Amalgamated Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation of the ownership or title, or interest in the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Amalgamated Company by the Appropriate Authority pursuant to the sanction of this Scheme by the NCLT in accordance with the terms hereof.
- 21.2. all lease and/or leave and license or rent agreements entered into by the Amalgamating Company with various landlords, owners and lessors in connection with the use of the assets of the Amalgamating Company, together with security deposits and advance/prepaid lease/license fee, etc., shall stand automatically transferred and vested in favour of the Amalgamated Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Amalgamated Company shall continue to pay rent or lease or license fee as provided for in such agreements, and the Amalgamated Company and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants thereunder. Without limiting the generality of the foregoing, Amalgamated Company shall also be entitled to refund of security deposits, advance rent, paid under such agreements by Amalgamating Company. All the rights, title, interest and claims of Amalgamating Company in any such leasehold properties, shall, pursuant to section 232 of the 2013 Act, be transferred to and vested in or be deemed to have been transferred to and vested in Amalgamated Company.
- 21.3. all the estate, assets (including intangible assets, whether or not recorded in the books), properties of all kinds (i.e., shares, scripts, stocks, bonds, debenture stocks, units, pass through certificates), assets, properties, rights, claims, title, interest, powers and authorities including accretions and appurtenances thereto, whether or not provided and/or recorded in the books of accounts, comprised in the Amalgamating Company of whatsoever nature and wheresoever situate shall, without any further act or deed, be and stand vested in the Amalgamated Company and/or be deemed to be vested in the Amalgamated Company as a going concern so as to become, as and from the Appointed Date, the estate, assets (including intangible assets), properties, rights, claims, title, interest, powers and authorities of the Amalgamated Company.
- 21.4. All assets and properties of the Amalgamating Company as are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery or by delivery of possession, or by endorsement and/or delivery or by operation

of law, the same shall stand so transferred by the Amalgamating Company upon the coming into effect of the Scheme, and shall become vested as assets and property of the Amalgamated Company with effect from the Appointed Date without requiring any deed or instrument of conveyance for transfer of the same. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

- 21.5. all assets and properties belonging to the Amalgamating Company including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposit with any Appropriate Authority including any tax authority, quasi government, local or other authority or body or with any company or other person, the same shall stand vested in the Amalgamated Company and/or deemed to have been vested in the Amalgamated Company, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, upon the coming into effect of this Scheme and with effect from the Appointed Date.
- 21.6. All assets and properties of the Amalgamating Company as on the Appointed Date, whether or not recorded in the books of the Amalgamating Company and all assets and properties, which are acquired by the Amalgamating Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Amalgamated Company, and shall under the provisions of Sections 230 to 232 of the 2013 Act without any further act, instrument or deed, be and stand vested in and be deemed to have been vested in the Amalgamated Company upon the coming into effect of the Scheme.
- 21.7. All the licenses, permissions, approvals, sanctions, consents, permits, entitlements, quotas, approvals, permissions, registrations, incentives, income tax benefits and exemptions, rebates, accumulated tax losses, unabsorbed depreciation, sales tax deferrals, subsidies, exemptions and benefits, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Amalgamating Company and all rights and benefits that have accrued or which may accrue to the Amalgamating Company, whether on, before or after the Appointed Date, any import license without payment of duty under any Scheme, that may become available to the respective Amalgamating Company, if any, consequent to any order of the NCLT, with regards to any of its past imports, shall, without any further act, instrument or deed, cost or charge be and stand transferred to and vested in and/or be deemed to be transferred to and vested in and be available to the Amalgamated Company so as to become licenses, permissions, approvals, sanctions, consents, permits, entitlements, quotas, approvals, permissions, registrations, incentives, income tax benefits and exemptions, rebates, accumulated tax losses, unabsorbed depreciation, sales tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, liberties, special status and other benefits or privileges of the Amalgamated Company and shall remain valid, effective and enforceable on the same terms and conditions. For the avoidance of doubt and without prejudice to the generality of the foregoing, all consents, no-objection certificates, certificates, clearances, authorities (including operation of bank accounts), powers of attorney given by, issued to or executed in favour of the Amalgamating Company shall stand transferred to the Amalgamated Company as if the same were originally given by, issued to or executed in favour of the Amalgamated Company.
- 21.8. all the intellectual property rights of any nature whatsoever, including but not limited to intangible assets including registrations, licenses, trademarks, logos, service marks, copyrights, domain names, trade names, and applications relating thereto, goodwill, know-how and trade secrets appertaining to the Transferor Company, whether or not provided in books of accounts of the Transferor Company, shall under the provisions of Sections 230 to 232 of the 2013 Act, as applicable, and all other provisions of Applicable Law, if any, without any further act, instrument or deed, cost or charge and without any

notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Amalgamated Company as a going concern, so as to become, as and from the Appointed Date, the intellectual property of the Amalgamated Company.

- 21.9. All intangible assets and various business or commercial rights, belonging to but not recorded in books of Amalgamating Company shall be transferred to and stand vested in Amalgamated Company and shall be recorded at the values arrived at by an independent valuer. The consideration agreed under the Scheme shall include payment towards these intangible assets and goodwill at their respective fair values. Such intangible assets and goodwill shall, for all purposes, be regarded as intangible assets in terms of Explanation 3(b) to section 32(1) of Income Tax Act and shall be eligible for depreciation thereunder at the prescribed rates.
- 21.10. All taxes (including but not limited to advance tax, self- assessment tax, tax deducted at source, minimum alternate tax credits, banking cash transaction tax, securities transaction tax, input tax credit, CENVAT credit, entry tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax or goods and service tax, as applicable, excise duty, cess, and tax collected at source) payable by or refundable to or being the entitlement of Amalgamating Company including all or any refunds or claims shall be treated as the tax liability or refunds/credits/claims, as the case may be, of Amalgamated Company and any tax incentives, advantages, privileges, exemptions, rebates, credits, tax holidays, remissions, reductions and/or any other benefit, as would have been available to Amalgamating Company shall be available to Amalgamated Company.
- 21.11. Amalgamated Company shall be entitled to claim refunds or credits, including input tax credits, with respect to taxes paid by Amalgamating Company under Applicable Laws, including but not limited to sales tax, value added tax, service tax, excise duty, cess or any other tax, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed. Any inter-se transactions amongst Amalgamating Company and Amalgamated Company between the Appointed Date and Effective Date shall be considered as transactions from Amalgamated Company to self, and Amalgamated Company shall be entitled to claim refund of tax paid, if any on these inter-se transactions, as per the Applicable Laws. For the avoidance of doubt, input tax credits already availed of or utilised by Amalgamating Company and Amalgamated Company in respect of inter se transactions between the Appointed Date and the Effective date shall not be adversely impacted by the cancellation of inter se transactions pursuant to Part IV of the Scheme.
- 21.12. All statutory rights and obligations of Amalgamating Company would vest in/accrue to Amalgamated Company. Hence, obligation of Amalgamating Company, prior to the Effective Date, to issue or receive any statutory declaration or any other forms by whatever name called, under the State VAT Acts or the Central Sales Tax Act or any other act for the time being in force, would be deemed to have been fulfilled if they are issued or received by Amalgamating Company and if any form relating to the period prior to the said Effective Date is received in the name of the Amalgamating Company, it would be deemed to have been received by Amalgamated Company in fulfillment of its obligations.
- 21.13. All benefits of any and all corporate approvals as may have already been taken by the Amalgamating Company, whether being in the nature of compliances or otherwise, shall under the provisions of Sections 232 to 233 of the 2013 Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Amalgamated Company as a going concern, and the said corporate approvals and compliances shall be deemed to have originally been taken / complied with by the Amalgamated Company.
- 21.14. All the resolutions, if any, of the Amalgamating Company, which are valid and subsisting on the Effective Date, shall under the provisions of Sections 230 to 232 of the 2013 Act,

if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand continue to be valid and subsisting and be considered as resolutions of the Amalgamated Company and if any such resolutions have any monetary limits approved under the provisions of the 1956 Act or the 2013 Act as applicable, then the said limits shall be added to the limits, if any, under like resolutions passed by the Amalgamated Company and shall constitute the aggregate of the said limits in the Amalgamated Company.

- 21.15. Upon the Scheme becoming effective, the Amalgamated Company shall be entitled to without limitation, operate the bank accounts, including transacting in cash, cheque, NEFT, RTGS or any other electronic mode, intra company, inter company, other settlements, availing and utilizing any limits, issuing or receiving any guarantee of any of the Amalgamating Company or carry out any other transaction as it deems fit.

22. Contracts, Deeds, etc.

- 22.1. Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Amalgamated Company and may be enforced as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or oblige thereto or thereunder.

Any inter-se contracts between the Amalgamated Company and the Amalgamating Company shall stand cancelled and cease to operate upon this Part IV of the Scheme becoming effective.

All guarantees provided by any bank in relation to the Amalgamating Company outstanding as on the Effective Date, shall vest in the Amalgamated Company and shall enure to the benefit of the Amalgamated Company and all guarantees issued by the bankers of the Amalgamating Company at their request favoring any third party shall be deemed to have been issued at the request of the Amalgamated Company and continue in favour of such third party till its maturity or earlier termination.

- 22.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Amalgamating Company occurs by virtue of this Scheme itself, the Amalgamated Company may, at any time after the coming into effect of the Scheme, in accordance with the its provisions, if so required under Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Amalgamating Company is a party, or any writings as may be necessary, in order to give formal effect to the provisions of this Scheme. The Amalgamated Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of the Amalgamating Company to be carried out or performed.

23. Transfer of Liabilities

Without prejudice to Clause 20 of the Scheme upon the coming into effect of the Scheme and with effect from the Appointed Date:

- 23.1. all liabilities of the Amalgamating Company including all secured and unsecured debts (whether in Indian rupees or foreign currency), liabilities (including contingent liabilities), duties and obligations of the Amalgamating Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any Encumbrance, including any bank

guarantees thereon (the “**Liabilities**”) shall, pursuant to the sanction of this Scheme by the NCLT, without any further act, instrument, deed, matter or thing, be transferred to and vested in and be deemed to have been transferred to and vested in the Amalgamated Company, and the same shall be assumed by the Amalgamated Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date, the Liabilities of the Amalgamated Company on the same terms and conditions as were applicable to the Amalgamating Company, and the Amalgamated Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

- 23.2. All Liabilities of the Amalgamating Company shall, as on the Appointed Date, whether or not provided in the books of the Amalgamating Company, incurred or which arise or accrue to the Amalgamating Company on or after the Appointed Date until the Effective Date shall be deemed to be and shall become the Liabilities of the Amalgamated Company by virtue of this Scheme.
- 23.3. All Liabilities of the Amalgamating Company including those which are incurred or which arise or accrue to Amalgamating Company on or after the Appointed Date but prior to the Effective Date, shall under the provisions of Sections 230 to 232 and other applicable provisions of the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Amalgamated Company as a part of the transfer of the Amalgamating Company as a going concern and the same shall be assumed by the Amalgamated Company to the extent they are outstanding on the Effective Date on the same terms and conditions as were applicable to the Amalgamating Company, and the Amalgamated Company alone shall meet, discharge and satisfy the same.
- 23.4. Where any such Liabilities as on the Appointed Date have been discharged by the Amalgamating Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Amalgamated Company upon the coming into effect of this Scheme.
- 23.5. All loans raised and utilised, Liabilities, duties and taxes and obligations incurred or undertaken by or on behalf of the Amalgamating Company on or after the Appointed Date but prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Amalgamated Company and shall, under the provisions of Sections 230 to 232 and other applicable provisions of the 2013 Act, as applicable, and all other provisions of applicable law, if any, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Amalgamated Company as a part of the transfer of the Amalgamating Company as a going concern and the same shall be assumed by the Amalgamated Company and to the extent they are outstanding on the Effective Date, the Amalgamated Company shall meet, discharge and satisfy the same.
- 23.6. All inter-se liabilities, between Amalgamating Company and Amalgamated Company, if any, due or outstanding or which may at any time immediately prior to the Effective Date become due or remain outstanding, shall stand cancelled and be deemed to have been discharged by such cancellation and consequently, there shall remain no inter-se liability between them as of Effective Date and corresponding effect shall be given in the books of account and records of Amalgamated Company.
- 23.7. All Encumbrances, if any, existing prior to the Effective Date over the assets of the Amalgamating Company which secure or relate to the Liabilities shall, without any further act, instrument, deed, cost or charge and without any notice or other intimation to

any third party for the transfer of the same, continue to relate and attach to such assets or any part thereof to which they were related or attached prior to the Effective Date and are transferred to the Amalgamated Company. It is being clarified that the aforesaid Encumbrances shall not be extended to any assets of the Amalgamating Company which were earlier not Encumbered or the existing assets of the Amalgamated Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.

- 23.8. Any reference in any security documents or arrangements (to which the Amalgamating Company is a party) to the Transferor Company or Amalgamating Company and its assets and properties, shall be construed as a reference to the Amalgamated Company and the assets and properties of the Amalgamating Company transferred to the Amalgamated Company pursuant to this Scheme.
- 23.9. Without prejudice to the foregoing provisions, the Amalgamated Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- 23.10. The provisions of this clause shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

24. Employees

- 24.1. Upon the coming into effect of this Scheme, all permanent employees, contract labourers and interns/trainees, who are on the payrolls of the Amalgamating Company, shall become employees of the Amalgamated Company with effect from the Effective Date, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Amalgamating Company, without any interruption of service as a result of this amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Amalgamating Company, upon this Scheme becoming effective, the Amalgamated Company shall stand substituted for the Amalgamating Company for all purposes whatsoever, including with regard to the obligation to make contributions to relevant authorities, in accordance with the provisions of Applicable Laws or otherwise. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Amalgamating Company for such purpose shall be treated as having been continuous.
- 24.2. The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme and any other special scheme (including without limitation any employees stock option plan) or benefits created by the Amalgamating Company or its predecessors for its 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 Amalgamated Company or as may be created by the Amalgamated Company for such purpose. Pending such transfer, the contributions required to be made in respect of such transferred employees of Amalgamating Company shall continue to be made by Amalgamated Company to the existing funds maintained by Amalgamating Company. It is the intent that all the rights, duties, powers and obligations of Amalgamating Company in relation to such fund or funds shall become those of Amalgamated Company without need of any fresh approval from any statutory authority.
- 24.3. The Amalgamated Company undertakes that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to the employees of the Amalgamating Company, the past services of such employees with the Amalgamating

Company or its predecessors shall also be taken into account and it shall pay the same accordingly, as and when such amounts are due and payable.

- 24.4. Amalgamating Company will transfer/handover to Amalgamated Company, copies of employment information of all such transferred employees of Amalgamating Company, 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 and all forms, notifications, orders and contribution/identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause.
- 24.5. The contributions made by Amalgamating Company in respect of its employees under Applicable Law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date shall be deemed to be contributions made by Amalgamated Company.
- 24.6. The Amalgamated Company shall continue to abide by any agreement(s)/ settlement(s) entered into by the Amalgamating Company with any of its employees prior to Appointed Date and from Appointed Date till the Effective Date.

25. Transfer of Legal Proceedings

- 25.1. All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitrations, execution proceedings, revisions, writ petitions, if any) by or against the Amalgamating Company shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or anything contained in this Scheme but the said proceedings, shall, till the Effective Date be continued, prosecuted and enforced by or against the Amalgamating Company, as if this Scheme had not been made.
- 25.2. Upon the coming into effect of this Scheme, all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Amalgamating Company, whether pending and/or arising on or before the Effective Date shall be continued and / or enforced by or against the Amalgamated Company as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Amalgamated Company.
- 25.3. The Amalgamated Company undertakes to have accepted on behalf of itself, all suits, claims, actions and legal proceedings initiated by or against the Amalgamating Company transferred to its name and to have the same continued, prosecuted and enforced by or against the Amalgamated Company.

26. Books and Records

All books, records, files, papers, information, databases, and all other books and records, whether in physical or electronic form, pertaining to Amalgamating Company, to the extent possible and permitted under Applicable Law, be handed over to Amalgamated Company.

- 27. The Amalgamating Company and/or Amalgamated Company, as the case may be, shall, at any time after the Scheme becoming 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 for transfer/vesting of the approvals, sanctions, consents, exemptions, rebates, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates held or enjoyed by Amalgamating Company including by their respective business and operations, into Amalgamated Company. It is hereby clarified that if the consent/approval of any Appropriate Authority or third party is required to give effect to any such transfers/vesting, the said Appropriate Authority or third party shall, pursuant to the sanction of the Scheme by NCLT, be obliged to give requisite

consent/approval and if required, make/endorse/ duly record the transfer/ substitution/ vesting thereof in its records in the name of Amalgamated Company. For this purpose, Amalgamated Company shall, if required, file appropriate applications/documents with relevant Appropriate Authority for information and record purposes and for this purpose the Amalgamated Company shall be deemed to be authorized to execute any such applications/documents for and on behalf of Amalgamating Company and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.

28. Without prejudice to the other provisions of this Scheme, Amalgamated Company may, at any time after the Scheme becoming effective, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), documents, confirmations or other writings or enter into any arrangements with any party to any contract or arrangement to which Amalgamating Company is a party in respect of any matter or any writings as may be necessary in order to give formal effect to the provisions of Part IV of this Scheme. 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 be obligated to, and shall make and duly record the necessary substitution/endorsement in the name of Amalgamated Company pursuant to the sanction of scheme by the NCLT, and upon the Scheme becoming effective in accordance with the terms hereof. For this purpose, Amalgamated Company shall, as required, file appropriate applications/documents with relevant authorities concerned for information and record purposes. Amalgamated Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of Amalgamating Company to be carried out or performed.

29. **Conduct of business**

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

- 29.1. the Amalgamating Company shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions for and on account of, and in trust for, the Amalgamated Company;
- 29.2. All obligations, liabilities, duties and commitments attached, shall be undertaken and shall be deemed to have been undertaken by Amalgamating Company for and on account of and in trust for Amalgamated Company.
- 29.3. All profits and income accruing or arising to or losses and expenses arising, incurred or accruing to the Amalgamating Company, for the period commencing the Appointed Date, shall for all purposes be treated as and be deemed to be the profits, income, losses or expenses, as the case may be, of the Amalgamated Company.
- 29.4. Any of the rights, powers, authorities or privileges exercised by Amalgamating Company, shall be deemed to have been exercised by Amalgamating Company for and on behalf of, and in trust for and as an agent of Amalgamated Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by Amalgamating Company, shall be deemed to have been undertaken for and on behalf of and as an agent of Amalgamated Company;
- 29.5. All taxes, where applicable, (including but not limited to advance income tax, tax deducted at source, minimum alternate tax, wealth tax, fringe benefit tax, banking cash transaction tax, tax collected at source, taxes withheld/paid in a foreign country, sales tax, value added tax, excise duty, customs duty, service tax or goods and service tax, as applicable, cess, tax refunds) payable by or refundable to Amalgamating Company including all or any tax refunds or tax liabilities or tax claims arising from pending tax proceedings, under Applicable Law, on or before the Effective Date, shall be treated as or deemed to be treated as the tax liability or tax refunds/ tax claims (whether or not

recorded in the books of Amalgamating Company) as the case may be, of Amalgamated Company, and any unabsorbed tax losses and depreciation as would have been available to Amalgamating Company on or before the Effective Date, shall be available to Amalgamated Company upon the Scheme becoming effective.

30. Saving of Concluded Transactions

Subject to the terms of the Scheme, the transfer and vesting of the Amalgamating Company as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded by the Amalgamating Company on or before the Appointed Date or after the Appointed Date until the Effective Date, to the end and intent that the Amalgamated Company accepts and adopts all acts, deeds and things made, done and executed by the Amalgamating Company or its predecessors as acts, deeds and things made, done and executed by or on behalf of the Amalgamated Company.

31. Consideration

- 31.1. Upon coming into effect of this Scheme as consideration for the Amalgamation of Amalgamating Company into the Amalgamated Company under this Scheme, the Amalgamated Company shall without any further act or deed issue and allot equity shares to the shareholders of the Amalgamating Company (i.e. The Transferor Company), as per the Share Entitlement Ratio of 3:1 i.e. for every 1 (*One*) fully paid equity share of face value of Rs. 10 each held by such shareholder in Amalgamating Company, the holders thereof shall receive 3 (*Three*) fully paid up equity share of Amalgamated Company of face value of Rs. 10 each, ranking *pari passu* in all respects with the existing equity shares of Amalgamated Company.
- 31.2. The Share Entitlement Ratio mentioned above has been arrived at based on the valuation report prepared by M/s Sharp & Tannan, an independent Chartered Accountant, and confirmed by a fairness opinion prepared by JM Financial Institutional Securities Ltd., a merchant banker and approved by the audit committee of the Transferor Company and the Board of Directors of the Transferor Company, the Amalgamating Company and Amalgamated Company.
- 31.3. The equity shares issued and allotted pursuant to this Clause, shall in all respects, be subject to the Memorandum and Articles of Association of the Amalgamated Company and shall rank *pari passu* with the existing equity shares of the Amalgamated Company.
- 31.4. The issue and allotment of the equity shares pursuant to this Clause in the Amalgamated Company to the shareholders of the Amalgamating Company as provided in the Scheme, shall be deemed to have been carried out as if the procedure laid down under Section 62 (1) (c) of the 2013 Act and any other applicable provisions of the Act or any amendments thereto were duly complied with.
- 31.5. The equity shares issued to the shareholders of the Amalgamating Company by the Amalgamated Company pursuant to this Clause shall be issued in dematerialised form by the Amalgamated Company, unless otherwise notified in writing by the shareholders of the Amalgamating Company to the Amalgamated Company.
- 31.6. The equity shares to be issued pursuant to this Scheme by Amalgamated Company in respect of the equity shares of Amalgamating Company which are required to be held in abeyance under the provisions of section 126 of the 2013 Act and/or applicable provisions of 1956 Act or otherwise shall, pending allotment or settlement of dispute by order of NCLT or otherwise, be held in abeyance by Amalgamated Company.

32. Accounting Treatment in the books of the Amalgamated Company

- 32.1. Amalgamated Company shall account for the Amalgamation of Amalgamating Company in its books of account with effect from the Appointed Date.

- 32.2. The Amalgamation of Amalgamating Company shall be accounted for in accordance with "Purchase Method" of accounting as per the Accounting Standard 14 "Accounting for Amalgamation" as prescribed in Companies (Accounting Standards) Rules, 2006 issued by the Ministry of Corporate Affairs, as may be amended from time to time read with Rule 3(2) of Companies (Indian Accounting Standard) Rules, 2015.
- 32.3. All the assets including intangible assets, if any, whether or not recorded in the books of Amalgamating Company and liabilities of Amalgamating Company shall be recorded in the books of account of Amalgamated Company at their respective fair values and in the same form except to ensure uniformity of accounting policies.
- 32.4. Amalgamated Company shall record issuance of equity shares at fair value and accordingly credit to its Share Capital Account the aggregate face value of the equity shares issued on Amalgamation. The excess, if any, of the fair value of the equity shares over the face value of the shares issued shall be credited to Securities Premium Account.
- 32.5. To the extent that there are inter-company loans, advances, deposits, balances or other obligations between the Amalgamating Company and the Amalgamated Company, the same will come to an end and corresponding effect shall be given in the books of account and records of the Amalgamated Company as well as Amalgamating Company for the reduction of any assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.
- 32.6. The obligation (including, without limitation, an amount of Rs. 227 Crores (Rupees Two Hundred and Twenty Seven Crores) being the amount outstanding to be discharged by the Transferee Company to the Transferor Company as consideration in accordance with Clause 13.2 of Part III of the Scheme upon transfer of Transferred Undertaking shall be transferred to Amalgamated Company. The sum of Rs. 227 Crores payable by the Amalgamated Company to the Transferor Company shall be discharged within 6 months from the Effective Date of the Scheme or such other date and on such terms as determined by the Boards of Directors.
- 32.7. Excess, if any, of the consideration, viz., fair value of equity shares issued over the fair values of net assets of Amalgamating Company (including identifiable intangible assets, if any, whether or not recorded in their books of accounts) taken over and recorded and after making adjustment for sub-clause 32.5 above will be recognized as goodwill in accordance with Accounting Standard- 14. In the event the result is negative, it shall be credited as capital reserve in the books of account of Amalgamated Company.
- 32.8. Amalgamated Company shall record in its books of account, all transactions of Amalgamating Company in respect of assets, liabilities, income and expenses, from Appointed Date to the Effective Date.
- 32.9. Entire costs and expenses incurred for the Scheme and to put it into operation and any other expenses or charges attributable to the implementation shall be charged to Statement of Profit and Loss of Amalgamated Company.
- 32.10. The intangible assets transferred (if any) on Amalgamation, as aforesaid, shall be amortized in the books of the Amalgamated Company over its useful life. Goodwill (if any) arising on Amalgamation, as aforesaid, shall be amortized to income systematically over a period of 20 years or such lesser number of years if and as may be decided by the Board of Directors periodically.
- 32.11. In case of any differences in accounting policy between the Amalgamating Company and the Amalgamated Company, the accounting policies followed by the Amalgamated Company will prevail and the difference till the Appointed Date will be quantified and

adjusted in the statement of Profit and Loss mentioned earlier to ensure that the financial statements of the Amalgamated Company reflect the financial position on the basis of consistent accounting policy.

32.12. Upon the Scheme becoming effective, (i) the amount of Residual Goodwill and (ii) accumulated debit balance in the statement of Profit and Loss of the Amalgamated Company as on Appointed Date, shall be adjusted against the balance in its Securities Premium Account arising pursuant to the Amalgamation in accordance with clause 32.4 above.

32.13. The Board of Directors may adopt any other accounting treatment for the Amalgamation which is in accordance with Accounting Standards notified under the 1956 Act read with Rule 3(2) of Companies (Indian Accounting Standard) Rules, 2015.

33. The reduction in the Securities Premium Account of the Amalgamated Company, shall be effected as an integral part of the Scheme in accordance with provisions of sections 230 to 232 read with section 52 and Section 230 of the 2013 Act. The reduction of securities premium account as aforesaid would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

34. **WINDING UP**

On the Scheme becoming effective, the Amalgamating Company shall without any further act, instrument or deed stand dissolved without being wound-up.

35. **Compliance with Section 2(1B) of the Income Tax Act 1961 and provisions of Section 232 of the Act 2013**

The provisions of this Scheme as they relate to the amalgamation of the Amalgamating Company into and with the Amalgamated Company have been drawn up to comply with the conditions relating to “amalgamation” as defined under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the provisions of this Chapter IV of the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

36. **Combination of Authorised Share Capital**

36.1. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorised share capital of the Amalgamating Company shall stand transferred to and be added with the authorised share capital of the Amalgamated Company without any liability for payment of any additional registration fees and stamp duty pursuant to the provisions of Sections 13, 14, 61 and Section 232(3) of the 2013 Act and no resolutions or consent and approvals would be required to be passed by the Amalgamated Company.

36.2. In order to suffice for the purpose of issuance of necessary equity shares to the Transferor Company, as specified in clause 31 above, it is proposed that the authorised equity share capital of the Amalgamated Company be further increased by Rs. 17,49,00,000 (Rs. Seventeen crores forty nine lacs only), i.e., to an aggregate of Rs. 25,00,00,000 (Rs. Twenty five crores only), divided into 2,50,00,000 (Two Crores fifty lacs) equity shares of Rs. 10 each upon payment of the applicable registration fees and stamp duty.

36.3. Consequently upon the merger of the authorised share capital pursuant to clause 36.1 and increase in authorised share capital pursuant to clause 36.2, Clause V(a) of the Memorandum of Association of the Amalgamated Company upon the coming into effect of this Scheme and without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13, 62 and Section 232 and other applicable

provisions of the 2013 Act, as the case may be and be replaced by the following clause:

"The Authorised share capital of the Company is Rs.25,00,00,000 (Rs. Twenty Five Crores only), divided into 2,50,00,000 (Two Crores fifty lacs) Equity shares of Rs 10 (Rupees Ten only) each.

- 36.4. It is clarified that the approval of the members of Amalgamated Company to the Scheme shall be deemed to be their consent/approval for the increase of the authorized capital, amendment of the capital clause of the Memorandum of Association under the provisions of Section 13 and 62 of the 2013 Act and other applicable provisions of the 2013 Act.

PART V – GENERAL TERMS AND CONDITIONS

37. Conditions to effectiveness of the Scheme

The Scheme is conditional upon and subject to:

- 37.1. this Scheme being approved by the respective requisite majorities of the various classes of shareholders and/or creditors, as applicable, of Mukand, MVSL and MASPL as required under the 2013 Act, as applicable, and the requisite order of the NCLT being obtained, or dispensation having been received from the NCLT in relation to obtaining such consent from the shareholders and/or creditors, as applicable;
- 37.2. such other approvals and sanctions including sanction of any Appropriate Authority, as may be required by law or contract in respect of the Scheme;
- 37.3. the NCLT having accorded sanction to the Scheme and if any modifications have been prescribed the same being acceptable to Mukand, MVSL and MASPL; and
- 37.4. such certified/authenticated copy of the Order of the NCLT being filed with the Registrar of Companies, Mumbai.

38. Applications/Petitions to the NCLT

Mukand, MVSL and MASPL shall make and file all applications and petitions under Sections 230 to 232 of the 2013 Act read with Section 52 of the 2013 Act before the NCLT, for sanction of this Scheme under the provisions of law, and shall apply for such approvals as may be required under law.

39. Dividend

- 39.1. During the pendency of the Scheme, Transferor Company, Amalgamating Company and Amalgamated Company shall be entitled to declare and pay dividends, whether interim and/or final, to their members in respect of the accounting period prior to the Effective Date.
- 39.2. The shareholders of Transferor Company, Amalgamating Company and Amalgamated Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- 39.3. On and from the Effective Date, the profits of Transferor Company (in relation to Transferred Undertaking) and Amalgamating Company for the period beginning from the Appointed Date shall belong to and be deemed to be the profits of Amalgamated Company and will be available to Amalgamated Company, for being disposed of in any manner as it thinks fit.

- 39.4. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of Transferor Company, Amalgamating Company and Amalgamated Company to demand or claim any dividends which, subject to the provisions of the 2013 Act, as applicable, shall be entirely at the discretion of the Boards of Directors, subject to such approval of the members, as may be required.

40. **Operational sequence of the Scheme**

Upon the sanction of the Scheme and it becoming effective, the different transactions envisaged under the Scheme shall be operative in the following sequence:

- 40.1. Slump Sale of Transferred Undertaking of Transferor Company to Transferee Company, in terms of Part III of this Scheme;
- 40.2. Amalgamation of Amalgamating Company with Amalgamated Company, in terms of Part IV of this Scheme;

41. **Modifications to the Scheme**

Mukand, MVSL and MASPL (by their respective Board of Directors), may, in their full and absolute discretion, jointly and as mutually agreed in writing:

- 41.1. assent to any alteration(s) or modification(s) to this Scheme which the NCLT/or any other Appropriate Authority may deem fit to approve or impose;
- 41.2. give such directions (acting jointly) as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation hereof or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to any of those (to the extent permissible under law);
- 41.3. modify or vary this Scheme prior to the Effective Date, in any manner at any time and thereafter subject to the approval of the NCLT; or
- 41.4. determine jointly whether any asset, liability, employee, legal or other proceedings pertains to the Transferred Undertaking of the Transferor Company or not, on the basis of any evidence that they may deem relevant for this purpose.

42. **Withdrawal of the Scheme**

The Transferor Company and /or the Transferee Company and/or the Amalgamated Company acting through their respective Board of Directors shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority/person or otherwise is unacceptable to any of them or for any reason whatsoever.

43. **When the Scheme comes into operation and its Parts given effect to**

- 43.1. The Scheme shall come into operation and be effective from the Appointed Date but shall be subject to the conditions set out in clause 37.
- 43.2. Amalgamated Company and Transferee Company shall carry on and shall be authorized to carry on, with effect from the Effective Date, the business pertaining to Amalgamating Company and Transferred Undertaking respectively. For the purposes of giving effect to the sanction of the Scheme by NCLT, Amalgamated Company and Transferee Company shall at any time pursuant to such order be entitled to get the recordal of change in the legal right(s) upon the Amalgamation of Amalgamating Company and Slump Exchange of Transferred Undertaking respectively, in accordance with the provisions of the

sections 230 to 232 and/or the other applicable provision of the 2013 Act, as case may be. Amalgamated Company and Transferee Company are and shall always be deemed to have been authorized to execute any pleadings, applications, forms as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of the Scheme.

- 43.3. Amalgamated Company and Transferor Company shall be entitled to, amongst others, file/ or revise its income tax returns, TDS/TCS returns, service tax, excise duty, sales tax, value added tax, entry tax, cess, professional tax or any other statutory returns, if required, credit for advance tax paid, tax deducted at source, claim for sum prescribed under section 43B of the Income Tax Act on payment basis, claim for deduction of provisions written back by Amalgamated Company previously disallowed in the hands of Amalgamating Company under the Income Tax Act, credit of tax under section 115JB read with section 115JAA of the Income Tax Act, credit of foreign taxes paid/ withheld, if any, pertaining to Amalgamating Company as may be required consequent to implementation of this Scheme and where necessary to give effect to this Scheme, even if the prescribed time limits for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum. Amalgamated Company and Transferor Company shall have the right to claim refunds, tax credits, set-offs and/or adjustments relating to the income or transactions entered into by them by virtue of this Scheme with effect from Appointed Date. The taxes or duties paid by, for, or on behalf of, Amalgamating Company and Transferor Company (pertaining to Transferred Undertaking) relating to the period on or after Appointed Date, shall be deemed to be the taxes or duties paid by Amalgamated Company and Transferee Company respectively and Amalgamated Company and Transferee Company shall be entitled to claim credit or refund for such taxes or duties.
- 43.4. Any advance tax, self-assessment tax, minimum alternate tax and/or TDS credit available or vested with Amalgamating Company and Transferor Company (in relation to Transferred Undertaking), including any taxes paid and taxes deducted at source and deposited by Amalgamating Company and Transferor Company (in relation to Transferred Undertaking) on inter se transactions during the period between Appointed Date and the Effective Date, shall be treated as tax paid by Amalgamated Company and Transferee Company respectively and shall be available to Amalgamated Company and Transferee Company for set-off against its liability under the Income Tax Act and any excess tax so paid shall be eligible for refund together with interest. Further, TDS deposited, TDS certificates issued or TDS returns filed by Amalgamating Company and Transferor Company on transactions other than inter se transactions during the period between Appointed Date and the Effective Date, as applicable, shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by Amalgamated Company and Transferee Company respectively. Any TDS deducted by, or on behalf of, Amalgamating Company and Transferor Company (in relation to Transferred Undertaking) on inter se transactions will be treated as tax deposited by Amalgamated Company and Transferee Company respectively.
- 43.5. Transfer and vesting of Transferred Undertaking in terms of Part III of the Scheme and Amalgamating Company in terms of Part IV of the Scheme is not a sale in the course of business.

44. **Severability**

If any provision or part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of Mukand, MVSL and MASPL, affect the validity or implementation of the other provisions and parts of this Scheme.

In the event of any inconsistency between any of the terms and conditions of any earlier arrangement amongst Mukand, MVSL and MASPL and their respective shareholders and/or creditors, and the terms and conditions of this Scheme, the latter shall have overriding effect and shall prevail.

45. **Costs**

- 45.1. In the event of the Scheme not being sanctioned by the NCLT, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.
- 45.2. Subject to Clause 45.1 above, all costs, charges and expenses (including, but not limited to, any taxes and duties, stamp duty, registration charges, etc.) payable in relation to or in connection with the Scheme and of carrying out and completing the terms and provisions of the Scheme and/or incidental to the completion of the Scheme shall be borne and paid solely by MASPL.

46. **Action taken by SEBI/ RBI**

As required under SEBI Circular dated No. CIR/CFD/CMD/16/2015 dated November 30, 2015, a copy of the Scheme was filed with the stock exchanges. During the course of processing of the Scheme, SEBI raised queries as to whether Mr. Naresh Chandra Sharma (an independent director on the Board of Mukand), should be regarded as a wilful defaulter. Mukand furnished its reply dated March 7, 2017 and March 16, 2017 to the queries raised by SEBI. By way of a revised Observation letter dated April 27, 2017, the NSE has advised Mukand that Mukand's reply dated March 7, 2017 and March 16, 2017 pertaining to Naresh Chandra Sharma is disclosed in the Scheme. Accordingly, relevant extract of the said letters are attached hereto as **Schedule 3 and Schedule 4.**

Schedule 1
Statement of Assets and Liabilities relating to the Transferred Undertaking

Particulars
Assets
- Fixed Assets including CWIP
- Current Assets
- Non-Current Assets
Liabilities
- Non-Current Liabilities
- Secured&Unsecured Loans
- Current Liabilities

The above assets and liabilities are transferred for a lump sum consideration of INR 227 Crs.

Schedule 2
Description of Immovable Properties

Sr No.	Survey Nos.	Location	Acres	Guntas	Acre & Decimal
1	67/1	Land at Kanakapura Village, Taluka & District Koppal, Karnataka State	7	15	7.375
2	67/2		7	36	7.900
3	68/2		4	34	4.850
4	49/3		6	39	6.975
5	48/1		6	37	6.925
6	48/2		5	13	5.325
7	48/3		5	12	5.300
8	46/1		0	38	0.950
9	46/2		0	38	0.950
10	46/3		0	37	0.925
11	46/4		1	13	1.325
12	49/2		4	0	4.000
			45	312	52.800
	Total	52 acres and 32 gunthas			

Schedule 3

Relevant Extract of letter dated 7th March 2017 to SEBI by Mukand Limited

March 7, 2017

Ms. Komal Bais
Manager
Division of Issues and Listing, Corporation Finance Department,
Securities and Exchange Board of India
C-4A, "G" Block, SEBI Bhavan,
BandraKurla Complex,
Bandra (East),
Mumbai- 400051
e-mail: komalb@sebi.gov.in

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 – Submission of reply to queries.

Re: Your e-mail dated February 28, 2017

Scrip Code – MUKANDLTD

Dear Komal,

This is with reference to your aforementioned e-mail to us wherein you have requested us to provide certain information in response to the queries raised. Towards the same, please see below our itemized response:

1. **It has been noted from SEBI Action Taken Report (ATR) database that action has been initiated and/or taken against, Naresh Chandra Sharma,; Name of and Naresh Chandra Sharma features in the RBI data of wilful defaulters.**

You are advised to clarify if the aforementioned person appearing as part of Mukand Limited and, involved in the scheme are the same and if any action has been taken against them. If yes, you are further advised to inform on the current status of the aforementioned action initiated.

Reply:

- 1.3 Mr. Naresh Chandra Sharma, Independent Director of Mukand Ltd. is also at present Independent Director of PSL Limited, a listed company, whose name appears on the List Non-suit filed (Wilful Defaulters) as on 30th June, 2016. In terms of the Master Circular on Wilful Defaulters RBI/2014-15/73 issued by RBI dated 1st July, 2014, it has been clarified that in view of the limited role of non-promoter/non wholetime directors (Nominee and Independent directors) in the management of a company's debt contracts, their names shall now be excluded from the list of Wilful Defaulters subject to the terms of the RBI Circular. Thus in view of above mentioned master circular Mr. Naresh Chandra Sharma who is a non-promoter / non-wholetime (Independent) Director of PSL Limited, will be excluded from the category of wilful defaulter. Copy of the said circular is attached herewith as **Annexure – 2**.
- 1.4 As regards name of Mr. Naresh Chandra Sharma, Independent Director of Mukand Ltd., appearing in the SEBI Action Taken Report relating to the case of Bank of Rajasthan Limited, it may be noted that AO after taking into consideration all the facts and circumstances of the case and material on record did not find it a fit case to impose any monetary penalty. The case is accordingly disposed of without imposition of any penalty. It may also be noted that Mr. Naresh Chandra Sharma is an Independent Director of Eskay K 'N' IT (INDIA) Ltd., a listed Company which has been referred to in the case of Bank of Rajasthan. Bank of Rajasthan is controlled by the Tayal group. Further, Eskay K 'N' IT (INDIA) Ltd. is also associated with Tayal group.

Further, it may be noted that Mr. Sharma was neither a promoter /whole-time director nor involved in the management of affairs of Eskay K 'N' IT (INDIA) Ltd.

Thanking You,

Yours faithfully,
For **Mukand Limited**,

K. J. Malliya
Company Secretary

Master Circular on Wilful Defaulters

RBI/2014-15/73

DBR.No.CID.BC.57/20.16.003/2014-15

July 1, 2014

(Updated up to January 07, 2015)

- i) All Scheduled Commercial Banks (excluding RRBs and LABs) and
- ii) All India Notified Financial Institutions

Dear Sir / Madam

Master Circular on Wilful Defaulters

RBI has been receiving references from banks and other agencies seeking clarification as well as posing certain issues concerning the various guidelines contained in the current Master Circular on Wilful Defaulters. These references have been examined and the Master Circular has been modified accordingly. [A copy of the same is attached.](#)

2. While quite a few of the modifications in the guidelines are definitional and clarificatory in nature, certain substantive changes have been made to bring in greater transparency and accountability in the due process required to be adopted for identification of Wilful Defaulters (paragraph 2.5(d) and 3). Further, in view of the limited role of non-promoter/non-whole time directors (Nominee and Independent directors) in the management of a company's debt contracts, their names shall now be excluded from the list of Wilful Defaulters, except in the rarest circumstances which also have been specified at paragraph 3 of the Master Circular.

3. The modifications to the Master Circular have been furnished separately in the [Annex](#).

Yours faithfully,

(Sudarshan Sen)

Chief General Manager-in-Charge

Annex

Modifications to Master Circular on 'Wilful Defaulters'

(i) The meanings of terms 'Lender' and 'Unit' have been clarified at paragraph 2.1 as per the circular dated September 9, 2014 on Guidelines on Wilful Defaulters.

(ii) Paragraph 2.2.1(c) has been changed as below:

Transferring borrowed funds to the subsidiaries / Group companies or other corporates by whatever modalities

(iii) Paragraph 2.5(d) has been changed as below:

A covenant in the loan agreements with the companies in which the banks/FIs have significant stake, should be incorporated by the banks/FIs to the effect that the borrowing company should not induct on its board a person whose name appears in the list of Wilful Defaulters and that in case, such a person is found to be on its board, it would take expeditious and effective steps for removal of the person from its board. It would be imperative on the part of the banks and FIs to put in place a transparent mechanism for the entire process so that the penal provisions are not misused and the scope of such discretionary powers are kept to the barest minimum. It should also be ensured that a solitary or isolated instance is not made the basis for imposing the penal action.

(iv) Paragraph 2.6 on guarantees furnished by individuals, group companies and non-group companies have been modified as per the circular 'Guidelines on Wilful Defaulters – Clarification regarding Guarantor, Lender and Unit' dated September 9, 2014.

(v) Paragraph 3 on 'Grievances Redressal Mechanism' would now be titled 'Mechanism for identification of Wilful Defaulters' and read as below:

The transparent mechanism referred to in paragraph 2.5(d) above should generally include the following:

- a. The evidence of wilful default on the part of the borrowing company and its promoter/whole-time director at the relevant time should be examined by a Committee headed by an Executive Director and consisting of two other senior officers of the rank of GM/DGM.
- b. If the Committee concludes that an event of wilful default has occurred, it shall issue a Show Cause Notice to the concerned borrower and the promoter/whole-time director and call for their submissions and after considering their submissions issue an order recording the fact of wilful default and the reasons for the same. An opportunity should be given to the borrower and the promoter/whole-time director for a personal

hearing if the Committee feels such an opportunity is necessary.

- c. The Order of the Committee should be reviewed by another Committee headed by the Chairman / CEO and MD and consisting, in addition, of two independent directors of the Bank and the Order shall become final only after it is confirmed by the said Review Committee.
- d. As regard a non-promoter/non-whole time director, it should be kept in mind that Section 2(60) of the Companies Act, 2013 defines an officer who is in default to mean only the following categories of directors:
 - i. Whole-time director
 - ii. where there is no key managerial personnel, such director or directors as specified by the Board in this behalf and who has or have given his or their consent in writing to the Board to such specification, or all the directors, if no director is so specified;
 - iii. every director, in respect of a contravention of any of the provisions of this Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings and who has not objected to the same, or where such contravention had taken place with his consent or connivance.

Therefore, except in very rare cases, a non-whole time director should not be considered as a wilful defaulter unless it is conclusively established that

I. he was aware of the fact of wilful default by the borrower by virtue of any proceedings recorded in the Minutes of the Board or a Committee of the Board and has not recorded his objection to the same in the Minutes, or,

II. the wilful default had taken place with his consent or connivance.

A similar process as detailed in sub paras (a) to (c) above should be followed when identifying a non-promoter/non-whole time director as a wilful defaulter.

(vi) Paragraph 5.1 on 'Need for ensuring Accuracy' with respect to reporting would read as below:

RBI / Credit Information Companies disseminate information on non-suit filed and suit filed accounts respectively of Wilful Defaulters, as reported to them by the banks / FIs and therefore, the responsibility for reporting correct information and also accuracy of facts and figures rests with the concerned banks and financial institutions.

(vii) Paragraph 5.2 has now been titled 'Position regarding guarantors' and contains instructions issued vide the circular dated September 9, 2014. Position regarding Independent and Nominee Directors has now been incorporated in paragraph 3.

(viii) Remark (e) against field 11 of Annex 1 is deleted as it is no longer required.

Master Circular on 'Wilful Defaulters'

Purpose:

To put in place a system to disseminate credit information pertaining to willful defaulters for cautioning banks and financial institutions so as to ensure that further bank finance is not made available to them.

Application:

To all scheduled commercial banks (excluding RRBs and LABs) and All India Notified Financial Institutions.

Structure:

1	Introduction
2	Guidelines issued on wilful defaulters on May 30, 2002
2.1	Definition of Wilful Default
2.2	Diversion and siphoning of funds
2.3	Cut-off limits
2.4	End-use of Funds
2.5	Penal measures
2.6	Guarantees furnished by individuals, group companies & non-group companies

2.7	Role of Auditors
2.8	Role of Internal Audit / Inspection
2.9	Reporting to RBI / Credit Information Companies
3	Mechanism for identification of Wilful defaulters
4	Criminal Action against Wilful Defaulters
4.1	J P C recommendations
4.2	Monitoring of End Use
4.3	Criminal Action by Banks / FIs
5	Reporting
5.1	Need for Ensuring Accuracy
5.2	Position regarding Guarantors
5.3	Government Undertakings
5.4	Inclusion of Director Identification Number (DIN)
6	Annex 1 - Reporting Format
	Annex 2 - List of Circulars consolidated

1. Introduction

Pursuant to the instructions of the Central Vigilance Commission for collection of information on wilful defaults of Rs.25 lakhs and above by RBI and dissemination to the reporting banks and FIs, a scheme was framed by RBI with effect from 1st April 1999 under which the banks and notified All India Financial Institutions were required to submit to RBI the details of the wilful defaulters. Wilful default broadly covered the following:

- Deliberate non-payment of the dues despite adequate cash flow and good network;
- Siphoning off of funds to the detriment of the defaulting unit;
- Assets financed either not been purchased or been sold and proceeds have been misutilised;
- Misrepresentation / falsification of records;
- Disposal / removal of securities without bank's knowledge;
- Fraudulent transactions by the borrower.

Accordingly, banks and FIs started reporting all cases of wilful defaults, which occurred or were detected after 31st March 1999 on a quarterly basis. It covered all non-performing borrowal accounts with outstandings (funded facilities and such non-funded facilities which are converted into funded facilities) aggregating Rs.25 lakhs and above identified as wilful default by a Committee of higher functionaries headed by the Executive Director and consisting of two GMs/DGMs. Banks/FIs were advised that they should examine all cases of wilful defaults of Rs 1.00 crore and above for filing of suits and also consider criminal action wherever instances of cheating/fraud by the defaulting borrowers were detected. In case of consortium/multiple lending, banks and FIs were advised that they report wilful defaults to other participating/financing banks also. Cases of wilful defaults at overseas branches are required to be reported if such disclosure is permitted under the laws of the host country.

2. Guidelines issued on wilful defaulters

Further, considering the concerns expressed over the persistence of wilful default in the financial system in the 8th Report of the Parliament's Standing Committee on Finance on Financial Institutions, the Reserve Bank of India, in consultation with the Government of India, constituted in May 2001 a Working Group on Wilful Defaulters (WGWD) under the Chairmanship of Shri S. S. Kohli, the then Chairman of the Indian Banks' Association, for examining some of the recommendations of the Committee. The Group submitted its report in November 2001. The recommendations of the WGWD were further examined by an In House Working Group constituted by the Reserve Bank. Accordingly, the Scheme was further revised by RBI on May 30, 2002.

The above scheme was in addition to the Scheme of Disclosure of Information on Defaulting Borrowers of banks and FIs introduced in April 1994, vide RBI Circular DBOD.No.BC/CIS/47/20.16.002/94 dated 23 April 1994.

2.1 Definition of wilful default

The term 'lender' appearing in the circular covers all banks/FIs to which any amount is due, provided it is arising on account of any banking transaction, including off balance sheet transactions such as derivatives, guarantee and Letter of Credit.

The term 'unit' appearing therein has to be taken to include individuals, juristic persons and all other forms of business enterprises, whether incorporated or not. In case of business enterprises (other than companies), banks/FIs may also report (in the Director column) the names of those persons who are in charge and responsible for the management of the affairs of the business enterprise.

The term "wilful default" has been redefined in supersession of the earlier definition as under:

A "wilful default" would be deemed to have occurred if any of the following events is noted:-

- (a) The unit has defaulted in meeting its payment / repayment obligations to the lender even when it has the capacity to honour the said obligations.
- (b) The unit has defaulted in meeting its payment / repayment obligations to the lender and has not utilised the finance from the lender for the specific purposes for which finance was availed of but has diverted the funds for other purposes.
- (c) The unit has defaulted in meeting its payment / repayment obligations to the lender and has siphoned off the funds so that the funds have not been utilised for the specific purpose for which finance was availed of, nor are the funds available with the unit in the form of other assets.
- (d) The unit has defaulted in meeting its payment / repayment obligations to the lender and has also disposed off or removed the movable fixed assets or immovable property given by him or it for the purpose of securing a term loan without the knowledge of the bank/lender.

2.2 Diversion and siphoning of funds

The terms "diversion of funds" and "siphoning of funds" should construe to mean the following:-

2.2.1 Diversion of funds, referred to at para 2.1(b) above, would be construed to include any one of the undernoted occurrences:

- (a) utilisation of short-term working capital funds for long-term purposes not in conformity with the terms of sanction;
- (b) deploying borrowed funds for purposes / activities or creation of assets other than those for which the loan was sanctioned;
- (c) transferring borrowed funds to the subsidiaries / Group companies or other corporates by whatever modalities;
- (d) routing of funds through any bank other than the lender bank or members of consortium without prior permission of the lender;
- (e) investment in other companies by way of acquiring equities / debt instruments without approval of lenders;
- (f) shortfall in deployment of funds vis-à-vis the amounts disbursed / drawn and the difference not being accounted for.

2.2.2 Siphoning of funds, referred to at para 2.1(c) above, should be construed to occur if any funds borrowed from banks / FIs are utilised for purposes un-related to the operations of the borrower, to the detriment of the financial health of the entity or of the lender. The decision as to whether a particular instance amounts to siphoning of funds would have to be a judgement of the lenders based on objective facts and circumstances of the case.

The identification of the wilful default should be made keeping in view the track record of the borrowers and should not be decided on the basis of isolated transactions/incidents. The default to be categorised as wilful must be intentional, deliberate and calculated.

2.3 Cut-off limits

While the penal measures indicated at para 2.5 below would normally be attracted by all the borrowers identified as wilful defaulters or the promoters involved in diversion / siphoning of funds, keeping in view the present limit of Rs. 25 lakh fixed by the Central Vigilance Commission for reporting of cases of wilful default by the banks/FIs to RBI, any wilful defaulter with an outstanding balance of Rs. 25 lakh or more, would attract the penal measures stipulated at para 2.5 below. This limit of Rs. 25 lakh may also be applied for the purpose of taking cognisance of the instances of 'siphoning' / 'diversion' of funds.

2.4 End-use of Funds

In cases of project financing, the banks / FIs seek to ensure end use of funds by, inter alia, obtaining certification from the Chartered Accountants for the purpose. In case of short-term corporate / clean loans, such an approach ought to be supplemented by 'due diligence' on the part of lenders themselves, and to the extent possible, such loans should be limited to only those borrowers whose integrity and reliability are above board. The banks and FIs, therefore, should not depend entirely on the certificates issued by the Chartered Accountants but strengthen their internal controls and the

credit risk management system to enhance the quality of their loan portfolio.

Needless to say, ensuring end-use of funds by the banks and the FIs should form a part of their loan policy document for which appropriate measures should be put in place. The following are some of the illustrative measures that could be taken by the lenders for monitoring and ensuring end-use of funds:

- (a) Meaningful scrutiny of quarterly progress reports / operating statements / balance sheets of the borrowers;
- (b) Regular inspection of borrowers' assets charged to the lenders as security;
- (c) Periodical scrutiny of borrowers' books of accounts and the no-lien accounts maintained with other banks;
- (d) Periodical visits to the assisted units;
- (e) System of periodical stock audit, in case of working capital finance;
- (f) Periodical comprehensive management audit of the 'Credit' function of the lenders, so as to identify the systemic-weaknesses in the credit-administration.

(It may be kept in mind that this list of measures is only illustrative and by no means exhaustive.)

2.5 Penal measures

In order to prevent the access to the capital markets by the wilful defaulters, a copy of the list of wilful defaulters (non-suit filed accounts) and list of wilful defaulters (suit filed accounts) are forwarded to SEBI by RBI and Credit Information Bureau (India) Ltd. (CIBIL) respectively.

The following measures should be initiated by the banks and FIs against the wilful defaulters identified as per the definition indicated at paragraph 2.1 above:

- a) No additional facilities should be granted by any bank / FI to the listed wilful defaulters. In addition, the entrepreneurs / promoters of companies where banks / FIs have identified siphoning / diversion of funds, misrepresentation, falsification of accounts and fraudulent transactions should be debarred from institutional finance from the scheduled commercial banks, Development Financial Institutions, Government owned NBFCs, investment institutions etc. for floating new ventures for a period of 5 years from the date the name of the wilful defaulter is published in the list of wilful defaulters by the RBI.
- b) The legal process, wherever warranted, against the borrowers / guarantors and foreclosure of recovery of dues should be initiated expeditiously. The lenders may initiate criminal proceedings against wilful defaulters, wherever necessary.
- c) Wherever possible, the banks and FIs should adopt a proactive approach for a change of management of the wilfully defaulting borrower unit.
- d) A covenant in the loan agreements with the companies in which the banks/FIs have significant stake, should be incorporated by the banks/FIs to the effect that the borrowing company should not induct on its board a person whose name appears in the list of Wilful Defaulters and that in case, such a person is found to be on its board, it would take expeditious and effective steps for removal of the person from its board. It would be imperative on the part of the banks and FIs to put in place a transparent mechanism for the entire process so that the penal provisions are not misused and the scope of such discretionary powers are kept to the barest minimum. It should also be ensured that a solitary or isolated instance is not made the basis for imposing the penal action.

2.6 Guarantees furnished by individuals, group companies & non-group companies

While dealing with wilful default of a single borrowing company in a Group, the banks /FIs should consider the track record of the individual company, with reference to its repayment performance to its lenders. However, in cases where guarantees furnished by the companies within the Group on behalf of the wilfully defaulting units are not honoured when invoked by the banks /FIs, such Group companies should also be reckoned as wilful defaulters.

In connection with the guarantors, banks have raised queries regarding inclusion of names of guarantors who are either individuals (not being directors of the company) or non-group corporates in the list of wilful defaulters. It is advised that in terms of Section 128 of the Indian Contract Act, 1872, the liability of the surety is co-extensive with that of the principal debtor unless it is otherwise provided by the contract. Therefore, when a default is made in making repayment by the principal debtor, the banker will be able to proceed against the guarantor/surety even without exhausting the remedies against the principal debtor. As such, where a banker has made a claim on the guarantor on account of the default made by the principal debtor, the liability of the guarantor is immediate. In case the said guarantor refuses to comply with the demand made by the creditor/banker, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter. It is clarified that this treatment of non-group corporate and individual guarantors would apply only prospectively and not to cases where guarantees were taken prior to this circular. Banks/FIs may ensure that this position is made known to all prospective guarantors at the time of accepting guarantees.

2.7 Role of auditors

In case any falsification of accounts on the part of the borrowers is observed by the banks / FIs, and if it is observed that the auditors were negligent or deficient in conducting the audit, they should lodge a formal complaint against the auditors of the borrowers with the Institute of Chartered Accountants of India (ICAI) to enable the ICAI to examine and fix accountability of the auditors. Pending disciplinary action by ICAI, the complaints may also be forwarded to the RBI (Department of Banking Supervision, Central Office) and IBA for records. IBA would circulate the names of the CA firms against whom many complaints have been received amongst all banks who should consider this aspect before assigning any work to them. RBI would also share such information with other financial sector regulators/Ministry of Corporate Affairs (MCA) / Comptroller and Auditor General (CAG).

With a view to monitoring the end-use of funds, if the lenders desire a specific certification from the borrowers' auditors regarding diversion / siphoning of funds by the borrower, the lender should award a separate mandate to the auditors for the purpose. To facilitate such certification by the auditors the banks and FIs will also need to ensure that appropriate covenants in the loan agreements are incorporated to enable award of such a mandate by the lenders to the borrowers / auditors.

In addition to the above, banks are advised that with a view to ensuring proper end-use of funds and preventing diversion/siphoning of funds by the borrowers, lenders could consider engaging their own auditors for such specific certification purpose without relying on certification given by borrower's auditors. However, this cannot substitute bank's basic minimum own diligence in the matter.

2.8 Role of Internal Audit / Inspection

The aspect of diversion of funds by the borrowers should be adequately looked into while conducting internal audit / inspection of their offices / branches and periodical reviews on cases of wilful defaults should be submitted to the Audit Committee of the bank.

2.9 Reporting to RBI / Credit Information Companies

(a) Banks/FIs should submit the list of suit-filed accounts of wilful defaulters of Rs.25 lakh and above as at end-March, June, September and December every year to a credit information company which has obtained certificate of registration from RBI in terms of Section 5 of the Credit Information Companies (Regulation) Act, 2005 and of which it is a member. Reserve Bank of India has, in exercise of the powers conferred by the Act and the Rules and Regulations framed thereunder, granted Certificate of Registration to (i) Experian Credit Information Company of India Private Limited, (ii) Equifax Credit Information Services Private Limited, (iii) CRIF High Mark Credit Information Services Private Limited and (iv) Credit Information Bureau (India) Limited (CIBIL) to commence/carry on the business of credit information. Credit Information Companies (CICs) have also been advised to disseminate the information pertaining to suit filed accounts of Wilful Defaulters on their respective websites.

(b) Banks / FIs should, however, submit the quarterly list of wilful defaulters where suits have not been filed only to RBI in the format given in Annex 1.

(c) In order to make the current system of banks/FIs reporting names of suit filed accounts and non-suit filed accounts of Wilful Defaulters and its availability to the banks by CICs / RBI as current as possible, banks / FIs are advised to forward data on wilful defaulters to the CICs/Reserve Bank at the earliest but not later than a month from the reporting date.

d) After examining the recommendations of the Committee to Recommend Data Format for Furnishing of Credit Information to Credit Information Companies (Chairman: Shri. Aditya Puri) it has been decided to implement the following measures with regard to reporting and dissemination of information on wilful defaulters:

- a. Banks/FIs may continue to furnish the data on wilful defaulters (non-suit filed accounts) of Rs. 25 lakhs and above for the quarter ending June 30, 2014 and September 30, 2014 to RBI in the existing format.
- b. In terms of Credit Information Companies (Regulation) Act, 2005, banks/FIs are advised to furnish the aforementioned data in respect of wilful defaulters (non-suit filed accounts) of Rs. 25 lakhs and above for the quarter ending December 31, 2014 to CICs and not to RBI. Thereafter, banks/FIs may continue to furnish data in respect of wilful defaulters to CICs on a monthly or a more frequent basis. This would enable such information to be available to the banks/FIs on a near real time basis.

Explanation

In this connection, it is clarified that banks need not report cases where

- (i) outstanding amount falls below Rs.25 lakh and
- (ii) in respect of cases where banks have agreed for a compromise settlement and the borrower has fully paid the compromised amount.

3. Mechanism for identification of Wilful Defaulters

The transparent mechanism referred to in paragraph 2.5(d) above should generally include the following:

(a) The evidence of wilful default on the part of the borrowing company and its promoter/whole-time director at the relevant time should be examined by a Committee headed by an Executive Director and consisting of two other senior officers of the rank of GM/DGM.

(b) If the Committee concludes that an event of wilful default has occurred, it shall issue a Show Cause Notice to the concerned borrower and the promoter/whole-time director and call for their submissions and after considering their submissions issue an order recording the fact of wilful default and the reasons for the same. An opportunity should be given to the borrower and the promoter/whole-time director for a personal hearing if the Committee feels such an opportunity is necessary.

(c) The Order of the Committee should be reviewed by another Committee headed by the Chairman / CEO and MD and consisting, in addition, of two independent directors of the Bank and the Order shall become final only after it is confirmed by the said Review Committee.

(d) As regard a non-promoter/non-whole time director, it should be kept in mind that Section 2(60) of the Companies Act, 2013 defines an officer who is in default to mean only the following categories of directors:

(i) Whole-time director

(ii) where there is no key managerial personnel, such director or directors as specified by the Board in this behalf and who has or have given his or their consent in writing to the Board to such specification, or all the directors, if no director is so specified;

(iii) every director, in respect of a contravention of any of the provisions of this Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings and who has not objected to the same, or where such contravention had taken place with his consent or connivance.

Therefore, except in very rare cases, a non-whole time director should not be considered as a wilful defaulter unless it is conclusively established that

I. he was aware of the fact of wilful default by the borrower by virtue of any proceedings recorded in the Minutes of the Board or a Committee of the Board and has not recorded his objection to the same in the Minutes, or,

II. the wilful default had taken place with his consent or connivance.

A similar process as detailed in sub paras (a) to (c) above should be followed when identifying a non-promoter/non-whole time director as a wilful defaulter.

4. Criminal Action against Wilful Defaulters

4.1 J.P.C. Recommendations

Reserve Bank examined, the issues relating to restraining wilful defaults in consultation with the Standing Technical Advisory Committee on Financial Regulation in the context of the following recommendations of the JPC and in particular, on the need for initiating criminal action against concerned borrowers, viz.

a. It is essential that offences of breach of trust or cheating construed to have been committed in the case of loans should be clearly defined under the existing statutes governing the banks, providing for criminal action in all cases where the borrowers divert the funds with mala fide intentions.

b. It is essential that banks closely monitor the end-use of funds and obtain certificates from the borrowers certifying that the funds have been used for the purpose for which these were obtained.

c. Wrong certification should attract criminal action against the borrower.

4.2 Monitoring of End Use

Banks / FIs should closely monitor the end-use of funds and obtain certificates from borrowers certifying that the funds are utilised for the purpose for which they were obtained. In case of wrong certification by the borrowers, banks / FIs may consider appropriate legal proceedings, including criminal action wherever necessary, against the borrowers.

4.3 Criminal Action by Banks / FIs

It is essential to recognise that there is scope even under the existing legislations to initiate criminal action against wilful defaulters depending upon the facts and circumstances of the case under the provisions of Sections 403 and 415 of the Indian Penal Code (IPC) 1860. Banks / FIs are, therefore, advised to seriously and promptly consider initiating criminal action against wilful defaulters or wrong certification by borrowers, wherever considered necessary, based on the facts and circumstances of each case under the above provisions of the IPC to comply with our instructions and the recommendations of JPC.

It should also be ensured that the penal provisions are used effectively and determinedly but after careful consideration and due caution. Towards this end, banks / FIs are advised to put in place a transparent mechanism, with the approval

of their Board, for initiating criminal proceedings based on the facts of individual case.

5. Reporting

5.1 Need for Ensuring Accuracy

RBI / Credit Information Companies disseminate information on non-suit filed and suit filed accounts respectively of Wilful Defaulters, as reported to them by the banks / FIs and therefore, the responsibility for reporting correct information and also accuracy of facts and figures rests with the concerned banks and financial institutions.

5.2 Position regarding Guarantors

Banks/FIs may take due care to follow the provisions set out in paragraph 3 of the Master Circular on Wilful Defaulters dated July 1, 2014 in identifying and reporting instances of wilful default in respect of guarantors also. While reporting such names to RBI, banks/FIs may include "Guar" in brackets i.e. (Guar) against the name of the guarantor and report the same in the Director column.

5.3 Government Undertakings

In the case of Government undertakings, it should be ensured that the names of directors are not to be reported. Instead, a legend "Government of ----- undertaking" should be added.

5.4 Inclusion of Director Identification Number (DIN)

Ministry of Corporate Affairs had introduced the concept of a Director Identification Number (DIN) with the insertion of Sections 266A to 266G of Companies (Amendment) Act, 2006. In order to ensure that directors are correctly identified and in no case, persons whose names appear to be similar to the names of directors appearing in the list of wilful defaulters, are wrongfully denied credit facilities on such grounds, banks/FIs have been advised to include the Director Identification Number (DIN) as one of the fields in the data submitted by them to Reserve Bank of India / Credit Information Companies.

It is reiterated that while carrying out the credit appraisal, banks should verify as to whether the names of any of the directors of the companies appear in the list of defaulters/ wilful defaulters by way of reference to DIN/PAN etc. Further, in case of any doubt arising on account of identical names, banks should use independent sources for confirmation of the identity of directors rather than seeking declaration from the borrowing company.

Annex 1
(Refer Para 2.9)

Format for submission of data on cases of wilful default (non-suit filed accounts) of Rs.25 lakh & above to RBI on quarterly basis:

The banks/FIs are required to submit data of wilful defaulters (non-suit filed accounts) in Compact Disks (CDs) to RBI on quarterly basis, using the following structure (with the same field names):

Field	Field Name	Type	Width	Description	Remarks
1	SCTG	Numeric	1	Category of bank/FI	Number 1/2/4/6/8 should be fed 1 SBI and its associate banks 2 Nationalised banks 4 Foreign banks 6 Private Sector Banks 8 Financial Institutions
2	BKNM	Character	40	Name of bank/FI	Name of the bank/FI
3	BKBR	Character	30	Branch name	Name of the branch
4	STATE	Character	15	Name of state	Name of state in which branch is situated
5	SRNO	Numeric	4	Serial No.	Serial No.
6	PRTY	Character	45	Name of Party	The legal name
7	REGADDR	Character	96	Registered address	Registered Office address
8	OSAMT	Numeric	6	Outstanding amount in Rs. lakhs (Rounded off)	
9	SUIT	Character	4	Suit filed or not	Type 'SUIT' in case suit is filed. For other cases this field should be kept blank.

10	OTHER_BK	Character	40	Name of other banks/ FIs	The names of other banks/FIs from whom the party has availed credit facility should be indicated. The names may be fed in abbreviated form e.g. BOB for Bank of Baroda, SBI for State Bank of India etc.
11	DIR1	Character	40	Name of director	(a) Full name of Director should be indicated. (b) In case of Government companies the legend "Govt. of ____undertaking" alone should be mentioned. (c) Against the names of nominee directors of banks/ FIs/ Central Govt./ State Govt., abbreviation 'Nom' should be indicated in the brackets. (d) Against the name of independent directors, abbreviation 'Ind' should be indicated in the brackets.
12	DIN_DIR1	Numeric	8	Director Identification Number of DIR1	8 digit Director Identification Number of the Director at DIR1
13	DIR2	Character	40	Name of director	As in DIR1
14	DIN_DIR2	Numeric	8	Director Identification Number of DIR2	8 digit Director Identification Number of the Director at DIR2
15	DIR3	Character	40	Name of director	As in DIR1
16	DIN_DIR3	Numeric	8	Director Identification Number of DIR3	8 digit Director Identification Number of the Director at DIR3
17	DIR4	Character	40	Name of director	As in DIR1
18	DIN_DIR4	Numeric	8	Director Identification Number of DIR4	8 digit Director Identification Number of the Director at DIR4
19	DIR5	Character	40	Name of director	As in DIR1
20	DIN_DIR5	Numeric	8	Director Identification Number of DIR5	8 digit Director Identification Number of the Director at DIR5
21	DIR6	Character	40	Name of director	As in DIR1
22	DIN_DIR6	Numeric	8	Director Identification Number of DIR6	8 digit Director Identification Number of the Director at DIR6
23	DIR7	Character	40	Name of director	As in DIR1
24	DIN_DIR7	Numeric	8	Director Identification Number of DIR7	8 digit Director Identification Number of the Director at DIR7
25	DIR8	Character	40	Name of director	As in DIR1
26	DIN_DIR8	Numeric	8	Director Identification Number of DIR8	8 digit Director Identification Number of the Director at DIR8
27	DIR9	Character	40	Name of director	As in DIR1
28	DIN_DIR9	Numeric	8	Director Identification Number of DIR9	8 digit Director Identification Number of the Director at DIR9
29	DIR10	Character	40	Name of director	As in DIR1
30	DIN_DIR10	Numeric	8	Director Identification Number of DIR10	8 digit Director Identification Number of the Director at DIR10
31	DIR11	Character	40	Name of director	As in DIR1
32	DIN_DIR11	Numeric	8	Director Identification Number of DIR11	8 digit Director Identification Number of the Director at DIR11

33	DIR12	Character	40	Name of director	As in DIR1
34	DIN_DIR12	Numeric	8	Director Identification Number of DIR12	8 digit Director Identification Number of the Director at DIR12
35	DIR13	Character	40	Name of director	As in DIR1
36	DIN_DIR13	Numeric	8	Director Identification Number of DIR13	8 digit Director Identification Number of the Director at DIR13
37	DIR14	Character	40	Name of director	As in DIR1
38	DIN_DIR14	Numeric	8	Director Identification Number of DIR14	8 digit Director Identification Number of the Director at DIR14
Total bytes			953		

(1) If total numbers of directors exceed 14, the name of additional directors may be entered in blank spaces available in the other directors' columns.

(2) The data / information should be submitted in the above format in Compact disks as .dbf file only. While submitting the CD, the banks/FIs should ensure that:

- the CD is readable and is not corrupted / virus-affected.
- the CD is labelled properly indicating name of the bank, name of the list and period to which the list belongs, and the name of list indicated on label and in the letter are same.
- the name and width of each of the fields and order of the fields is strictly as per the above format.
- records with outstanding amount of less than Rs.25 lakh have not been included.
- no suit-filed account has been included.
- use of following types of words have been avoided (as the fields can not be properly indexed) : 'M/s', 'Mr', 'Shri' etc.
- the words 'Mrs', 'Smt', 'Dr' etc. have been fed at the end of name of the person, if applicable.
- Except for field "SUIT" and some of the fields from DIR1 To DIR 14, as applicable, information is completely filled in and columns are not kept blank.

(3) In case of 'Nil' data, there is no need to send any CD and the position can be conveyed through a letter/fax.

(4) A certificate signed by a sufficiently senior official stating that 'the list of wilful defaulters has been correctly compiled after duly verifying the details thereof and RBI's instructions in this regard have been strictly followed' is sent along with the CD.

Annex 2

List of Circulars consolidated by the Master Circular

Sr. No.	Circular No.	Date	Subject	Para No.
1.	DBOD.No.DL(W).BC.12/20.16.002(1)/98-99	20.02.1999	Collection and Dissemination of Information on Cases of Wilful Default of Rs.25 lakh and above	1
2.	DBOD.No.DL.BC. 46/20.16.002/98-99	10.05.1999	Disclosure of information regarding defaulting borrowers - Lists of Defaulters/ Suit filed accounts and Data on Wilful Default	Annex 1
3.	DBOD.No.DL(W).BC 161/20.16.002/99-2000	01.04.2000	Collection and Dissemination of information on defaulting borrowers of banks and Financial Institutions	5 and Annex 1
4.	DBOD.No.DL.BC.54/20.16.001/2001-02	22.12.2001	Collection and dissemination of information on defaulters	5
5.	DBOD.No.DL(W).BC.110/20.16.003(1)/2001-02	30.05.2002	Wilful defaulters and action thereagainst	2, 2.1 to 2.8

6.	DBOD.No.DL.BC.111/20.16.001/2001-02	04.06.2002	Submission of Credit Information to Credit Information Bureau (CIB)	2.9
7.	DBOD.No.DL(W).BC5820.16.003/2002-03	11.01.2003	Wilful defaulters and Diversion of funds - Action thereagainst	2.1, 2.2
8.	DBOD.No.DL.BC.7/20.16.003/2003-04	29.07.2003	Wilful Defaulters and action thereagainst	3
9.	DBOD.No.DL.BC.95/20.16.002/2003-04	17.06.2004	Annual Policy Statement for the year 2004-05 - Dissemination of Credit Information - Role of CIBIL	2.9
10.	DBOD.No.DL.BC.94/20.16.003/2003-04	17.06.2004	Annual Policy Statement: 2004-05 - Wilful Defaulters – Clarification on Process	3
11.	DBOD.No.DL.BC.16/20.16.003/2004-05	23.07.2004	Checking of wilful defaults and measures against Wilful Defaulters	4
12.	DBOD No.DL(W)BC.87/20.16.003/2007-08	28.05.2008	Wilful Defaulters and action thereagainst	2.1
13.	Mail-Box Clarification	17.04.2008	Reporting of accounts under compromise settlement	2.9
14.	DBOD No.DL12738/20.16.001/2008-09	03.02.2009	Submission of information about List of Defaulters (non-suit filed accounts) / Wilful Defaulters (non-suit filed accounts) on Compact Disks.	Annex 1
15.	DBOD.No.DL.15214/20.16.042/2009-10	04.03.2010	Grant of 'Certificate of Registration' – For Commencing business of credit information – Experian Credit Information Company of India Private Limited	2.9
16.	DBOD.No.DL.BC.83/20.16.042/2009-10	31.03.2010	Grant of 'Certificate of Registration' – For Commencing business of credit information – Equifax Credit Information Services Private Limited	2.9
17.	DBOD.No.DL.BC.110/20.16.046/2009-10	11.06.2010	Submission of data to Credit Information Companies – Format of data to be submitted by Credit Institutions	2.9
18.	DBOD No.CID.BC.40/20.16.046/2010-11	21.09.2010	Submission of credit data to Credit Information Companies – Inclusion of Director Identification Number (DIN)	5.4 and Annex1
19.	DBOD.No.CID.BC.64/20.16.042/2010-11	01.12.2010	Grant of 'Certificate of Registration' – For Commencing business of credit information – High Mark Credit Information Services Private Limited	2.9
20.	DBOD.No.CID.BC.30/20.16.042/2011-12	05.09.2011	Submission of Credit Information to credit Information Companies – Defaulters of Rs. 1 Crore and above and Wilful Defaulters of Rs. 25 lakh and above- Dissemination of Credit Information of suit filed	2.9

r

			accounts.	
21.	DBOD.No.CID.BC.84/20.16.042/2011-12	05.03.2012	Grant of 'Certificate of Registration' – For carrying on the business of credit information – Credit Information Bureau (India) Limited	2.9
22	DBOD.BP.BC.No.97/21.04.132/2013-14	26.02.2014	Framework for Revitalising Distressed Assets in the Economy – Guidelines on Joint Lenders' Forum and Corrective Action Plan	2.9
23	DBOD.BP.BC.No.98/21.04.132/2013-14	26.02.2014	Framework for Revitalising Distressed Assets in the Economy- Refinancing of Project Loans, Sale of NPA and Other Regulatory Measures	2.7, 5.4
24	DBOD.CID.BC.128/20.16.003/2013-14	27.6.2014	Defaulters of Rs. 1 crore and above (non-suit filed accounts) and Wilful Defaulters of Rs. 25 lakhs and above (non-suit filed accounts) – Changes in reporting to RBI/CICs	2.9
25	DBOD.No.CID.41/20.16.003/2014-15	09.09.2014	Guidelines on Wilful Defaulters – Clarification regarding Guarantor, Lender and Unit	2.1, 2.6 and 5.2

Schedule 4

Relevant Extract of letter dated 16th March 2017 to SEBI by Mukand Limited

March 16, 2017

Ms. Komal Bais

Manager

Division of Issues and Listing, Corporation Finance Department,

Securities and Exchange Board of India

C-4A, "G" Block, SEBI Bhavan,

Bandra Kurla Complex,

Bandra (East),

Mumbai- 400051

e-mail: komalb@sebi.gov.in

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 – Submission of reply to queries.

Re: Your e-mail dated March 9, 2017

Scrip Code – MUKANDLTD

Dear Komal,

This is with reference to the telephonic conversation and your aforementioned e-mail to us wherein you have requested us to provide satisfactory explanation as to why our independent director Mr. Naresh Chandra Sharma (“**Mr. Sharma**”) should not be regarded as a wilful defaulter. Towards the same, please see below our response:

1. As you are aware, Mr. Sharma’s name appears in the Reserve Bank of India’s (“**RBI**”) list of non-suit filed wilful defaulters in his capacity as independent director of a company by the name of PSL Limited (“**PSL**”). Immediately upon receipt of your request, we have sought necessary clarifications on the matter from PSL. Please find attached as **Schedule 1** a response dated March 14, 2017 received from PSL which is self-explanatory. We have also sought appropriate confirmations from Mr. Sharma himself which too are annexed hereto for your review as **Schedule 2**.
2. However, for the sake of brevity, we have set out below our understanding of why Mr. Sharma ought not to be considered as a wilful defaulter. Moreover, without prejudice to our explanation below, since the loans with respect to which Mr. Sharma’s name appears in the list of wilful defaulters have not been taken by Mukand Limited (“**Mukand**”), we also submit that the processing of the Scheme of Arrangement and Amalgamation between Mukand Limited, Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors

(“**Scheme**”) presented to Securities and Exchange Board of India (“**SEBI**”) by Mukand should not be held up or delayed on account of this issue since neither Mukand nor its public shareholders have any connection with the loans borrowed by PSL. In the interest of processing the scheme expeditiously, Mukand is willing to make such appropriate disclosures in relation to PSL and Mr. Sharma’s role as independent director thereof as may be considered appropriate by SEBI so that the shareholders of Mukand are well informed of the facts of the matter.

3. Without prejudice to the above, to the best of our knowledge and based on submissions made to us by PSL and Mr. Sharma, Mr. Sharma ought not be considered as a wilful defaulter on account of the following:
 - a. Mr. Sharma is only an independent director of PSL and is neither a promoter nor an executive director of PSL;
 - b. Under RBI’s Master Circular on Wilful Defaulters dated July 1, 2014 (“**Master Circular**”) and in particular paragraph 3 thereof, an independent director can be considered as wilful defaulter only in such rare circumstances wherein it is conclusively established that the default has occurred with the consent or connivance of such independent director and that such independent director was aware of the fact of the default by virtue of the receipt by him of any proceedings of the board of directors or any committees of the board thereof or participation in such proceedings, and who has not recorded his objections in the minutes of such meetings;
 - c. In order to establish the above, RBI itself has prescribed in paragraph 3 of the Master Circular that a transparent process should be followed by the banks which *inter-alia* involves (i) issuance of a show cause notice to the independent director; (ii) issuance of an order by a committee of the bank recording that the independent director should be a wilful defaulter; (iii) re-confirmation of such order of the committee by another review committee headed by the Chairman / CEO and MD and consisting, in addition of two independent directors of the bank and (iv) the declaration of an independent director as wilful defaulter becoming final only after confirmation by such review committee;
 - d. In the present case, from the records made available to us, it is clear that the process for declaring Mr. Sharma as wilful defaulter has not yet been concluded by the relevant banks. There is no material on record to evidence the fact that a review committee of any bank has passed an order declaring Mr. Sharma as a wilful defaulter;
 - e. In the absence of the conclusion of such transparent process, it would be premature to conclude that Mr. Sharma individually is a wilful defaulter. While his name appears in the list of wilful defaulter for non-suit accounts, we believe it

only appears in his capacity as director of a borrower who is declared as a wilful defaulter by RBI and not in his individual capacity as wilful defaulter;

- f. It appears that one of the banks (being Bank of Baroda) in its meeting with PSL has agreed that independent directors of PSL will not be part of proceedings in relation to the borrowings of PSL and hence will not be considered as wilful defaulters. Please refer to letter dated February 17, 2017 issued by PSL to Bank of Baroda in this regard which is Annexure 3 of the letter issued by PSL to Mukand (attached hereto as Schedule 1);
- g. Mr. Sharma himself has written to Bank of Baroda on February 15, 2017 confirming that he is not involved in the day to day affairs of PSL or any process relating to the borrowing of funds by PSL from its lenders. Mr. Sharma has also confirmed to Bank of Baroda that he has raised objections in relation to the performance of PSL and has been informed by senior management of PSL that they are taking steps to address these issues;
- h. In light of the above, it is evident that the process required to be undertaken by banks to declare an independent director as a wilful defaulter as per Paragraph 3 of the Master Circular has not been concluded. Moreover, it appears from the documents furnished to us that the conditions required to be fulfilled to declare Mr. Sharma as a wilful defaulter as per Paragraph 3 of the Master Circular are not met;
- i. Accordingly, it is the position of PSL and Mr. Sharma that he should not be declared as wilful defaulter in terms of the Master Circular.

We hope this clarifies your queries satisfactorily. We once again reiterate that since Mukand is not in any way concerned with PSL Limited and its affairs, this issues ought not to result in any delay in processing the Scheme. We request you therefore to take this response on record and provide your observations to the Scheme at the earliest.

Hope, the above clarifies the issue and in case you require any additional information, document or details or clarification on any matter in this regard, we will be pleased to provide the same upon hearing from you.

Thanking You,
Yours faithfully,
For **Mukand Limited**,

K. J. Mallya
Company Secretary



PSL LIMITED

PSL Towers, 615 Makwana Road, Marol, Andheri (East), Mumbai - 400 059.
Telephone : 66447777 / 66447788 / 66447799 • Fax : 022-66447700 / 66447711

Mr. K. J. Mallya
Mukand Ltd.
Bajaj Bhawan
Jamnalal Bajaj Marg
226, Nariman Point
Mumbai - 400021

March 14, 2017

Sir,

Mr. N. C. Sharma, Independent Director on Board of PSL Limited, has forwarded to us your queries regarding "Wilful Defaulter" along with the enclosed "RBI Data on Non Suit Filed Accounts" print out (Annexure - 1). Our comments are as follows :

As per our understanding, there are clear RBI guidelines to Banks regarding the process to be followed for declaration of a company and/or individual Board Member as "wilful defaulter".

In this regard, we have the following to state :

- First and foremost, RBI guidelines clearly excludes Independent Directors from the scope of the entire process of "wilful defaulters" declaration, i.e. they should not even be included as noticees and in the process of personal hearings and separately the company and Mr. Sharma have pointed this out in the case of Bank of Baroda and received a verbal commitment from Ms. P. Sengupta – Executive Director to the effect that the names of Independent Directors would be removed from their proceedings. The same will apply in the event other banks initiate such proceedings.
- To the best of our knowledge, the final steps of RBI's process for declaration as "wilful defaulters" have been entered by only two of our banks to date :
 1. Bank of Baroda
 2. Federal Bank

In both the cases, PSL's Director and company representatives have appeared before the Constituted Board of each of the two banks and given our submission clearly outlining the reasons why such declaration was un-warranted and justified.

The recent letter dated 11th February, 2017 submitted to Bank of Baroda on 15th February, 2017 at the time of personal hearing is enclosed as Annexure - 2.

Also enclosed at Annexure – 3 subsequent letter dated 17th February, 2017, specifically seeking exemption for Mr. N. C. Sharma and other Independent Directors.

- Similar notices and hearings were held in the case of Federal Bank in 2016 and similar representations were subjected during the course of personal hearing which was attended by our Board Member – Mrs. Manjula Bhatia.

In both the above cases, subsequent to the personal hearings held by the Committee of Executives of each bank, we have not heard from either bank regarding any adverse decision taken by them in the matter of such declaration and no communication to this effect has been received to date by the company or any of its Directors from these two banks.

We do not mention communication from other banks received from time to time who have not proceeded along RBI guidelines with personal hearing and meetings of "Committee of Executives" and therefore cannot exercise such declaration without undertaking due process.

In view of the above, we request you to seek clarification, if you so desire, directly from RBI in this regard to justify your requirements with respect to Mr. N. C. Sharma.

Trust the above information will be helpful, we remain,

Yours Sincerely,
For PSL LIMITED


ASHOK PUNJ
MANAGING DIRECTOR

Encl : as above

RBI DATA ON NON SUIT FILED ACCOUNTS

Enter Name of the Entity/Director Name: NARESH Search

NON-SUIT FILED ACCOUNTS (WILFUL DEFAULTERS) OF RS.25 LAKHS AND ABOVE (AS ON 3TH JUNE, 2016)

Entity Wise

NO DATA AVAILABLE

Director Wise

Directors' Name of the Entity	Name	Outstanding Amount (in Lakhs)	Bankers Name & Branch / Other Bank	Address
SANDIP SHARMA 12616 ASHOK YOGINDER PUNJ				
ASHOK SHARMA				Kachigam Daman, Union Territory of Daman And Diu, Daman And Diu, India - 396 210
Rajinderkumar Suraj Bahri	PSL Ltd	Rs.2307.93	ABU DHABI COMMERCIAL BANK LIMITED, Mumbai - Churchgate, ABFL, Axis, Bank Bah & Kuw, BOB, BOI, CB, DBS, Edelweiss, EXIM, Federal, ICICI, IDBI, Indian, IOB, ING, KMBL, OBC, PNB, SCB, Syndicate, TCFSL, UBI, SBI, Federal, Yes, DCB	
NARESH CHANDRA SHARMA				
ASHOK YOGINDER PUNJ				
Harsh Pateria				
CHITRANJAN KUMAR				
JAGDISHCHANDRA GOEL 01372544 ASHOK YOGINDER PUNJ 00041911	PSL			
ASHOK SHARMA 00042028 Rajinderkumar Suraj Bahri	LIMITED	Rs.15491	DEVELOPMENT BANK OF SINGAPORE, Mumbai, Axis, BOB, Canara, EXIM, SBI, Federal, ICICI	PSL TOWERS, 615 MAKWANA ROAD, MAROL AN DHERI EAST
NARESH CHANDRA SHARMA 00054922 ASHOK				

YOGINDER PUNJ 00058049 Harsh Pateria 00197447				
ASHOK YOGINDER PUNJ				
ASHOK SHARMA				
RAJINDERKU MAR SURAJ BAHRI				KACHIGAM DAMAN UNION TERRITOR Y OF DAMAN AND DIU DD 396210 IN
NARESH CHANDRA SHARMA	PSL LIMITED	Rs.11034.1520 760999	The Federal Bank Ltd,MUMBAI / FORT,ICICI, SBI, CBI, IOB, BOB, UBI, IDBI, EXIM Bank, Indian Bank, ING, Axis Bank, OBC, ADCB, Syndicate Bank	
ALOK YOGINDER PUNJ				
HARSH PATERIA				
HARINDER SHOURIE				
ASHOK YOGINDER PUNJ 00041911 SANDIP SHARMA 00012616 ASHOK SHARMA 00042028 RAJINDERKU MAR SURAJ BAHRI	PSL LIMITED	Rs.20776.9009 392	KOTAK MAHINDRA BANK,ANDHERI,SBI, ICICI, CANARA , IOB, BOB, UBI, FEDERAL, IDBI, ING VYSYA, INDIAN, EXIM, AXIS, OBC, SYNDICATE, SBI, DBS, YES, BANK OF BAHRAIN KUWAIT, ABU DHABI COMMERCIAL BANK, ADITYA BIRLA FINANCE.	KACHIGAM DAMAN, UNION TERRITOR Y OF DAMAN & DIU - 396210
NARESH CHANDRA SHARMA 00054922 ALOK YOGINDER PUNJ 00058049 PRAKASH VINAYAK APTE 00137248				

ASHOK PUNJ
(MNG DIR)
41911
MURALI
MANOHAR
MATHUR DIR)

ASHOK
SHARMA
(DIR)

RAJENDRA
KUMAR (DIR) PSL
LTD.

~~MARESH~~
~~CHANDRA~~
~~SHARMA~~
(DIR)

ALOK Y PUNJ
(DIR)

DEVKI
NANDAN
SEHGAL (DIR)

Rs.2914.23 SYNDICATE BANK,LCB MUMBAI,

PSL
TOWERS,
615,
MAKWANA
ROAD,
MAROL,
ANDHERI
(E)
MUMBAI
400059



PSL LIMITED

PSL Towers, 615 Makwana Road, Marol, Andheri (East), Mumbai - 400 059.
Telephone : 66447777 / 66447788 / 66447799 • Fax : 022-66447700 / 66447711

February 11, 2017

Committee of Executives,
Bank of Baroda,
Baroda Corporate Centre,
C-26, G-Block,
Bandra Kurla Complex,
Bandra (East) Mumbai

Dear Sir,

Re: Representation before the Committee of Executives on willful defaulters headed by Executive Director

With reference to your letter dated 2nd February 2017, asking me to represent personally before the Committee of the Executives on Willful Defaulters, I further want to submit as under:

1. In addition to my reply dated 6th December 2016 submitted by me on 6th December 2016, I humbly wish to submit that our company had been banking with your esteemed bank since last 20 years and we have excellent relationship in respect of our transactions.
2. Your bank has disbursed loan from time to time on our project specific requirements and have co-operated all the way in helping us to accomplish our projects on time. We are indeed thankful to the bank for extending cooperation in our business activities by assisting us for our fund requirements.
2. The pipe industry started facing problems from 2010-11 since many government contracts were either withdrawn or postponed and all the peer group companies had to face a stiff competition to take small pie of orders tendered by any organization. This cut throat competition even led to bidding for lesser amount to keep the company afloat in the market in anticipation that the good time will



115-2-17

76

come in a year or so but till now the pipe industry has not seen day light and we are still passing through a bad phase.

4. The pipe industry started facing problems from 2010-11 and many projects were stuck up either due to administrative problem of Government or delayed due to geographical reasons and our company had to incur losses in some of the projects due to reasons beyond our control. Due to so many hurdles the company could not complete many projects in time.
5. The Company has availed loan of Rs. 320 Crores from your bank vide sanction letter dated 2nd January 2009 for HPCL-Mittal Pipeline Project and it was repaid in time.
Similarly, Rs. 135 Crores was disbursed by Bank of Baroda vide letter dated 18th March 2011 for miscellaneous projects which was also repaid in time. In addition to that, Loan of Rs. 100 Crores was also sanctioned by Bank of Baroda for miscellaneous projects which was also paid in time. Hence our track record shows that we have been regular in repaying our loan.
6. The GAIL project was awarded to us in June 2011 and we appointed Standard Chartered Bank to syndicate loan of Rs. 631 Crores to complete the project.
7. The loan was disbursed as follows in the first instance :

<u>NAME OF BANK</u>	<u>Rs. CR.</u>
Standard Chartered Bank	207.20
Canara Bank	315.90
Oriental Bank of Commerce	15.90

Later on Bank of Baroda disbursed loan of Rs. 300 Crores out of which Rs.197 Crores was taken back by Standard Chartered Bank and Rs. 103 Crores was used by the company for completion of the project.

8. You have sent us a letter dated 22/11/2016 in which you have raised three grounds on the basis of which you intend to declare our company as a willful defaulter for which I specifically want to answer on those grounds:

(i) Company and its directors have sufficient properties and net worth.

It is wrong to say that the company and its directors have sufficient properties and net worth but still they are not repaying the loan of the bank.

All the property of the company as well as directors are declared to banks and nothing is hidden from them. You are aware that since the company did not have sufficient amount of orders hence it was decided by all lender jointly to give at least four plants to any company which has got financial backing and orders in hand so that the cash can be generated from its operations and it can be shared between lessor and lessee. And on this line OMMA was signed by the company and Jindal Tubular Ltd but unfortunately they also could not get the orders and after one year they have handed over the plants to company and the company is maintaining all the plants and company is executing some job works in some of the plants. It has always been the endeavor of the company to run the plant to the maximum capacity and repay to the lenders. Whenever the company had the money the company has paid to the lenders. You will appreciate that the company had even paid Rs. 40 lacs on 16th June 2016 to your bank as part payment which shows our bonafide and our intention to repay the loan as and when we get the funds. You are also aware that Edelweiss ARC who is our Monitoring Institution is trying to sell some of the plants of the Company for which we have also got some buyers and fixed up their meeting with Edelweiss ARC and they are in negotiation with them to sell those plants.

Whatever proceeds are realised from sale of these plants will be distributed among all the lenders and not only Edelweiss ARC, but all lenders have agreed in principle that wherever it is possible we should demonetise the assets and the sale proceeds shall be distributed among lenders in the ratio of their loans. Hence it is not correct to say that the Company has got sufficient property and we are not repaying the loan.

- (ii) The company received the funds from Gail and the same was not routed through our bank account which has been admitted by the company vide its letter dated 3rd October 2013 wherein it has confirmed about utilisation of funds for other purposes.**

It is not correct to say that any amount received from Gail will be routed through your bank account.

Standard Chartered Bank had arranged credit facilities for the project vide its sanction letter dated 22nd July 2011 and it has mentioned that entire flow of Gail will be deposited in ICICI Bank. Hence there was no pre-condition to deposit the sale proceeds from GAIL into your bank account.

The copy of sanction letter dated 22nd July 2011 is enclosed herewith as **Annexure - A**. It is also important to note that vide our letter dated 3rd October 2013, we have submitted how the amount received from Gail had been used. The copy of the letter dated 3rd October 2013 is enclosed as **Annexure - B**. However, we also want to state that around Rs. 152 Crores had been paid to Bank of Baroda out of the receipts of GAIL only. Since the project funded by other banks got stuck due to some technical/administrative problems and the liquidity crunch started at that time due to which some of the instalments of other banks were also paid out of GAIL account.

We want to humbly submit that there was no willful default in our case. It was only due to pressure from other bank for keeping their account standard, the amount has been transferred to their account. But the intention of the company was very clear that as soon as the fund from stuck projects will be received the payment to bank of Baroda and other banks will be repaid. But unfortunately those projects could not be completed on time and we had to pay heavy penalty for those projects. But at no point of time, the company had willfully defaulted instalment of your bank.

(iii) Company has diverted the funds received from M/s. Gail India Limited and used for purpose other than for closure of our demand loan facility as per term of sanction. In the letter dated 03.10.2013, Company has informed that they spent the amount towards repayment of working capital, interest and towards exchange difference and towards payment of raw material against L/C and other expenses.

The Company has not diverted any fund to any associate company or to any subsidiary or for any personal reason or for any capital expenditure. Due to liquidity crunch, the instalment of some other banks were paid, but there is no diversion of funds for any purpose.

We further want to submit that the JLF has appointed M/s T R Chadha & Co., Chartered Accountant to conduct the forensic audit and to find out whether there is any diversion of funds from the Company and it was categorically mentioned by the forensic auditor that there is no diversion of funds by the Company. Hence it is not correct to say that we have diverted any funds.

9. Our company has a track record of never defaulting in the loan but due to lack of orders, huge fixed expenditure of labour and huge maintenance expenses of plants, the Company could not generate profits and it was hit in the cross fire.

10. The management of the Company has worked diligently for betterment of the company and tried to salvage the situation. But it is not only PSL, all other peer group companies are also in the same league in what PSL is today.

11. Prayers :-

We humbly pray that we have not done any act which amounts to declaring us or the company as willful defaulter on the grounds as mentioned above and as particularly given below:

- (a) The reference in CDR was admitted in March 2013 & CDR package was sanctioned in September 2013. As per RBI guidelines CDR reference cannot be admitted and CDR package cannot be sanctioned if the funds are siphoned off or fraud has taken place. Nothing of this sort was observed in CDR proceedings. Your Bank has also consented for CDR from March 2013 to September 2013 which clearly show that you also did not opined for any diversion of funds or fraud & willingly accepted the CDR package without any riders.
- (b) Since projects dried up from 2011, the liquidity crunch forced the Company for the mismatch of repayment of the loans to the bank.
- (c) Stiff competition in tender also forced the Company to bid even for loss to have continuity with the anticipation that in future we will be able to muster good profits.
- (d) The company has not diverted any money either to associate or to sister concern or to subsidiaries nor any amount was withdrawn for the personal purposes of the directors.
- (e) The company has not given any loan to any person out of the bank loan received by the Company.

- (f) No money was siphoned off from the Company which has also been certified by the forensic auditor.
- (g) The management always has a bonafide intention and that is the reason that as and when the flow of money came in the company, a repayment was made like Rs.40 Lakhs was paid to Bank of Baroda on 16th June 2016.
- (h) The promoters are helping/assisting to all the lenders to sell plants so that cash can be generated which can be used for repayment. Even the promoters are striving hard to generate cash flow through some operations so that repayment can take place.

We therefore humbly submit that our company has worked in a bonafide manner and had taken all possible steps required for repaying the loan to the lenders and even today trying hard to repay them. Hence we request your good office to withdraw the notice issued to declare the company and its directors as willful defaulters as no action of the company or its directors amount to this act.

Thanking you,

Yours faithfully,
For PSL Limited



Ashok Punj
Managing Director

Encl: a/a.



Date : 22nd July 2011
BCA Ref : 10116007

PSL Limited
Kachigam, PO Box No 25,
Daman UT 396 210

Kind Attn : Mr M Venkatesh

Dear Sir,

Banking Arrangements/Facilities

We, Standard Chartered Bank, a body corporate incorporated under Royal Charter, 1853 having its principal office at 1 Aldermanbury Square, London EC2V 7SB acting through its branch office inter-alia in India at 23, Narain Manzil, Barakhamba Road, New Delhi-110001 (hereinafter referred to as "the Bank", which expression shall unless repugnant to the subject or context thereof, be deemed to include our successors and /or assigns) refer to our facility letter ref. no. 10096968 dated 17th March 2011 ("Original Facility Letter") conveying our sanction for facilities ("Existing Facilities") to PSL Ltd ("The Company / Customer / Borrower")

(The Customer and the Bank are hereinafter collectively referred to as the "Parties" and each individually as the "Party").

In continuation and amendment to the above Original Facility Letter, we are pleased to inform you the following amendments to the Existing Facilities. (The Existing Facilities as well as the amendments thereto are hereinafter referred to as "Facility")

Facility	Amount
Limit 1	USD 65,000,000/- (Reduction from earlier USD 79 mio to USD 65 mio)
Limit Type	Bond and Guarantees

Please note cancellation of following limits :

- Limit 1b & Limit 1C – Preship & Post shipment limit of INR 285 mio.
- Limit 1e : Post shipment limit of INR 1250 mio
- Limit 1(g) : Post shipment limit of INR 220 mio

In continuation and amendment to the Original Facility Letter, we are pleased advise following additional limits on the terms & conditions mentioned herein below :

Limit 2	INR 5,054,000,000/-
Limit Type	Working Capital Demand Loan
Purpose ("Purpose")	Senior Secured Syndicated loan Facility for financing the for financing the INR 7433 million order awarded to the Borrower by GAIL for supply of carbon steel line pipes (bare/ coated) for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project. Facility to be provided in the INR or FCY against FCNR (B) funds

Standard Chartered Bank
Credit Risk Control

Mumbai : 90, Mahatma Gandhi Road, Fort, Mumbai - 400 001. Phone: 91 (0) 22 2263 0579 Fax: 91 (0) 22 2265 5295
Gurgaon : #7A, DLF Building, 2nd Floor, DLF Cyber City, Sector 24/25/25A, Gurgaon - 122 002. Phone: 91 (0) 124 487 6138/6289 Fax: 91 (0) 124 487 6289
Bangalore : Raheja Towers, 26-27, M.G. Road, Bangalore - 560 001. Phone: 91 (0) 80 2559 6292 Fax: 91 (0) 80 2559 9255
Kolkata : 19, Netaji Subhas Road, Kolkata - 700 001. Phone: 91 (0) 33 2222 0191/0433 Fax: 91 (0) 33 2222 0206
Chennai : 19, Rajagopal Salai, Chennai - 600 001. Phone: 91 (0) 44 2534 9146 Fax: 91 (0) 44 2534 9184
Hyderabad : 6-3-1090, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082. Phone: 91 (0) 40 2339 7197 Fax: 91 (0) 40 2339 7008
Ahmedabad : Abhijeet II, Ground Floor, Near Mithakhali Six Roads, Ahmedabad - 380 006. Phone: 91 (0) 79 4007 0889 Fax: 91 (0) 79 4007 0881

Incorporated in England with limited liability by Royal Charter 1853 Reference Number 2018
The Principal Office of the Company is situated in the U.K.

For PSL LIMITED
DIRECTOR

For PSL LIMITED
DIRECT

Tenor

Maximum 6 months.

Repayment

As per the below table:

Month	Percentage	Amount of Repayment
January-12	2.5	126,350,000.00
February-12	12.5	631,750,000.00
March-12	15	758,100,000.00
April-12	15	758,100,000.00
May-12	15	758,100,000.00
June-12	15	758,100,000.00
July-12	12.5	631,750,000.00
August-12	10	505,400,000.00
September-12	2.5	126,350,000.00
	Total	5,054,000,000.00

Interest

For INR Loan : Base Rate + Margin

For Foreign currency Loan : LIBOR + Margin.

Margin

As may be agreed with the Bank from time to time.

Security Summary and Documents

First pari-passu charge on all stock & book debts of the orders awarded by GAIL for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project for INR 5054 mio.

Specific Terms and Conditions:

- ✦ Drawdown will be in tranches at the discretion of the Bank.
- ✦ First pari passu charge on all stock and book debts related to the GAIL Orders.
- ✦ First pari passu charge, lien and right of set off over the designated SCB Account through which cash flows for the project shall be routed.
- ✦ IDBI Trusteeship Services Ltd. or any other Security Trustee as selected by the Lenders for holding security on behalf of all lenders
- ✦ PSL Limited to route GAIL project related cash flows through the Account Bank i.e. designated Standard Chartered Bank ("SCB") Account. The Company to provide an undertaking that project inflows through ICICI would be deposited with SCB Account within 2 days of credit.
- ✦ PSL Limited to provide project related updates on a monthly basis regarding extent of work done, billings made and cash flow status
- ✦ PSL Limited to inform other banks about project specific lending availed from SCB.

FOR PSL LTD

Dis

Limit 3 INR 1,576,000,000/-

Limit Type Working Capital Demand Loan

Purpose ("Purpose") Senior Secured Syndicated Working Capital Demand Loan Facility for financing the orders awarded to PSL Limited by National Thermal Power Corporation ("NTPC"). Facility to be provided in the INR or FCY against FCNR (B) funds.

Tenor Maximum 6 months

Repayment As per the below table

Month	Percentage	Amount of Repayment
March-12	12	189,120,000.00
April-12	12	189,120,000.00
May-12	12	189,120,000.00
June-12	15	236,400,000.00
July-12	15	236,400,000.00
August-12	12	189,120,000.00
September-12	12	189,120,000.00
October-12	7.5	118,200,000.00
November-12	2.5	39,400,000.00
	Total	1,576,000,000.00

Interest For INR Loan : Base Rate + Margin
For Foreign currency Loan : LIBOR + Margin.

Margin As may be agreed with the Bank from time to time.

Security Summary and Documents First pari-passu charge on all stock & book debts of the orders awarded by NTPC for its Project located at Solapur for INR 2324 mio.

Specific Terms and Conditions:

- ❖ Drawdown will be in tranches at the discretion of the Bank.
- ❖ First pari passu charge on all stock and book debts related to the NTPC Orders.
- ❖ First pari passu charge, lien and right of set off over the designated SCB Account through which cashflows for the project shall be routed.
- ❖ IDBI Trusteeship Services Ltd. or any other Security Trustee as selected by the Lenders for holding security on behalf of all lenders
- ❖ PSL Limited to route NTPC project related cash flows through the Account Bank i.e. designated Standard Chartered Bank ("SCB") Account. The Company to provide an undertaking that project inflows through ICICI would be deposited with SCB Account within 2 days of credit.

For PSL LIMITED



[Signature]
DIRECTOR

- PSL Limited to provide project related updates on a monthly basis regarding extent of work done, billings made and cash flow status
- PSL Limited to inform other banks about project specific lending availed from SCB.

Limit 4 INR 1,264,000,000/-

Limit Type Working Capital Demand Loan

Purpose ("Purpose") For import / local purchase of raw materials for the INR 7433 million order awarded to the Borrower by GAIL for supply of carbon steel line pipes (bare/ coated) for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project
Facility may be drawn in INR or FCY against FCNR (B) funds.

Tenor 15 months.

Maturity Period(s) / Repayment As per the below table:

Month	Percentage	Amount of Repayment
January-12	2.5	31,600,000.00
February-12	12.5	158,000,000.00
March-12	15	189,600,000.00
April-12	15	189,600,000.00
May-12	15	189,600,000.00
June-12	15	189,600,000.00
July-12	12.5	158,000,000.00
August-12	10	126,400,000.00
September-12	2.5	31,600,000.00
	Total	1,264,000,000.00

Interest For INR Funding : Base Rate + Margin
For Foreign currency funding : LIBOR + Margin.

Margin As may be agreed with the Bank from time to time

Security First pari-passu charge on stock & book debts of the orders awarded by GAIL for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project for INR 1264 mio.

Specific Terms and Conditions:

- Drawdown to be allowed in tranches
- First pari passu charge on all stock and book debts related to the GAIL Orders
- First pari passu charge, lien and right of set off over the designated SCB Account through which cashflows for the project shall be routed

For PSL LIMITED



DIRECTOR

- ❖ IDBI Trusteeship Services Ltd or any other Security Trustee as selected by the Lenders for holding security on behalf of all lenders. Inflows may be routed to the account in the form of cheques from the counterparties or transfers from PSL ICICI Account. Customer to provide an undertaking that inflows through ICICI would be deposited with SCB Account within 2 days of Credit.
- ❖ PSL Limited to route GAIL project related cash flows through the Account Bank i.e. designated Standard Chartered Bank Account.
- ❖ PSL Limited provide project related updates on a monthly basis regarding extent of work done, billings made and cash flow status.
- ❖ PSL Limited to inform other banks about project specific lending availed from Standard Chartered Bank

Sub Limit 4a	(INR 1,264,000,000/-)
Limit Type	Pre-shipment Financing Under Export Orders
Purpose ("Purpose")	For import / local purchase of raw materials for the INR 7433 million order awarded to the Borrower by GAIL for supply of carbon steel line pipes (bare/ coated) for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project. Facility may be drawn in INR or FCY against FCNR (B) fund
Tenor /Maturity Period(s)	Maximum up to 15 months
Interest	(for Facility drawn down in Indian rupees): Base Rate + Margin
Interest	(for Facility drawn down in currency other than Indian rupees): Margin + LIBOR
Margin:	As may be agreed with the Bank from time to time
Security Summary and Documents	Same as limit 4
Specific Terms and Conditions:	Same as limit 4
Sub Limit 4b	(INR 1,264,000,000/-)
Limit Type	FI Post - shipment Export Finance - Invoice Finance
Purpose ("Purpose")	For import / local purchase of raw materials for the INR 7433 million order awarded to the Borrower by GAIL for supply of carbon steel line pipes (bare/ coated) for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project. Facility may be drawn in INR or FCY
Tenor /Maturity Period(s)	Maximum up to 15 months
Interest	(for Facility drawn down in Indian rupees): Base Rate + Margin

For PSL LIMITED



DIRECTOR

Interest (for Facility drawn down in currency other than Indian rupees): Margin + LIBOR

Margin: As may be agreed with the Bank from time to time

Tenor of Invoices: Not to exceed 15 months

Other Charges: As advised from time to time

Security Summary and Documents Same as limit 4

Specific Terms and Conditions: Same as limit 4

Limit 5 INR 394,000,000/-

Limit Type Working Capital Demand Loan

Purpose ("Purpose") For import / local purchase of raw materials for INR 2324 million order awarded by NTPC Limited to the Borrower for supply of water pipes required for the Thermal Power Project located at Solapur, Maharashtra
Facility may be drawn in INR or FCY against FCNR (B) funds

Tenor 17 months.

Maturity Period(s) / Repayment As per the below table:



Month	Percentage	Amount of Repayment
March-12	12	47,280,000.00
April-12	12	47,280,000.00
May-12	12	47,280,000.00
June-12	15	59,100,000.00
July-12	15	59,100,000.00
August-12	12	47,280,000.00
September-12	12	47,280,000.00
October-12	7.5	29,550,000.00
November-12	2.5	9,850,000.00
	Total	394,000,000.00

Interest For INR Funding : Base Rate + Margin
For Foreign currency funding : LIBOR + Margin.

Margin As may be agreed with the Bank from time to time

Security Summary and Documents First pari-passu charge on stock & book debts of the orders awarded by NTPC orders pertaining to STP Project at Solapur.

For PSL LIMITED

 
DIRECTOR

Specific Terms and Conditions:

- ✱ Drawdown to be allowed in tranches
- ✱ First pari passu charge on all stock and book debts related to the NTPC Orders
- ✱ First pari passu charge, lien and right of set off over the designated SCB Account through which cashflows for the project shall be routed
- ✱ IDBI Trusteeship Services Ltd. or any other Security Trustee as selected by the Lenders for holding security on behalf of all lenders. Inflows may be routed to the account in the form of cheques from the counterparties or transfers from PSL ICICI Account. Customer to provide an undertaking that inflows through ICICI would be deposited with SCB Account within 2 days of Credit.
- ✱ PSL Limited to route NTPC Solapur project related cash flows through the Account Bank i.e. designated Standard Chartered Bank Account.
- ✱ PSL Limited provide project related updates on a monthly basis regarding extent of work done, billings made and cash flow status
- ✱ PSL Limited to inform other banks about project specific lending availed from Standard Chartered Bank

Sub Limit 5a	(INR 394,000,000/-)
Limit Type	Pre-shipment Financing Under Export Orders
Purpose ("Purpose")	For import/ local purchase of raw materials for orders awarded by NTPC for their Solapur Project. Facility may be drawn in INR or FCY against FCNR (B) funds
Tenor /Maturity Period(s)	Maximum up to 17 months
Interest	(for Facility drawn down in Indian rupees): Base Rate + Margin
Interest	(for Facility drawn down in currency other than Indian rupees): Margin +LIBOR
Margin:	As may be agreed with the Bank from time to time
Other Charges	As advised from time to time
Security Summary and Documents	Same as limit 5
Specific Terms and Conditions:	Same as limit 5

For PSL LIMITED



DIRECTOR

Sub Limit 5b	(INR 394,000,000/-)
Limit Type	FI Post – shipment Export Finance – Invoice Finance
Purpose ("Purpose")	For import/ local purchase of raw materials for INR 2324 million order awarded by NTPC Limited to the Borrower for supply of water pipes required for the Thermal Power Project located at Sholapur, Maharashtra Facility may be drawn in INR or FCY
Tenor /Maturity Period(s)	Maximum up to 17 months
Interest	(for Facility drawn down in Indian rupees): Base Rate + Margin
Interest	(for Facility drawn down in currency other than Indian rupees): Margin + LIBOR
Margin:	As may be agreed with the Bank from time to time
Tenor of Invoices:	Not to exceed 17 months
Other Charges:	As advised from time to time
Security Summary and Documents	Same as limit 5
Specific Terms and Conditions:	Same as limit 5

Outstanding Amounts under the existing facilities

The Bank takes this opportunity to confirm that the current outstanding for the following facilities granted to the Customer are as follows:

Facility	Outstanding as on 30th June 2011
Letter of Credit	1,341,000,000/-
Guarantee	78,707,760/-
Packing Credit	1,412,520,000/-

Save as stated herein, all other terms and conditions as mentioned in the Original Facility Letter shall remain unchanged.

In confirmation of your letter to be bound by the above terms and conditions, please return the duplicate copy of this Facility Letter duly signed by the authorised signatories of the Customer along with the documents to the Bank's Credit Risk Control Unit at Standard Chartered Tower, DLF Building No. 7A, 2nd floor, DLF Cyber City, Sector- 24/ 25/25 A, Gurgaon-122002 (Haryana) for the attention of Ms. Ashima Tandon / Mr. Surrah G. Nair within one month after the date of this Facility Letter, after which the offer will lapse unless the Bank in its sole discretion (but shall not be bound to so) accepts it after one month. When accepted this Facility Letter will be in addition/amendment to the previous Original Facility Letter which the Bank has issued to the Customer.

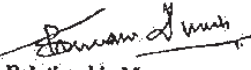
For PSL LIMITED


 DIRECTOR

Assuring you of our best services at all times.

Yours faithfully,

For and on behalf of STANDARD CHARTERED BANK


Relationship Manager
Origination & Client Coverage
Wholesale Banking, India

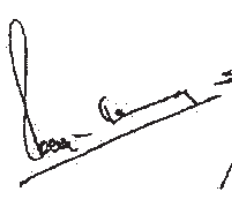

Manager - Sales and Credit Services
Origination & Client Coverage
Wholesale Banking, India

We hereby accept the terms and conditions set out in your letter dated 22nd July 2011 of which this is a true copy.

IN WITNESS WHEREOF the Borrower has executed this Facility Letter, on the dates mentioned above.

Pursuant to the Resolution of its Board of Directors
passed in their meeting held on 22.07.2011, the Common
Seal of P S L Limited has been affixed in the presence of
M.M. MATHUR
S.P. BHATIA R.K. KHURANA
Director/s of the _____, who has/have in
token thereof signed this Facility Letter
Place:
Date:

Enclosures


Director

PSL
FOR PSL LIMITED
DIRECTOR

For PSL LIMITED
PSL
DIRECTOR

List of Documents:

1. Accepted Banking Facility Letter
2. Board Resolution
3. Demand Promissory Note for INR 5054 mio
4. Letter Of Continuity for INR 5054 mio
5. Facility Agreement for INR 5054 mio
6. Demand Promissory Note for INR 1576 mio
7. Letter Of Continuity for INR 1576 mio
8. Facility Agreement for INR 1576 mio
9. Demand Promissory Note for INR 1264 mio
10. Letter Of Continuity for INR 1264 mio
11. Facility Agreement for INR 1264 mio
12. Packing Credit Agreement for INR 1264 mio
13. Demand promissory Note for INR 394 mio
14. Letter Of Continuity for INR 394 mio
15. Packing Credit Agreement for INR 394 mio
16. Facility Agreement for INR 394 mio
17. Security Trustee Agreement
18. Memorandum Of Charge
19. Form 8
20. Certificate for Registration of Charge
21. NOCs from existing Lenders / company letter to all the lenders to exclude GAIL's Kochi-Kottanad-Bangalore-Mangalore Pipeline Project receivables & NTPC's STP Solapur Project receivables from their drawing power. This letter should be acknowledged by all the existing lenders.
22. Confirmation from the Trustees to the bank that all the required security has been perfected and original security documents are held with them.
23. Undertaking from the company that project inflows through ICICI would be deposited with the SCB within 2 days of credit.
24. All other documents as required by Legal.



PSL LIMITED

PSL Towers, 615 Malwana Road, Marol, Andheri (East), Mumbai - 400 059
Telephone : 66447777 / 66447788 / 66447799 • Fax : 022-66447700 / 66447711

ANNEXURE -B

October 3, 2013

The Deputy General Manager
Bank of Baroda
1st Floor, 3, Walchand Hirachand Marg,
Balford Pier
Mumbai - 400 001

Kind Attn: Mr. R.L. Gutlikar

Dear Sir,

With reference to the meeting we had with you, we wish to submit as follows

The company executed the Gali order and has received Rs. 672 Cr. against the said order (net). The said amount has been received in ICICI Bank Ltd and Standard Chartered Bank. The said amount has been spent towards repayment of working capital, interest and towards exchange differences and towards payment of raw material against LC and other operating expenses.

The break-up of the same is as follows:

	<u>Rs. in Crores</u>
Raw material payments	335.11
Customs duty / Sales tax	40.71
Salary	20.67
Site expenses including transportation	18.93
Interest	29.42
Installments	227.00
BG Charges / Others	0.16
Total	672.00

Thanking you

Yours faithfully
For PSL Limited

M Venkatesh
Executive Director

Regd. Office : Kachigam, P B No. 25, Daman (UT) - 395 210, India
Tel.: (0260) 2242369, 2244486, 2244487 • Fax : (0260) 2241932



PSL LIMITED

PSL Towers, 615 Makwana Road, Marol, Andheri (East), Mumbai - 400 059.
Telephone : 66447777 / 66447788 / 66447799 • Fax : 022-66447700 / 66447711.

The Executive Director
Committee of Executives on Wilful Defaulter,
Bank of Baroda
Baroda Corporate Centre,
C-26,G-Block ,
Bandra Kurla Complex,
Bandra (East) Mumbai

February 17, 2017

Sub : Refer Personal Hearing held on 15th February, 2017

Dear Madam,

While thanking you for the courtesy extended to the Directors of PSL Limited, who attended the above date of personal hearing and thanking you also for giving us an opportunity to present and submit various documents and submissions as to why such a declaration would be neither just not defendable and furthermore would also not be in the best interest of the Bank and the entire Lender Group.

You had kindly agreed to review all our submissions and presentations and reconsider your decision in this regard.

At the meeting, you were kind enough to confirm, at our request, that as per RBI guidelines the following categories of Directors would not be subjected to further communication in this regard :

1. Independent Directors
2. Women Director recently appointed
3. Non-Executive Directors on the Board

Please find below a list of such Directors on the Board of PSL Limited, who, we once again request may kindly be exempted from the process.

1. Independent Directors
 - a. Mr. N. C. Sharma
 - b. Mr. Harinder Shourie
 - c. Mr. Ashok Sharma
 - d. Mr. Harsh Pateria



In this regard, we enclose a submission made by Mr. N. C. Sharma requesting exemption of above mentioned Independent Directors .. Annexure 'A' enclosed.

2. Woman Director
 - a. Mrs. Manjula Bhatia

Appointed as Director only on 13/05/2015 to meet the requirements of "Women Director" as mandated by SEBI.

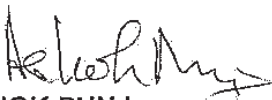
3. Non-Executive Directors
 - a. Mr. Alok Punj – Non Executive Director
 - b. Mr. Surinder Paul Bhatia – Director retired in February, 2016

In anticipation of your confirming exemption to the above Board Members, we express our gratitude and await your decision on the main matters.

Should there be a requirement for additional information or submissions from the company, please feel free to ask for the same and compliance shall be done in the shortest possible time.

Thanking you,

Yours Sincerely,



ASHOK PUNJ
MANAGING DIRECTOR

Subject: Request/Representation for hearing by the Committee of Executives on wilful defaulters headed by Executive Director.

From: naresh sharma <n_c_sharma@yahoo.com> on Wed, 15 Feb 2017 14:08:05

To: <asp@pslltd.co.in>

The General Manager,
Bank of Baroda,
Corporate Financial Service Branch,
3 Walchand Hirachand Marg,
Ballard Pier,
Mumbai-400001.

15/02/2017

Dear Sir,

I have to invite your kind attention to your letter reference CFSBAL/RECYCLE/PSL dated 02/02/2017 directing the undersigned to be present for a personal hearing before the Committee of Executives at the BKC office of your Bank at 11.00AM today i.e. 15/02/2017. On reaching your BKC office a few minutes before the scheduled time of 11.00 am, as desired by you, I was informed that the meeting has been rescheduled for 4.30pm today evening.

As this rescheduling has taken place at very short notice I find myself in a very difficult position to be not able to come to your office at 4.30pm today on account of some commitments made earlier. I would therefore request you to be kind enough to give me about two to three days' notice to present my case before the Committee of Executive. At the same time I would request you to kindly consider my reply dated 10/02/2017 conveyed to you on your email id along with a hard copy of the same delivered at your BKC office today stating, inter alia, that

1. I am an Independent Director on the Board of PSL Ltd and my involvement in the affairs of the Company is restricted to attending meetings of the Board and some of the Committees once every three months to review and approve unaudited quarterly financial results.

2. Apart from the above I have no other involvement in the affairs of the Company. I am in no way involved in the day to day affairs or matters of the Company.

3. I would also like to emphasise that I am not an employee of the Company and that I am not a promoter or from the promoter group or family. Furthermore I do not own a single share of the Company.

4. For my participation in the meetings of the Committees/Board I am paid a sitting fee of Rs.20,000.(twenty thousand) per meeting. There is absolutely no other payment or compensation to me for attending these meetings.

5. I have not been involved in any process relating to the borrowing of funds from lenders, including your Bank, or in the process of disbursement of these funds. I am sure that documents available with your office will confirm that I have not been involved in any process relating to the borrowing or lending of funds in any capacity whatsoever as guarantor or even as signatory in any of the documents available with you or any where else.

6. As a responsible member of the Board, with inherent limitations of being an Independent Director, I have been red flagging, along with other Independent Directors, issues of concern regarding the performance of the Company. On each such occasion we were informed that the senior management of the Company was taking steps to address the situation and that the situation would improve soon.

7. The directions of RBI regarding the categorisation of Independent Directors as "wilful defaulters" are also very clear. It has been explicitly stated that Independent Directors are to be excluded from the category of wilful defaulters unless their involvement or complicity in the act of "wilful default" can be established or proved. On perusal of records available at your end, I am confident, no such involvement on my part can be proved.

It is my belief and my hope that whatever I have stated above will convince you and the Committee of Executives of my non-involvement in the affairs of PSL Ltd that have led to the unfortunate position of default on the part of the Company.

It is also my expectation that on the basis of my above statements my personal appearance to establish my non-involvement in the act of wilful default before the Committee of Executives may not be necessary.

If you still wish that my personal presence would be required and is necessary to present my case before the Committee of Executives please be kind enough to give me two to three days' notice to comply with the same.

I hope you will kindly accede to my request.

Thanking You,

Yours faithfully,

Naresh Chandra Sharma,
Independent Director, PSL LTD,
B-605, Dosti Blossom,
Dosti Acres,
Wadala (East),
Mumbai-400037

asp@pslltd.co.in on behalf of Ashok Punj [asp@pslltd.co.in]
Friday, February 17, 2017 4:50 PM
naresh sharma ; Harry Shourie ; ashok Sharma ; Harsh Pateria
M N ; alokpunj ; spbpsl ; C K ; rkb
Fw: Personal Hearing held on 15th February 2017
BOB_ltr17Feb.pdf; BOB_ANNX_A_.docx

Object:
Attachments:

Forwarding letter sent to Bank of Baroda.

From: "Ashok Punj" asp@pslltd.co.in
Sent: Fri, 17 Feb 2017 16:10:07 +0530
To: "ed.psg@bankofbaroda.com" ed.psg@bankofbaroda.com
Subject: Personal Hearing held on 15th February 2017

Please find enclosed our letter dated 17th February, 2017.

Regards,

Ashok Punj
PSL Limited
Mumbai

The information contained in this electronic message and any attachments to this message are intended for the exclusive use of the addressee(s) and may contain proprietary, confidential or privileged information. If you are not the intended recipient, you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately and destroy all copies of this message and any attachments.

WARNING: Computer viruses can be transmitted via email. The recipient should check this email and any attachments for the presence of viruses. The company accepts no liability for any damage caused by any virus transmitted by this email.

The information contained in this electronic message and any attachments to this message are intended for the exclusive use of the addressee(s) and may contain proprietary, confidential or privileged information. If you are not the intended recipient, you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately and destroy all copies of this message and any attachments.

WARNING: Computer viruses can be transmitted via email. The recipient should check this email and any attachments for the presence of viruses. The company accepts no liability for any damage caused by any virus transmitted by this email.

C109

Ms. Nivedita Shetty

Received your message of 14th March on "Excise" matters along with trailing mails from Mr. Dheer.

I summarize our situation with regard to Excise as follows :

- At all three locations – Vizag, Jaipur and Varsana, we have not received any intimation of surrendering by JTIL of their Excise licence and registration. We had requested for these in order to facilitate and smoothen our operation as lack of surrender of previous licence was acting as an impediment to smooth operations.
- Realizing that JTIL is not willing to cooperate, we are at all three locations somehow managing without JTIL surrendering their licences.
- For your information, we understand that Excise Department, particularly in Varsana, is more than happy not to receive surrender application from JTIL as this enables them not only to keep past claims on JTIL alive, but also to raise fresh claims on JTIL, as and when the need arises, since licence will be continuing in absence of a declaration of surrender.
- We were asked to explain at the last meeting as to how the excise claim on the equipment shifted to Pithampur far in excess for the value of that equipment.
- In all three licence registrations, excise has claimed an amount equivalent to approximately 60% of the amount of capital deposits that PSL had under that licence.
- They have given no reason for this number and it is correct to state that in each case it exceeds the value of excise applicable to the equipment shifted to Pithampur.
- Since show cause notices were initiated by excise after receiving intimation of removal of equipment, we had suggested that return of the equipment, regardless of the excise amount claimed, would be sufficient grounds to ask for a favourable ruling on setting aside the excise demands.
- Since JTIL is not willing to accept our suggestion in this regard, they will continue to receive claims from excise and will need to respond to the same as they have at present.
- Any claim on PSL by excise may not be sustainable since removal was unilateral by JTIL under their gate pass.

- Regarding the equipment lying at Pithampur, this shifting was accorded approval by Lenders and we now await Lender's decision regarding its return.
- On the question of amounts payable by PSL, these have been exchanged between JTIL and PSL and the net amount outstanding is far lower than the amounts recoverable from JTIL on account of illegal removal under OMMA of critical parts and equipment as evidenced by gate passes duly signed by JTIL's representatives clearly denoting transfer to non-approved locations. Replacement value of such goods, illegally removed, far exceeds the outstanding amounts exchanged between the parties as legacy dues.
- Finally, the procedure for legacy dues adjustments has been clearly outlined in the OMMA and needs to be followed before any claims on such account can be entertained.
- Therefore, any proposal to set off such dues against proposed lease payments clearly indicates the lack of seriousness when entering into the proposed lease agreement and warrants an insertion of a clause in the lease agreement by the Lenders clearly stating that the lease payment agreed to will not be subjected, on any grounds whatsoever, to any setting off and will be paid on or before the due date every month or else the equipment would need to be repossessed.
- Clearly such clause has become necessary since JTIL have expressed their intention prior to signing of the lease to effect such setting off.

We trust the above will receive due attention from the Lenders.

K J Mallya

From: naresh sharma [n_c_sharma@yahoo.com]
Sent: Thursday, March 16, 2017 5:34 PM
To: kjmallya@mukand.com
Subject: Scheme of arrangement of funds-Mukund Ltd

Mr.K.J.Mallya,
Mukund Ltd,
Bajaj Bhawan,
Jammalal Bajaj Marg,
226,Nariman Point,
Mumbai-400021.

Dear Sir,

This is with reference to your e-mail to me dated 9th.March,2017 wherein you have requested to provide certain clarification regarding my name appearing in the list of RBI data on Non-suit filed accounts(wilful defaulters).Towards the same,I would like to bring your attention to the following points:

a) I am an Independent Director on the Board of PSL Ltd.(PSL) and my involvement in the affairs of of PSL Ltd is restricted to attending meetings of the Board and some of the Committees once every three months to review and approve unaudited quarterly financial results.Apart from this I have no other involvement in the affairs of the Company.I am not involved in day to day activities of the Company.
b) I would also like to emphasise that I I am not an employee of PSL and also not a promoter or from the the promoter group or family.Furthermore I do not own a single share of PSL.

c)For my participation in the meetings of PSL's Committees/Board I am paid a sitting fee of Rs.20,000(Twenty thousand) per meeting.There is absolutely no other payment or compensation to me for attending these meetings.

d) I have not been involved in any process relating to the borrowing of funds from lenders or in the process of disbursement of these funds.I have also not acted as guarantor for PSL Ltd in any document related to the borrowing of funds from lender banks.

e)Further,I would like to state that the default,if any,which which has taken place in PSLLTD has not taken place with my consent or connivance.

f)I was not aware of any wilful default by the Company and I have also not been part of any proceedings of the Board or any of its Committees through which I was informed of such wilful default..

g)The directions of RBI regarding the categorisation of Independent Directors as "wilful defaulters" are also very clear.It has been explicitly stated that Independent Directors are to be excluded from the category of "wilful defaulters "unless their involvement or complicity in the act of "wilful default " can be established or proved.In my case there is absolutely no evidence of any involvement or complicity whatsoever.

h)I would also like to state that the Committee of Executives on wilful defaulters for Bank of Baroda has issued a notice regarding personal hearing.My submission by way of an email/letter before the Committee of Executives of Bank of Baroda to establish my non-involvement in the act of wilful default is enclosed at Annexure A.

It is my belief and my hope that whatever I have stated above would convince you and the SEBI of my non-involvement in the affairs of PSLLTD that have led to the unfortunate position of default on the part of PSLLTD.

Thanking You,

Yours faithfully,
Naresh Chandra Sharma,
Independent Director.



Sanjay T. Tupe
B.Com, F.C.A.
Snehal S. Walavalkar
B.Com, A.C.A., DISA,

Sanjay & Snehal
Chartered Accountants

Office No 8 and 9, Golden Heaven Society,
Kolbad Road, Khopat, Thane West- 400607
Tel. (C) : 022 2547 3636
E-mail : casns12@gmail.com

January 12, 2017

Mukand Limited

Bajaj Bhawan,
Jamnalal Bajaj Marg,
226, Nariman Point,
Mumbai, Pin Code - 400 021

Kind Attn: **Mr. S B Jhaveri, Chief Financial Officer**

Dear Sir,

Re: Certification of Net Assets Value of alloy steel rolling & finishing business of Mukand Ltd

We, M/s Sanjay & Snehal, Chartered Accountants ("we"), have been requested to certify the value of assets and liabilities of alloy steel rolling & finishing business (the "Undertaking" or "Transferred Undertaking") of Mukand Limited ("Mukand" or "Company") as on 31st December 2016. We are pleased to present herewith our report on the same.


1. Purpose of the Report

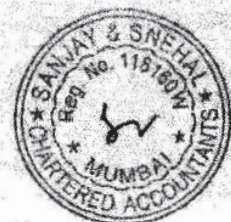
- 1.1. Mukand is contemplating a corporate restructuring which amongst other things includes transfer of Transferred Undertaking of Mukand to Mukand Vijayanagar Steel Ltd ("MVSL") through slump sale on a going concern basis with effect from the appointed date of 1st January, 2017 ("Slump Sale"). As on 31st Dec, 2016, MVSL is wholly owned subsidiary of Mukand Ltd.
- 1.2. Towards the above mentioned Slump Sale, the Management of Mukand is desirous of getting certified the value of assets and liabilities of Transferred Undertaking appearing as on 31st December, 2016.

CEP 100 - 100 COPY

Page 1 / 4

For MUKAND LIMITED


K. J. MALLYA
Company Secretary



2. Background

2.1. Transferred Undertaking:

"Transferred Undertaking" shall mean the alloy steel rolling & finishing business out of blooms and billets into long round products of Mukand including, amongst other things, three rolling mills (wire rod mill, bar mill and blooming mill) and alloy steel finishing facilities at Dighe, Thane and a plot of 52.8 acres of Land in Karnataka and other current assets & liabilities.

2.2. Further, we understand that the Transferred Undertaking is in operative and working condition. It is fairly well maintained with proper and satisfactory corrective and preventive maintenance practice.

3. Sources of Information

3.1. Management certified Balance Sheet of Transferred Undertaking of Mukand as on 31st December, 2016.

3.2. Fixed assets register of Transferred Undertaking of Mukand as on 31st December, 2016.

4. Assets & Liabilities as on 31st December, 2016.

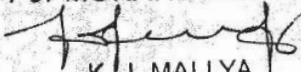
4.1. We have not done any technical assessment of the assets & liabilities as to whether the same are eligible to be included in a particular undertaking or not. We have relied on the details of assets and liabilities provided to us by the management for every undertaking and have only verified them with the Books of Accounts of the Company.

4.2. Our analysis is based on the financial data, documents and information provided to us by the Management of Mukand. Kindly note that the certification of the value of assets and liabilities carried out by us is subject to the accuracy of the information provided by the Management or any other key personnel of Mukand. Any changes in the information, so provided, may have an impact on the value so certified.

CERTIFIED TRUE COPY

Page 2 / 4

For MUKAND LIMITED


K. J. MALLYA
Company Secretary



Sanjay & Snehal

Chartered Accountants

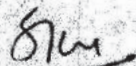
- 4.3. To certify the value of assets & liabilities of Transferred Undertaking of Mukand, we have followed the Net Assets Value Method.

The Net Assets Value of Transferred Undertaking as on Appointed Date on going concern basis is arrived at **INR 227.48 Crs.** For details refer **Annexure 1.**

- 4.4. This report is prepared for Mukand and must be used only for the specific engagement and regulatory reporting purposes. This report is not intended for and should not be made available or quoted or referred to or transmitted to anybody else, in whole or in part, for any purpose without our prior written consent.

Thanking You,
Yours faithfully,

For Sanjay & Snehal
Chartered Accountants
Firm Registration No. 118120W



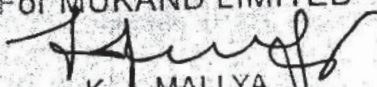
Sanjay T. Tupe
Partner
Membership No. 049623
Date: 12th January, 2017
Place: Mumbai



Encl: a/a

~~CONFIDENTIAL~~ V. J. C. C. 17

For MUKAND LIMITED



K. J. MALLYA
Company Secretary

Annexure I

Net Assets Value of Transferred Undertaking as on 31st December 2016

Slump Sale	Rs crores
Assets	
Fixed Assets	134.88
Current Assets	1,445.52
Non Current Assets	0.18
Total (A)	<u>1,580.58</u>
Less Liabilities:	
Secured & Unsecured loans	1,247.01
Current Liabilities	104.55
Non Current Liabilities	1.54
Total (B)	<u>1,353.10</u>
<u>Net Asset Value of transferred Undertaking (A) - (B)</u>	<u>227.48</u>

For Mukand Limited

S B Jhaveri

S B Jhaveri

Chief Financial Officer

Date: 12th January, 2017

Place: Mumbai



Page : 4 / 4

CERTIFICATE

For MUKAND LIMITED

K. J. Mallya

K. J. MALLYA
Company Secretary





SHARP & TANNAN

Chartered Accountants

12th January, 2017

The Board of Directors Mukand Limited. Bajaj Bhawan, 3 rd floor, Jamnalal Bajaj Marg, 226 Nariman Point, Mumbai- 400021.	The Board of Directors Mukand Vijaynagar Steel Limited Bajaj Bhawan, 3 rd floor, Jamnalal Bajaj Marg, 226 Nariman Point, Mumbai- 400021.
The Board of Directors Mukand Alloy Steels Private Limited Flat No. 11, 7 West Wing, Shah House, Janki Kutir, Juhu Tara Road, Vile Parle (W) Mumbai - 400049.	

Dear Sir/Madam,

Re: Recommendation of share entitlement ratio for the proposed amalgamation of Mukand Vijaynagar Steel Limited into Mukand Alloy Steel Private Limited

This is with reference to the engagement letter dated 20th December, 2016 and discussions held, wherein we, M/s Sharp & Tannan (referred to as "Valuer" or "we" or "us"), have been given to understand that the Management is contemplating a restructuring through scheme of arrangement and amalgamation amongst Mukand Limited ("MKL"), Mukand Vijaynagar Steel Limited ("MVSL") and Mukand Alloy Steels Private Limited ("MASPL") and their respective shareholders and creditors in terms of sections 230 to 232 of Companies Act, 2013 and other relevant provisions of the Companies Act, 1956 or Companies Act, 2013 as may be applicable ("Scheme") which includes slump sale of alloy steel rolling and finishing business into MVSL ("Slump Sale") and thereafter amalgamation of MVSL (post Slump Sale) into MASPL ("Amalgamation").

Towards the above, we have been requested to recommend a share entitlement ratio ("Entitlement Ratio") for the proposed Amalgamation. As per the draft Scheme provided to us, appointed date of the proposed Amalgamation is 1st Jan, 2017 ("Appointed Date"). We are pleased to present herewith our report on the same.

CERTIFIED TRUE COPY



For MUKAND LIMITED

[Signature]
 K. S. MALLYA
 Company Secretary

Ravindra Amexco, 194, Churchgate Reclamation, Dinshaw Vachha Road, Mumbai - 400 020, India.

Tel. (22) 2204 7722/23 6633 8343 - 47 Fax (22) 6633 8352 E-mail : admin.mumbai@sharpandtannan.com

Farook M. Kobla
 Edwin Augustine

Shreedhar T. Kunte
 Raghunath P. Acharya

Milind P. Phadke
 Firdosh D. Buchia

Ramnath D. Kare
 Thirharaj A. Khot

Ashwin B. Chopra
 Pavan K. Aggarwal

Also at Pune. Associate Offices : Bangalore, Chennai, Goa & New Delhi

1. Brief Background & Purpose

1.1 Mukand Limited

- 1.1.1 MKL is a listed public company incorporated on 29th November, 1937. It is primarily engaged in the manufacturing of specialty steel products, industrial machinery and stainless steel. The major products and services of specialty steel segment includes billets, blooms, rounds wire rods, bars rods and sections, bright bars and wires of special and alloy steel and stainless steel.
- 1.1.2 Equity shares of MKL are listed on National Stock Exchange of India Limited and BSE Limited.
- 1.1.3 The issued & paid up equity share capital of MKL as at 30th September 2016 was INR 1410.4 mn divided into 14,14,05,861 equity shares of INR 10/- each (face value).
- 1.1.4 We have been informed by the management of MKL that there has been no change in the share capital of MKL till the date of this report.

1.2 Mukand Vijaynagar Steel Limited

- 1.2.1 MVSL is an unlisted public company incorporated on 8th September, 1995. It has been incorporated inter alia for manufacture of alloy steel bars, rods, structurals, rails, etc.
- 1.2.2 Presently, there are no significant business operations being carried on in MVSL. After the proposed slump sale of Alloy Steel Business of MKL, MVSL's business shall mainly comprise of Alloy Steel Rolling and Finishing Business.
- 1.2.3 The issued & paid-up equity share capital of MVSL as at 31st December 2016 was INR 7.07 Crs. divided into 70,66,243 equity shares of INR 10/- each (face value). We have been informed by the Management of MVSL that there has been no change in the share capital of the company till date of this report.
- 1.2.4 The entire equity share capital of MVSL is held by MKL (along with its nominees).
- 1.2.5 The Management of MVSL represented that MVSL does not have any outstanding warrants /options/convertible securities, as at the valuation date hereof.

1.3 Mukand Alloy Steel Private Limited

- 1.3.1 MASPL is an unlisted private company incorporated on 15th January, 2015. It has been incorporated to carry out the alloy steel manufacturing activities. Presently, there are no significant business operations being carried on in MASPL.



CERTIFIED TRUE COPY

For MUKAND LIMITED

K. J. MALLYA
Company Secretary

Page 2 of 11

- 1.3.2 The issued & paid-up equity share capital of MASPL as at 31st December 2016 was INR 1,00,000 divided into 10,000 equity shares of INR 10/- each (face value). We have been informed by the Management of MASPL that there has been no change in the share capital of the company till date of this report.
- 1.3.3 The entire equity share capital of MASPL is held by MKL (along with its nominees).
- 1.3.4 The Management of MASPL represented that MASPL does not have any outstanding warrants /options/convertible securities, as at the valuation date hereof.

2. SOURCES OF INFORMATION

In connection with preparing this Valuation Report, we have received & relied upon the following sources of information from the Management:

- Draft Scheme of Arrangement and Amalgamation;
- Audited financial statements of MKL, MVSL and MASPL (together referred to as "Companies") for the financial year ended FY 2015-16;
- Financial projections of MVSL from 1st October 2016 to 31st March 2022;
- Financial Statement of MVSL and MASPL as on 30th September 2016;
- Financial Statement of Alloy Steel Running and Finishing business as on 30th September 2016;
- Shareholding pattern of MKL as on 30th September 2016;
- Shareholding pattern MVSL and MASPL as on 31st December 2016;
- Income Tax Return & Tax Audit Annexure of MKL from AY 2016-17;
- Relevant data and information provided to us by the representatives of MVSL and MASPL in written or oral form or in form of soft copy;
- Discussions with the representatives of MVSL and MASPL regarding their past, current & future business projections;
- Information provided by leading database sources, market research reports and other published data;
- Management Representation Letter dated 11th January 2017.



CERTIFIED TRUE COPY
For MUKAND LIMITED
[Signature]
K. J. MALLYA
Company Secretary

3. SCOPE LIMITATIONS, ASSUMPTIONS, EXCLUSIONS AND DISCLAIMERS

3.1 This Valuation Report, its contents and the results herein are (i) specific to the purpose mentioned in this report; (ii) specific to the date of this Valuation Report and (iii) are based on the financial statement of the Companies. The Management has represented that the business activities of the Companies have been carried out in the normal and ordinary course between 30th September 2016 and date of this report and that no material adverse change has occurred in their respective operations and financial position between 30th September 2016 and date hereof.

3.2 In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of information (both written & verbal) made available to us by the Companies and (ii) the accuracy of the information that was publicly available, and formed substantial basis for this Valuation Report. We have not carried out a due diligence or audit of the Companies, nor have we independently investigated or otherwise verified the data provided by the Companies. In rendering this Valuation Report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof. We do not express any opinion or offer any form of assurance that the explanations, financial information or other information as prepared and provided by the Companies is accurate and complete. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that, in case of any doubt, they have checked the relevance or materiality of any specific information with respect to the present exercise with us.

Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

3.3 Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The respective Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or mis-statements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Valuation Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

3.4 During the course of work, we have relied upon the financial projections of MVSL provided to us by the Management. The assumptions underlying the projections have not been reviewed or independently verified by us and accordingly there can be no assurance that these assumptions are accurate. We must emphasize that realizations of the free cash flow forecast used in the analysis will be dependent on the continuing validity of the assumptions on which they are based. The

CERTIFIED TRUE COPY

Page 4 of 11



For MUKAND LIMITED

K. J. MALLYA
Company Secretary

assumptions used in their preparation, as we have been explained, are based on the management's present expectation of both the most likely set of future business events and circumstances and the management's course of action related to them. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since, the projections relate to the future, actual results may be different from the projected results because events and circumstances do not occur as expected, and differences may be material.

- 3.5 Valuation work, by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions, expert opinion may differ due to number of separate judgement decisions, which have to be made. There can therefore be no standard formulae to establish an undisputable value, although certain formulae are helpful in assessing reasonableness. There is, therefore, no indisputable single entitlement ratio. While we have provided our recommendation of the Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Entitlement Ratio. You acknowledge and agree that you have the final responsibility for the determination of the Entitlement Ratio at which the proposed Amalgamation shall take place and factors other than this Valuation Report will need to be taken into account in determining the Entitlement Ratio; these will include your own assessment of the proposed Amalgamation and may include the input of other professional advisors.
- 3.6 This report and its contents is prepared for the Companies and to be used only for the specific engagement and regulatory reporting purposes and must not be copied, disclosed or circulated or referred to or quoted in any correspondence, registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or discussion with any person. The report is confidential to the Companies and it is given on the express undertaking that will not be communicated, in whole or in part, to any third party without prior written consent of the valuer. Neither this report nor its contents may be used for any other purpose other than in connection with this proposed Amalgamation without prior written consent of the Valuer.
- 3.7 Whilst all reasonable care has been taken to ensure that the facts stated in the report are accurate and the opinions given are fair and reasonable, neither ourselves, nor any of our partners, officers or employees shall in any way be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We owe responsibility only to the Board of Directors of the Companies and nobody else. We are not liable to any third party in relation to the issue of this report. In no event we shall be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or wilful default on the part of the Companies, their management, directors, employees or agents.
- 3.8 A valuation of this nature is necessarily based on prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the



CERTIFIED TRUE COPY

Page 5 of 11

For MUKAND LIMITED

K. J. MALLYA
Company Secretary

information made available to us as of, the date hereof. Events occurring after the date hereof, may affect this Valuation Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Valuation Report. However, we reserve the right to amend or replace the report at any time in the event of any material change in the facts presented to us. The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited balance sheet of the Companies. Our conclusion of value assumes that the assets & liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the date hereof.

3.9 This report does not look into business / commercial reasons behind the proposed Amalgamation nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

3.10 This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. In addition, this Valuation Report does not in any manner address the price at which equity shares will trade following approval of the Amalgamation and we express no opinion or recommendation as to how the shareholders or creditors of Companies should vote at their respective meeting(s) to be held in connection with the proposed Amalgamation.

3.11 The fee for this engagement is not contingent upon the results of this report.

4. Valuation Approach

4.1 The Scheme *inter-alia* contemplates the Amalgamation of MVSL with MASPL pursuant to the Scheme under sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 1956 or Companies Act, 2013 as may be applicable. Arriving at the fair equity share entitlement ratio for the proposed Amalgamation and the fair value per share of MASPL would require determining the relative values of each company. These values are to be determined independently but on a relative basis, and without considering the effect of the proposed Amalgamation.

4.2 It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing



CERTIFIED TRUE COPY

For MUKAND LIMITED
[Signature]
K. J. MALLYA
Company Secretary

Page 6 of 11

market conditions, and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.

- 4.3 The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.
- 4.4 The cut-off date for the valuation exercise has been considered as 30th September, 2016.
- 4.5 There are three generally accepted approaches to valuation:
- a. "Cost" Approach
 - b. "Market" Approach
 - c. "Income" Approach

Cost Approach

- 4.6 The cost approach focuses on the net worth or net assets of a company. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" or where the assets base dominates earnings capability or if it is investment holding company and significant value is derived from its investment holdings.
- 4.7 The Net Asset Value ("NAV") Method under the Cost Approach considers the Assets and Liabilities, including Intangible Assets and Contingent Liabilities. The Net Assets, after reducing the dues to the Preference Shareholders, if any, represent the equity value of a company.
- 4.8 In Break-up Value ("BUV") Method, the assets and liabilities are considered at their realizable or restated value including intangible assets and contingent liabilities or liabilities on account of corporate guarantees given by the company, if any, which are not stated in the Balance Sheet. From the realizable value of the assets, the potential liabilities (including the preference share capital, if any, with the amount of surplus due to them), which would have to be paid, would be deducted and the resultant value is the BUV of the business.

Income Approach

- 4.9 The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow (DCF) Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.



CERTIFIED TRUE COPY
For MUKAND LIMITED

K. J. MALLYA
Company Secretary

Page 7 of 11

Discounted Cash Flow ("DCF") Method

- 4.10 Under the DCF Method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both, the owners and creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by the Weighted Average Cost of Capital (WACC). The WACC based on an optimal vis-à-vis actual capital structure, is an appropriate rate of discount to calculate the present value of the future cash flows as it considers equity-debt risk by incorporating debt-equity ratio of the firm.
- 4.11 The perpetuity (terminal) value is calculated based on the business' potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of the forecast period. The perpetuity (terminal) value is calculated based on the business' potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of the forecast period.
- 4.12 The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business' future operations.
- 4.13 The Enterprise Value (aggregate of the present value of explicit period and terminal period cash flows) so derived, is further adjusted for the borrowings, cash, non-operating assets/liabilities (e.g fair value of investments in subsidiaries/associates/mutual funds, value of surplus assets, any contingent liability, etc.) and preference shareholders liability, if any, to arrive at value to the owners of the business.

Profit Earning Capacity Value ("PECV") Method

- 4.14 PECV method focuses on the future earning capability of the business enterprise based on the past income generated by the company. The PECV method requires the determination of three parameters, which are relevant to the company whose shares are being valued. These are (i) the "future maintainable profits", (ii) the "appropriate income tax rate" and (iii) the "expected rate of return". The value is determined by capitalizing the future maintainable profits (net of tax) at the Price Earning Multiple of comparable companies.

Market Approach

- 4.15 Under the Market approach, the valuation is based on the comparable companies trading or transaction multiples of comparable companies. The Market approach generally reflects the investors' perception about the true worth of the company.



CERTIFIED TRUE COPY
For MUKAND LIMITED

K. J. MALLIYA
Company Secretary

Page 8 of 11

Comparable Companies Multiples ("CCM") Method

- 4.16 The value is determined on the basis of multiples derived from valuations of comparable companies, as manifest in the stock market valuations of listed companies.
- 4.17 This valuation is based on principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.
- 4.18 Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Comparable Transactions Multiples ("CTM") Method

- 4.19 Under the CTM Method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry.
- 4.20 Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. Few of such multiples are EV/ EBITDA multiple and EV/ Revenue multiple.

5. Conclusion on Valuation Approach

- 5.1 We have considered the following methods for valuation of the Companies

5.2 Cost Approach:

- 5.2.1 As represented to us by the management of MASPL, presently, there are no significant business operations being carried on in MASPL. Hence, in the absence of any business operation, the value of MASPL would be reflected in its underlying surplus cash and other assets and liabilities. Accordingly, we have considered the NAV method as the appropriate method to value the equity shares of MASPL in the present case based on the unaudited balance sheet of MASPL as at 30th September 2016. The total value for equity shareholders as arrived under the NAV method is then divided by the total number of equity shares in order to work out the value per equity share.
- 5.2.2 MVSL on the other hand after the proposed Slump sale of the Alloy Steel Rolling and Finishing Business of MKL, will be engaged in an operating and profitable business where the relative earning power of its business is of more importance compared to its underlying assets and liabilities. Hence, in the present case, we have not considered the NAV method and BUW method to value the equity shares of MVSL.

5.3 Market Approach:



CERTIFIED TRUE COPY
For MUKAND LIMITED
[Signature]
K. J. MALLYA
Company Secretary

- 5.3.1 In the present case, we are valuing the equity shares of MVSL and MASPL, which does not have an independent market price and are only subsidiaries that would be engaged in one of the businesses of MKL. Hence, though the equity shares of MKL are listed, the market price method cannot be applied.
- 5.3.2 In the absence of any comparable transaction in the recent past in respect of which complete details of the deal structure, etc. are available in public domain, we are unable to apply the CTM method.
- 5.3.3 In the current case, we have used the CCM method, whereby we have considered profitability based valuation multiple of comparable listed companies with similar business operations for the valuation of MVSL. To arrive at the total value available to the equity shareholders of MVSL, value arrived under CCM method is adjusted for the value of loans, amount payable by MVSL to MKL for the proposed slump sale, non-operating assets/liabilities (e.g value of surplus assets, contingent liability, etc.) if any. The total value for equity shareholders is then divided by the total number of equity shares in order to work out the value per equity share.

5.3.4 In the absence of sufficient comparable companies, we have not used this approach for MASPL.

5.4 **Income Approach:**

- 5.4.1 We have considered DCF method for the present valuation exercise of MVSL which considers the future earning capabilities for MVSL, as furnished to us by the management of MVSL and MKL. To arrive at the total value available to the equity shareholders, value arrived under DCF method is adjusted for the value of loans, amount payable by MVSL to Mukand Limited for the proposed slump sale, non-operating assets/liabilities (e.g value of surplus assets, contingent liability, etc.) if any. The total value for equity shareholders is then divided by the total number of equity shares in order to work out the value per equity share.
- 5.4.2 As discussed, in the absence of any current business operations of MASPL, we have not considered the DCF method under Income approach for MASPL.

6. **Basis of Valuation**

- 6.1 The share entitlement ratio of equity shares of MVSL and MASPL for the proposed Amalgamation have been arrived on the basis of relative equity valuation for MVSL and MASPL based on the methodology explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations.
- 6.2 As per the Scheme, MVSL shall amalgamate with MASPL. Accordingly, MVSL (post Slump Sale) shall transfer its assets and liabilities to MASPL and MASPL shall issue its equity shares to the equity shareholders of MVSL i.e. MKL.



CERTIFIED TRUE COPY
For MUKAND LIMITED

K. J. MALLYA
Company Secretary

- 6.3 Upon the Scheme being effective, the existing equity shares of the MVSL held by MKL shall, without any application or deed, stand cancelled without any payment. Further, the shareholding pattern of the MASPL after the issue of equity shares to MKL shall remain same even after the amalgamation i.e. MASPL shall remain wholly-owned subsidiary of Mukand
- 6.4 Accordingly post the proposed Amalgamation, shareholder of MASPL would be same and hence the proposed Amalgamation is neutral to the shareholders of MKL, MASPL and MVSL, in respect of their shareholding pattern and would not have any economic impact on the value of the shareholders of MKL, MASPL and MVSL.
- 6.5 Considering all the relevant factors and circumstances as discussed and outlined above, we believe the share entitlement ratio as suggested by the Management, in the event of Amalgamation of MVSL with MASPL, as under is fair:

"3 (three) equity shares of face value of INR 10/- each of MASPL, for every 1 (one) equity share of face value of INR 10/- each held in MVSL."

Thanking You,
Yours faithfully,

For Sharp & Tannan
Chartered Accountants
Firm Registration No. – 109982W

Edwin Augustine
(Partner)
Membership No. - 043385
Date: 12th January, 2017
Place: Mumbai

SHARP & TANNAN
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION No. 109982W
BY THE HAND OF


EDWIN P. AUGUSTINE
PARTNER
MEMBERSHIP No. 043385



CERTIFICATE COPY

For MUKAND LIMITED

K. J. MALLYA
Company Secretary

STRICTLY CONFIDENTIAL

January 12, 2017

**The Board of Directors,
Mukand Limited**
Bajaj Bhavan, 226, Jamnalal Bajaj Marg,
Nariman Point, Mumbai - 400021

Subject: Proposed scheme of arrangement between Mukand Limited ("Mukand" or the "Company"), Mukand Vijayanagar Steel Limited ("MVSL"), Mukand Alloy Steels Private Limited ("MASPL") and their respective shareholders & creditors ("Scheme" or "Scheme of Arrangement")

Ladies and Gentlemen:

We refer to the engagement letter dated January 6, 2017 ("**Engagement Letter**") whereby Mukand Limited (the "**Company**") has requested JM Financial Institutional Securities Limited ("**JM Financial**") to provide a fairness opinion to the Board of Directors of the Company on the Share Entitlement Ratio (as defined below) on the Merger (as defined below) recommended in the valuation report dated January 12, 2017 issued by Sharp & Tannan (the "**Valuer**") ("**Valuation Report**") for the proposed Scheme under the provisions of Section 230 to Section 232 of the Companies Act, 2013.

The Scheme envisages following:

- I. Slump sale of (i) the alloy steel rolling and finishing business undertaking of the Company together with its business and operations pertaining to rolling and finishing, of alloy steel located at (i) Dighe, Thane, Maharashtra (ii) Ginigera, Koppal, Karnataka, on a going concern basis, and comprising inter alia, all the assets and liabilities which relate to the alloy steel rolling and finishing business ("**Alloy Steel Business**") and hereinafter referred to as the "**Transferred Undertaking**") of the Company to MVSL, on a going concern basis ("**Slump Sale**"); and
- II. Thereafter, the amalgamation of MVSL with MASPL ("**Merged Undertakings**") and vesting of the MVSL in MASPL, on a going concern basis, in accordance with Section 2(1B) of the Income Tax Act, 1961 ("**Merger**").

Brief Background

The Company is a public limited company incorporated under the Companies Act, 1956 and is primarily engaged in the business of, inter alia, the manufacture of speciality steel long products and heavy machinery and also manufacture alloy steel and stainless steel bars, rods, structurals, rails, etc.. The equity shares ("**Equity Shares**") of the Company are listed on BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). BSE and NSE are together hereinafter referred to as the "**Stock Exchanges**".

MVSL is an unlisted wholly owned subsidiary of the Company, incorporated under the Companies Act, 1956.

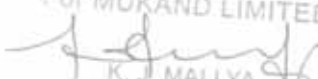
JM Financial Institutional Securities Limited

(Formerly known as JM Financial Institutional Securities Private Limited)

Corporate Identity Number : U65192MH1995PLC092522

Regd. Office: 7th Floor, Chenergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.

T: +91 22 6630 3030 F: +91 22 6630 3344 www.jmfi.com

CERTIFIED TRUE COPY
For MUKAND LIMITED

K. J. MALLYA
Company Secretary

Since both MVSL and MASPL are wholly owned subsidiaries of the Company, there is no change in the economic interest held by the Company in MVSL and MASPL and the Company will continue to retain control of the Merged Undertaking on account of the Merger.

Accordingly post the proposed Merger, the shareholder of MASPL would be same and hence, the proposed Merger is neutral to the shareholders of MASPL and MVSL, being Mukand.

The Company has appointed the Valuer to determine the share entitlement ratio for issue of shares by MASPL to the shareholder of MVSL pursuant to the Merger. The Valuer has recommended share entitlement ratio of 3 equity shares of MASPL for every 1 equity share held in MVSL for the said Merger ("**Share Entitlement Ratio**").

The Company in terms of the Engagement Letter has requested us to examine the Valuation Report and such other information provided by the Company and issue our independent opinion as to the fairness of the Share Entitlement Ratio for the Merger ("**Fairness Opinion**").

Scope of work of this Fairness Opinion includes commenting only on the fairness of the Share Entitlement Ratio and not on the fairness or economic rationale of the Scheme per se or the valuation methods used by the Valuer.

This Fairness Opinion is subject to the scope, assumptions, exclusions, scope limitations and disclaimers detailed hereinafter. As such the Fairness Opinion is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. The same has been issued as per the requirements of SEBI circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015.


Source of Information

For the said examination and for arriving at the opinion set forth below, we have:

1. Perused the Valuation Report and held discussions with the Valuers
2. Perused certain business and financial information relating to the Alloy Steel Business provided to us by the Company;
3. Perused annual reports of the Company, MVSL and MASPL for the financial year ended March 31, 2016;
4. Reviewed the draft Scheme; and
5. Reviewed current shareholding pattern and capital structure of MVSL and MASPL
6. Reviewed other information provided by the Company including information provided through their management representation letter.

Scope Limitations

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was provided or otherwise made available to us by the Company for the purposes of this opinion. We have not conducted any due diligence and express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. We have not reviewed any books and records of the Company other than those provided or made available to us. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties, facilities or assets of the Company and neither express any opinion with respect thereto nor accept any responsibility thereof. We have not made any independent valuation or appraisal of the assets or liabilities of the Company nor have we been furnished with any such appraisals. We have not reviewed any internal management information statements or any non-public reports except as provided by the Company, and instead, with your consent, have relied upon information that was provided or otherwise made available to us

CERTIFIED TRUE COPY
For MUKAND LIMITED

K. J. MALLYA
Company Secretary

by the Company for the purposes of this opinion. We further do not provide any opinion on taxation, legal, actuarial or accounting matters related to the Scheme or otherwise and the Company and the shareholders shall not rely on this opinion for these matters.

We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the proposed Scheme, no changes will be imposed that will have a material adverse effect on the proposed Scheme. We understand that the management of the Company, during our discussion with them has drawn our attention to all such information and matters which may have an impact on our analysis and opinion. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion.

In the ordinary course of business, JM Financial Group (JM Financial Group includes JM Financial and its affiliates) is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the JM Financial Group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Scheme.

We express no opinion whatever and make no recommendation at all as to the Company's underlying decision to undertake the Scheme or provide any kind of recommendation to the equity shareholders of the Company as to how they should vote in the resolution of the shareholders for the Scheme. We also do not provide any recommendation to the creditors of the Company with respect to proposed Scheme. We also express no opinion and accordingly accept no responsibility for the impact of the proposed Scheme on the current or future value and / or price of the Equity Shares of the Company. We do not express any opinion on the sufficiency of the methodology applied / procedures employed by the Valuer in determining Share Entitlement Ratio. Shareholders should make their independent assessment of the economic benefits as also the overall Scheme for arriving at their decision.

Conclusion

Based on our examination of the Valuation Report and such other information provided to us by the Company and given that the shareholder of MASPL will remain the same post the Merger and our independent analysis and evaluation of such information and subject to the scope and limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the Share Entitlement Ratio considered for the purpose of the Merger is fair to the Company.

Distribution of the Fairness Opinion

The Fairness Opinion is addressed only to the Board of Directors of the Company. The Fairness Opinion shall not be disclosed or referred to publicly or to any other third party without JM Financial's prior written consent. However, the Company may provide a copy of the Fairness Opinion if requested / called upon by any regulatory authorities of India subject to the Company promptly intimating JM Financial in writing about receipt of such request from the regulatory authority. The Fairness Opinion should be read in totality and not in parts. Further this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then we will not be liable for any consequences thereof. Neither this Fairness Opinion nor its contents may be referred to or quoted to / by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other

CERTIFIED TRUE COPY

For MUKAND LIMITED

K.J. MALLYA
Company Secretary

agreement or documents given to third parties. In no circumstances, will JM Financial or its directors, officers, employees and controlling persons of JM Financial accept any responsibility or liability including any pecuniary or financial liability to any third party.

Yours truly,

For **JM Financial Institutional Securities Limited**



Authorized Signatory

CERTIFICATE COPY

For **MUKAND LIMITED**


K.J. MALLYA
Company Secretary

Mukand Ltd.

Regd. Office : Bajaj Bhavan, 3rd Floor
Jamnalal Bajaj Marg
226 Nariman Point, Mumbai, India 400 021
Tel : 91 22 6121 6666 Fax : 91 22 2202 1174
www.mukand.com

Kalwe Works : Thane-Belapur Road
Post office Kalwe, Thane, Maharashtra
India 400 605
Tel : 91 22 2172 7500 / 7700 Fax : 91 22 2534 8179
CIN : L99999MH1937PLC002726

Date: March 2, 2017

To,

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai 400 001.

Listing – Compliance Department
National Stock Exchange of India Ltd,
Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

Security Code – 500460

NSE Symbol – MUKANDLTD

Ref. - Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“Listing Regulations”) for the proposed Scheme of Arrangement and Amalgamation amongst Mukand Limited, Mukand Vijayanagar Steel Limited & Mukand Alloy Steels Private Limited and their respective shareholders and creditors

Subject - Complaints Report

Dear Sir,

This is with reference to the aforementioned application.

In accordance with SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 we hereby confirm that as on close of 27th Feb, 2017 neither the Company nor its Registrar and Share Transfer Agent, Karvy Computershare Private Limited has received any complaints either directly or through stock exchanges / SEBI / SCORES from any shareholder of the Company in connection with the aforesaid Scheme.

We would like to bring to your attention that the aforesaid application alongwith the draft scheme was i) uploaded on NSE and BSE websites on 3rd & 4th Feb., 2017, ii) hosted on Company's website on 4th Feb., 2017, iii) hosted on BSE's website on 6th Feb., 2017 and iv) hosted on NSE (Designated Stock Exchange) website on 7th Feb., 2017. In terms of Para 1(A)(6) of Annexure I of SEBI circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015, Complaints Report containing details of complaints/comments received on the draft Scheme as per Annexure III of the said Circular is attached and marked as **Annexure – 1** for the period from 4th Feb., 2017 to 27th Feb., 2017.

Request you to kindly acknowledge the same.

For Mukand Limited,



K. J. Mallia
Company Secretary
(kjmallya@mukand.com)



COMPLAINTS REPORT
[Period covered - From 4th Feb, 2017* to 27th Feb, 2017#]

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly.	Nil
2.	Number of complaints forwarded by Stock Exchanges	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	NA
5.	Number of complaints pending	NA

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/pending)
1.		NA	
2.			
3.			
4.			

* The date of hosting of the draft Scheme and other documents on the Company's website, i.e., 4th Feb., 2017, from which the draft Scheme became accessible to the public for their observations.

27th Feb., 2017 indicates the end of 21 (twenty one) days from the date of hosting of the draft Scheme and other documents on NSE's website, on 7th Feb., 2017.

For Mukand Limited,



K. J. Mallia
 Company Secretary
 (kjmallya@mukand.com)

Place: Mumbai, Maharashtra
 Date: 2nd March, 2017



DCS/AMAL/ST/R37/765/2016-17

April 03, 2017

The Company Secretary
MUKAND LTD.
Bajaj Bhavan, 3rd Floor, Jamnalal Bajaj Marg,
226 Nariman Point, Mumbai, Maharashtra, 400021

Sir,

Sub: Observation letter regarding the Draft Scheme of Amalgamation between Mukand Limited, Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors.

We are in receipt of Draft Scheme of Amalgamation between Mukand Limited, Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors and their respective shareholders filed as required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated March 31, 2017, has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company shall ensure that additional information, if any, submitted by the company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230 (5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble NCLT, the listed company shall submit to the stock exchange the following:

- Copy of the NCLT approved Scheme;
- Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- Status of compliance with the Observation Letter/s of the stock exchanges;
- The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and

: 2 :

- Complaints Report as per Annexure II of this Circular.
- Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


Nitin Pujari
Manager

Ref: NSE/LIST/10697

March 31, 2017

The Company Secretary
Mukand Limited
Bajaj Bhavan,
3rd Floor, 226, Jammalal Bajaj Marg,
Nariman Point,
Mumbai - 400021

Kind Attn.: Mr. K. J. Mallaya

Dear Sir,

Sub: Observation letter for Scheme of Arrangement and Amalgamation amongst Mukand Limited, Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors

This has reference to draft Scheme of Arrangement and Amalgamation amongst Mukand Limited, Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors submitted to the Exchange vide your application dated February 03, 2017.

Based on our letter reference no Ref: NSE/LIST/10697 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, SEBI has vide letter dated February 17, 2017, has given following comments on the draft Scheme of Amalgamation:

"The Company shall duly comply with various provisions of the Circular."

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the Hon'ble High Court / NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from March 31, 2017, within which the Scheme shall be submitted to the Hon'ble High Court/ NCLT. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon'ble High Court / NCLT, you shall submit to NSE the following:

- a) Copy of Scheme as approved by the High Court / NCLT;
- b) Result of voting by shareholders for approving the Scheme;
- c) Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme,
- d) Status of compliance with the Observation Letter/s of the stock exchanges.
- e) The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f) Complaints Report as per SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Yours faithfully,
For National Stock Exchange of India Limited

Divya Poojari
Manager

This Document is Digitally Signed

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm



Signer: Divya Poojari
Date: 30-Mar-2017 19:45:32 GMT+05:30
Location: NSE

Regd. Office: Exchange Plaza, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051, India CIN: U67120MH1992PLC069769 Tel: +91 22 26598235/36, 26598346, 26598459/26598458 Web site: www.nseindia.com

Ref: NSE/LIST/10697

April 27, 2017

The Company Secretary
Mukand Limited
Bajaj Bhavan,
3rd Floor, 226, Jamnalal Bajaj Marg,
Nariman Point,
Mumbai - 400021

Kind Attn.: Mr. K. J. Mallaya

Dear Sir,

Sub: Observation letter for Scheme of Arrangement and Amalgamation amongst Mukand Limited, Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors

This has reference to draft Scheme of Arrangement and Amalgamation amongst Mukand Limited, Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors submitted to the Exchange vide your application dated February 03, 2017.

Based on our letter reference no Ref: NSE/LIST/10697 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, SEBI has vide letter dated March 31, 2017, has given following comments on the draft Scheme of Amalgamation:

- 1. Company to ensure that information submitted by Company vide letter dated March 07, 2017 and March 16, 2017 pertaining to Naresh Chandra Sharma is disclosed in the scheme under the heading 'Action taken by SEBI/RBI'.*
- 2. Company to ensure that additional information, if any, submitted after filing the scheme with the Stock Exchanges, shall be displayed from the date of receipt of this letter on the website of the listed company.*
- 3. Company shall duly comply with various provisions of the circulars.*
- 4. Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- 5. It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments /observations /representations.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the National Company Law Tribunal.



However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from March 31, 2017, within which the Scheme shall be submitted to the NCLT. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the NCLT, you shall submit to NSE the following:

- a) Copy of Scheme as approved by the NCLT;
- b) Result of voting by shareholders for approving the Scheme;
- c) Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme,
- d) Status of compliance with the Observation Letter/s of the stock exchanges.
- e) The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f) Complaints Report as per SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Yours faithfully,
For National Stock Exchange of India Limited

Kautuk Upadhyay
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed



Signer : Kautuk Rohil Upadhyay
Date: Thu, Apr 27, 2017 17:30:48 GMT+05:30
Location: NSE

MUKAND LIMITED

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MUKAND LIMITED AT ITS MEETING HELD ON 12TH JANUARY, 2017 ON THE DRAFT SCHEME OF ARRANGEMENT AND AMALGAMATION AMONGST MUKAND LIMITED, MUKAND VIJAYANAGAR STEEL LIMITED AND MUKAND ALLOY STEELS PRIVATE LIMITED PURSUANT TO THE PROVISIONS OF SECTION 232(2)(C) OF THE COMPANIES ACT, 2013.

1. Background

1.1. A meeting of the Board of Directors ('Board') of Mukand Limited was held on 12th January, 2017 to consider and recommend the proposed Scheme of Arrangement and Amalgamation amongst Mukand Limited ("**Mukand**" or "**Company**"), Mukand Vijayanagar Steel Limited ("**MVSL**") and Mukand Alloy Steels Private Limited ("**MASPL**") and their respective shareholders and creditors under Sections 230 to 232 and section 52 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013, as applicable ("**Scheme**"). The Scheme entails the following:

- i) Slump sale of alloy steel rolling and finishing business of the Company ("**Transferred Undertaking**") to MVSL, on a going concern basis ("**Slump Sale**");
- ii) Amalgamation of MVSL (post slump sale) with MASPL in accordance with Section 2(1B) of the Income Tax Act, 1961 ("**Amalgamation**").
- iii) Adjustment of the entire debit balance in the Statement of Profit and Loss account of Mukand as on 31st December, 2016 as against the Securities Premium Account.

The Appointed Date for Slump Sale and Amalgamation under the Scheme is 1st January, 2017 ("**the Appointed Date**"). Mukand along with its nominees hold 100% equity share capital of MVSL and MASPL as on 31st December, 2016.

1.2. The consideration proposed to be discharged under the Scheme is as under :

- i) **Slump Sale** – A consideration of INR 227 Crs shall be discharged to the Company within 6 months from the effective date of the Scheme or such other date & terms as determined by the Boards of Directors of the concerned companies.
- ii) **Amalgamation** – MASPL shall issue its equity shares to the shareholders of MVSL (i.e. the Company), in accordance with a share entitlement ratio of 3:1 ("**Share Entitlement Ratio**"), such that upon this Scheme becoming effective, the Company shall be entitled to receive 3 fully paid up equity share of MASPL of INR 10 each for every 1 equity share of INR 10 each held in MVSL. MASPL shall remain an unlisted wholly owned subsidiary of the Company post the Scheme.

1.3. In terms of Section 232(2)(c) of Companies Act, 2013, a report from the Board of the Company explaining the effect of the compromise on each class of shareholders, key managerial personnel, promoters, and non-promoter shareholders has to be appended with the notice of the meeting of shareholders and creditors. Further the said report has to specify any special valuation difficulties, if any in the valuation. This report of the Board is made in order to comply with the requirements of Section 232(2)(c) of Companies Act, 2013.

1.4. While deliberating on the Scheme, the Board had, *inter-alia*, considered and took on record following necessary documents: ('Documents'):

- a) Draft scheme duly initialed by the Company secretary for the purpose of identification;
- b) Valuation report dated 12th January, 2017 issued by M/s Sharp & Tannan, Independent Chartered Accountants prescribing the Share Entitlement Ratio with respect to the Amalgamation ("**Valuation Report**");
- c) Certificate dated 12th January, 2017 issued by M/s Sanjay & Snehal, Independent Chartered Accountants, certifying the value of assets and liabilities of Transferred Undertaking as on 31st December, 2016 ("**CA Certificate**");
- d) Fairness opinion dated 12th January, 2017 issued by JM Financial Institutional Securities Ltd., merchant banker (Category I SEBI registered Merchant Banker), providing the fairness opinion on the Share Entitlement Ratio recommended by M/s Sharp & Tannan ("**Fairness Opinion**"); and

- e) Report of the Audit Committee recommending the Scheme after taking into consideration, *inter alia*, the Valuation Report, CA Certificate and the Fairness Opinion.

2. Rationale of the Scheme

This Scheme of Arrangement and Amalgamation is expected to enable better realisation of potential of the businesses and yield beneficial results and enhanced value creation for the companies, their respective shareholders, lenders and employees. The rationale for the Scheme is set out below:

- i) Each of the varied businesses being carried on by Mukand including alloy steel, stainless steel and industrial machinery division has potential for sustainable profitable growth and is also capable of attracting a different set of investors, strategic partners and knowhow providers to scale up the size and operations. Additionally, in order to enable investors to choose the business of their liking and priority of portfolio in the event of such a possibility arising, Mukand proposes to reorganize and segregate its alloy steel rolling & finishing business into a separate company.
- ii) Each business vertical gets the requisite management focus and autonomy to pursue the possibilities of expansion and growth. It can be managed more efficiently leading to better returns.
- iii) The proposed arrangement would result in greater economies of scale and will provide a larger and stronger base for potential future growth.
- iv) The Arrangement and Amalgamation will result in simplification of the corporate structure of the Mukand Group Companies.
- v) The Arrangement and Amalgamation will also facilitate in retirement of debt.
- vi) The amalgamated company would be able to better leverage on its large net worth base and have enhanced business potential.
- vii) The Arrangement and Amalgamation will bring about simplicity in working, reduction in various statutory and regulatory compliances and related costs, which presently have to be duplicated in different entities, reduction in operational and administrative expenses and overheads, better cost and operational efficiencies and it will also result in coordinated optimum utilization of resources.

3. Valuation

The Reports on valuation have been obtained from M/s. Sharp & Tannan, Chartered Accountants, an independent valuer. The valuations have been arrived at based on the various methodologies explained in the Report and various qualitative factors relevant to the Business and the business dynamics and growth potentials of the business, having regard to information base, key underlying assumptions and limitations. The valuation has been reviewed for fairness by JM Financial Institutional Securities Ltd., merchant banker (Category I SEBI registered Merchant Banker).

The consideration for Slump Sale is approved by the management after taking into consideration the valuation certificate issued by M/s Sanjay & Snehal, Chartered Accountants, dated 12th January, 2017 certifying the value of the Transferred Undertaking as on the Appointed Date based on NAV method.

The valuation report states that the fair entitlement for the proposed merger of MVSL (post Slump Sale) into MASPL should be 3:1 ("**Share Entitlement Ratio**"), such that upon this Scheme becoming effective, the Company shall be entitled to receive 3 fully paid up equity share of MASPL of INR 10 each for every 1 equity share of INR 10 each held in MVSL. The Management is of the view that the same is fair and reasonable and in the interest of the shareholders. No specific valuation difficulties were reported by the valuers.

4. Impact on Key Stakeholders

There is expected to be no adverse effect of the said Scheme on the key managerial personnel, directors, promoters and non-promoter shareholders of the Company.

**By Order of the Board
For Mukand Limited**

Sd/-
K J Mallya
Company Secretary

MUKAND VIJAYANAGAR STEEL LIMITED

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MUKAND VIJAYANAGAR STEEL LIMITED AT ITS MEETING HELD ON 12TH JANUARY, 2017 ON THE DRAFT SCHEME OF ARRANGEMENT AND AMALGAMATION AMONGST MUKAND LIMITED, MUKAND VIJAYANAGAR STEEL LIMITED AND MUKAND ALLOY STEELS PRIVATE LIMITED PURSUANT TO THE PROVISIONS OF SECTION 232(2) (C) OF THE COMPANIES ACT, 2013 CONSIDERED AT THE MEETING HELD ON 12TH JANUARY, 2017

1. Background

1.1. A meeting of the Board of Directors ('Board') of Mukand Vijayanagar Steel Limited was held on 12th January, 2017 to consider and recommend the proposed Scheme of Arrangement and Amalgamation amongst Mukand Limited ("**Mukand**"), Mukand Vijayanagar Steel Limited ("**MVSL**" or "**Company**") and Mukand Alloy Steels Private Limited ("**MASPL**") and their respective shareholders and creditors under Sections 230 to 232 and section 52 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013, as applicable ("**Scheme**"). The Scheme entails the following:

- i) Slump sale of alloy steel rolling and finishing business of Mukand ("**Transferred Undertaking**") to the Company, on a going concern basis ("**Slump Sale**");
- ii) Amalgamation of the Company (post slump sale) with MASPL in accordance with Section 2(1B) of the Income Tax Act, 1961 ("**Amalgamation**").
- iii) Adjustment of the entire debit balance in the Statement of Profit and Loss account of Mukand as on 31st December, 2016 as against the Securities Premium Account.

The Appointed Date for Slump Sale and Amalgamation under the Scheme is 1st January, 2017 ("**the Appointed Date**"). Mukand along with its nominees hold 100% equity share capital of MVSL and MASPL as on 31st December, 2016.

1.2. The consideration proposed to be discharged under the Scheme is as under :

- i) **Slump Sale** – A consideration of INR 227 Crs shall be discharged to Mukand within 6 months from the effective date of the Scheme or such other date & terms as determined by the Boards of Directors of the concerned companies.
- ii) **Amalgamation** – MASPL shall issue its equity shares to the shareholders of MVSL (i.e. Mukand), in accordance with a share entitlement ratio of 3:1 ("**Share Entitlement Ratio**"), such that upon this Scheme becoming effective, Mukand shall be entitled to receive 3 fully paid up equity share of MASPL of INR 10 each for every 1 equity share of INR 10 each held in MVSL. MASPL shall remain an unlisted wholly owned subsidiary of Mukand post the Scheme.

1.3. In terms of Section 232(2)(c) of Companies Act, 2013, a report from the Board of the Company explaining the effect of the compromise on each class of shareholders, key managerial personnel, promoters, and non-promoter shareholders has to be appended with the notice of the meeting of shareholders and creditors. Further the said report has to specify any special valuation difficulties, if any in the valuation. This report of the Board is made in order to comply with the requirements of Section 232(2)(c) of Companies Act, 2013.

1.4. While deliberating on the Scheme, the Board had, *inter-alia*, considered and took on record following necessary documents: ('Documents'):

- a) Draft scheme duly initialed by the Director for the purpose of identification;
- b) Valuation report dated 12th January, 2017 issued by M/s Sharp & Tannan, Independent Chartered Accountants prescribing the Share Entitlement Ratio with respect to the Amalgamation ("**Valuation Report**");
- c) Certificate dated 12th January, 2017 issued by M/s Sanjay & Snehal, Independent Chartered Accountants, certifying the value of assets and liabilities of Transferred Undertaking as on 31st December, 2016 ("**CA Certificate**");
- d) Fairness opinion dated 12th January, 2017 issued by JM Financial Institutional Securities Ltd., merchant banker (Category I SEBI registered Merchant Banker), providing the fairness opinion on the Share Entitlement Ratio recommended by M/s Sharp & Tannan ("**Fairness Opinion**"); and

2. Rationale of the Scheme

This Scheme of Arrangement and Amalgamation is expected to enable better realisation of potential of the businesses and yield beneficial results and enhanced value creation for the companies, their respective shareholders, lenders and employees. The rationale for the Scheme is set out below:

- i) Each of the varied businesses being carried on by Mukand including alloy steel, stainless steel and industrial machinery division has potential for sustainable profitable growth and is also capable of attracting a different set of investors, strategic partners and knowhow providers to scale up the size and operations. Additionally, in order to enable investors to choose the business of their liking and priority of portfolio in the event of such a possibility arising, Mukand proposes to reorganize and segregate its alloy steel rolling & finishing business into a separate company.
- ii) Each business vertical gets the requisite management focus and autonomy to pursue the possibilities of expansion and growth. It can be managed more efficiently leading to better returns.
- iii) The proposed arrangement would result in greater economies of scale and will provide a larger and stronger base for potential future growth.
- iv) The Arrangement and Amalgamation will result in simplification of the corporate structure of the Mukand Group Companies.
- v) The Arrangement and Amalgamation will also facilitate in retirement of debt.
- vi) The amalgamated company would be able to better leverage on its large net worth base and have enhanced business potential.
- vii) The Arrangement and Amalgamation will bring about simplicity in working, reduction in various statutory and regulatory compliances and related costs, which presently have to be duplicated in different entities, reduction in operational and administrative expenses and overheads, better cost and operational efficiencies and it will also result in coordinated optimum utilization of resources.

3. Valuation

The Reports on valuation have been obtained from M/s. Sharp & Tannan, Chartered Accountants, an independent valuer. The valuations have been arrived at based on the various methodologies explained in the Report and various qualitative factors relevant to the Business and the business dynamics and growth potentials of the business, having regard to information base, key underlying assumptions and limitations. The valuation has been reviewed for fairness by JM Financial Institutional Securities Ltd., merchant banker (Category I SEBI registered Merchant Banker).

The consideration for Slump Sale is approved by the management after taking into consideration the valuation certificate issued by M/s Sanjay & Snehal, Chartered Accountants, dated 12th January, 2017 certifying the value of the Transferred Undertaking as on the Appointed Date based on NAV method.

The valuation report states that the fair entitlement for the proposed merger of MVSL (post Slump Sale) into MASPL should be 3:1 ("**Share Entitlement Ratio**"), such that upon this Scheme becoming effective, the Company shall be entitled to receive 3 fully paid up equity share of MASPL of INR 10 each for every 1 equity share of INR 10 each held in MVSL. The Management is of the view that the same is fair and reasonable and in the interest of the shareholders. No specific valuation difficulties were reported by the valuers.

4. Impact on Key Stakeholders

There is expected to be no adverse effect of the said Scheme on the key managerial personnel, directors, promoters and non-promoter shareholders of the Company.

By Order of the Board

For Mukand Vijayanagar Steel Limited

Sd/-

V K Mital

Director

DIN: 00376830

MUKAND ALLOY STEELS PRIVATE LIMITED

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MUKAND ALLOY STEELS PRIVATE LIMITED AT ITS MEETING HELD ON 12th JANUARY, 2017 ON THE DRAFT SCHEME OF ARRANGEMENT AND AMALGAMATION AMONGST MUKAND LIMITED, MUKAND VIJAYANAGAR STEEL LIMITED AND MUKAND ALLOY STEELS PRIVATE LIMITED PURSUANT TO THE PROVISIONS OF SECTION 232(2)(C) OF THE COMPANIES ACT 2013.

1. Background

1.1. A meeting of the Board of Directors ('Board') of Mukand Alloy Steels Private Limited was held on 12th January, 2017 to consider and recommend the proposed Scheme of Arrangement and Amalgamation amongst Mukand Limited ("**Mukand**"), Mukand Vijayanagar Steel Limited ("**MVSL**") and Mukand Alloy Steels Private Limited ("**MASPL**" or "**Company**") and their respective shareholders and creditors under Sections 230 to 232 and section 52 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013, as applicable ("**Scheme**"). The Scheme entails the following:

- i) Slump sale of alloy steel rolling and finishing business of Mukand ("**Transferred Undertaking**") to MVSL, on a going concern basis ("**Slump Sale**");
- ii) Amalgamation of MVSL (post slump sale) with the Company in accordance with Section 2(1B) of the Income Tax Act, 1961 ("**Amalgamation**").
- iii) Adjustment of the entire debit balance in the Statement of Profit and Loss account of Mukand as on 31st December, 2016 as against the Securities Premium Account.

The Appointed Date for Slump Sale and Amalgamation under the Scheme is 1st January 2017 ("**the Appointed Date**"). Mukand along with its nominees hold 100% equity share capital of MVSL and MASPL as on 31st December, 2016.

1.2. The consideration proposed to be discharged under the Scheme is as under :

- i) **Slump Sale** – A consideration of INR 227 Crs shall be discharged to Mukand within 6 months from the effective date of the Scheme or such other date & terms as determined by the Boards of Directors of the concerned companies.
- ii) **Amalgamation** – MASPL shall issue its equity shares to the shareholders of MVSL (i.e. Mukand), in accordance with a share entitlement ratio of **3:1** ("**Share Entitlement Ratio**"), such that upon this Scheme becoming effective, Mukand shall be entitled to receive 3 fully paid up equity share of MASPL of INR 10 each for every 1 equity share of INR 10 each held in MVSL. MASPL shall remain an unlisted wholly owned subsidiary of Mukand post the Scheme.

1.3. In terms of Section 232(2)(c) of Companies Act, 2013, a report from the Board of the Company explaining the effect of the compromise on each class of shareholders, key managerial personnel, promoters, and non-promoter shareholders has to be appended with the notice of the meeting of shareholders and creditors. Further the said report has to specify any special valuation difficulties, if any in the valuation. This report of the Board is made in order to comply with the requirements of Section 232(2)(c) of Companies Act, 2013.

1.4. While deliberating on the Scheme, the Board had, inter-alia, considered and took on record following necessary documents: ('Documents'):

- a) Draft scheme duly initialed by the Company secretary for the purpose of identification;
- b) Valuation report dated 12th January, 2017 issued by M/s Sharp & Tannan, Independent Chartered Accountants prescribing the Share Entitlement Ratio with respect to the Amalgamation ("Valuation Report"); and
- c) Fairness opinion dated 12th January, 2017 issued by JM Financial Institutional Securities Ltd., merchant banker (Category I SEBI registered Merchant Banker), providing the fairness opinion on the Share Entitlement Ratio recommended by M/s Sharp & Tannan ("Fairness Opinion").

2. Rationale of the Scheme

This Scheme of Arrangement and Amalgamation is expected to enable better realisation of potential of the businesses and yield beneficial results and enhanced value creation for the companies, their respective shareholders, lenders and employees. The rationale for the Scheme is set out below:

- i) Each of the varied businesses being carried on by Mukand including alloy steel, stainless steel and industrial machinery division has potential for sustainable profitable growth and is also capable of attracting a different set of investors, strategic partners and knowhow providers to scale up the size and operations. Additionally, in order to enable investors to choose the business of their liking and priority of portfolio in the event of such a possibility arising, Mukand proposes to reorganize and segregate its alloy steel rolling & finishing business into a separate company.
- ii) Each business vertical gets the requisite management focus and autonomy to pursue the possibilities of expansion and growth. It can be managed more efficiently leading to better returns.
- iii) The proposed arrangement would result in greater economies of scale and will provide a larger and stronger base for potential future growth.
- iv) The Arrangement and Amalgamation will result in simplification of the corporate structure of the Mukand Group Companies.
- v) The Arrangement and Amalgamation will also facilitate in retirement of debt.
- vi) The amalgamated company would be able to better leverage on its large net worth base and have enhanced business potential.
- vii) The Arrangement and Amalgamation will bring about simplicity in working, reduction in various statutory and regulatory compliances and related costs, which presently have to be duplicated in different entities, reduction in operational and administrative expenses and overheads, better cost and operational efficiencies and it will also result in coordinated optimum utilization of resources.

3. Valuation

The Reports on valuation have been obtained from M/s. Sharp & Tannan, Chartered Accountants, an independent valuer. The valuations have been arrived at based on the various methodologies explained in the Report and various qualitative factors relevant to the Business and the business dynamics and growth potentials of the business, having regard to information base, key underlying assumptions and limitations. The valuation has been reviewed for fairness by JM Financial Institutional Securities Ltd., merchant banker (Category I SEBI registered Merchant Banker).

The valuation report states that the fair entitlement for the proposed merger of MVSL (post Slump Sale) into MASPL should be 3:1 ("Share Entitlement Ratio"), such that upon this Scheme becoming effective, the Company shall be entitled to receive 3 fully paid up equity share of MASPL of INR 10 each for every 1 equity share of INR 10 each held in MVSL. The Management is of the view that the same is fair and reasonable and in the interest of the shareholders. No specific valuation difficulties were reported by the valuers.

4. Impact on Key Stakeholders

There is expected to be no adverse effect of the said Scheme on the key managerial personnel, directors, promoters and non-promoter shareholders of the Company.

By Order of the Board

For Mukand Alloy Steels Private Limited

Sd/-

A M Kulkarni

Director

DIN: 01656086

ANNEXURE - I

Format of Holding of Specified securities

1. Name of Listed Entity: **MUKAND LIMITED**
2. Scrip Code/Name of Scrip/Class of Security: a) Scrip Code (BSE): **500460**; b) Scrip Name (NSE): **MUKANDLTD**
3. Share Holding Pattern Filed under: Reg.31(1)(b)
a. if under 31(1)(b) then indicate the report for quarter ended : **Qtr Ended - 31st Mar, 2017**
4. Declaration : The Listed entity is required to submit the following declaration to the extent of submission of information:

Particulars	YES*	NO*
a Whether the Listed Entity has issued any partly paid up shares		NO
b Whether the Listed Entity has issued any Convertible Securities or Warrants?		NO
c Whether the Listed Entity has any shares against which depository receipts are issued?		NO
d Whether the Listed Entity has any shares in locked-in?		NO
e Whether any shares held by promoters are pledge or otherwise encumbered?	YES	

- 5 The tabular format for disclosure of holding of specified securities is as follows:



Table I - Summary Statement holding of specified securities

Category	Category of Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Underlying Depository Receipts	Total No of Shares Held	Shareholding as a % of total no of shares	No of Voting Rights each class of securities	No of Underlying Securities (including convertible Securities (as a percentage of diluted share capital))	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)	(xiii)	(xiv)
(A)	Promoter & Promoter Group	40	101363994	0	0	101363994	71.68	101363994	0	71.68	0	18148074	17.90
(B)	Public	41686	40041867	0	0	40041867	28.32	40041867	0	28.32	0	NA	NA
(C)	Non Promoter-Non Public												
(C1)	Shares underlying DBS	0	0	0	0	0	NA	0	0	NA	0	NA	0
(C2)	Shares held by Employees Trusts	0	0	0	0	0	0.00	0	0	0.00	0	NA	0
	Total:	41726	141405861	0	0	141405861	100.00	141405861	100.00	100.00	0	18148074	17.90
													139722205



Category	Category & Name of the Shareholder	PAN	No of Shareholding Idiom	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Depository Receipts	Total No of Shares Held (V+V+V)	Shareholding as a % of total no of shares (A+B+C)	Number of Voting Rights held in each class of securities	Total as a % of (A+B+C)	(A)	(B)	(C)	No. of Locked in Shares	As a % of total Shares held	No. of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form
			(III)	(IV)	(V)	(VI)	(VII)	(VIII)	No of Voting Rights	Total as a % of (A+B+C)	(A)	(B)	(C)	(D)	(E)	(F)	(G)
(1)	IndeDe																
(2)	IndeDe																
(3)	IndeDe																
(4)	IndeDe																
(5)	IndeDe																
(6)	IndeDe																
(7)	IndeDe																
(8)	IndeDe																
(9)	IndeDe																
(10)	IndeDe																
(11)	IndeDe																
(12)	IndeDe																
(13)	IndeDe																
(14)	IndeDe																
(15)	IndeDe																
(16)	IndeDe																
(17)	IndeDe																
(18)	IndeDe																
(19)	IndeDe																
(20)	IndeDe																
(21)	IndeDe																
(22)	IndeDe																
(23)	IndeDe																
(24)	IndeDe																
(25)	IndeDe																
(26)	IndeDe																
(27)	IndeDe																
(28)	IndeDe																
(29)	IndeDe																
(30)	IndeDe																
(31)	IndeDe																
(32)	IndeDe																
(33)	IndeDe																
(34)	IndeDe																
(35)	IndeDe																
(36)	IndeDe																
(37)	IndeDe																
(38)	IndeDe																
(39)	IndeDe																
(40)	IndeDe																
(41)	IndeDe																
(42)	IndeDe																
(43)	IndeDe																
(44)	IndeDe																
(45)	IndeDe					</											

Category	Category & Name of the Shareholder	PAN	No of Shareholder Iders	No of Fully paid-up equity shares held	No of Partly paid-up equity shares held	No of Underlying Depository Receipts	Total No of Shares Held [(V+V1+V2)]	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities	No of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares	Number of Shares pledged or otherwise encumbered	Number of Equity shares held in dematerialized form
				(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)
									No of Voting Rights	Total as a % of (A+B+C)			As a % of total Shares held	
									Equity Shares					
10	Shree Holdings Pvt Ltd	AAACN0809P		80000	0	0	80000	0.01	80001	0.01	0.01	0	0.00	80000
11	Shree Holdings Investment & Trading Pvt Ltd	AAACN2177P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
12	Shree Holdings Investment & Trading Pvt Ltd	AAACN3721P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
13	Shree Holdings Investment & Trading Pvt Ltd	AAACN3745P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
14	Shree Holdings Investment & Trading Pvt Ltd	AAACN3750P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
15	Shree Holdings Investment & Trading Pvt Ltd	AAACN3755P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
16	Shree Holdings Investment & Trading Pvt Ltd	AAACN3760P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
17	Shree Holdings Investment & Trading Pvt Ltd	AAACN3765P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
18	Shree Holdings Investment & Trading Pvt Ltd	AAACN3770P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
19	Shree Holdings Investment & Trading Pvt Ltd	AAACN3775P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
20	Shree Holdings Investment & Trading Pvt Ltd	AAACN3780P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
21	Shree Holdings Investment & Trading Pvt Ltd	AAACN3785P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
22	Shree Holdings Investment & Trading Pvt Ltd	AAACN3790P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
23	Shree Holdings Investment & Trading Pvt Ltd	AAACN3795P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
24	Shree Holdings Investment & Trading Pvt Ltd	AAACN3800P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
25	Shree Holdings Investment & Trading Pvt Ltd	AAACN3805P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
26	Shree Holdings Investment & Trading Pvt Ltd	AAACN3810P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
27	Shree Holdings Investment & Trading Pvt Ltd	AAACN3815P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
28	Shree Holdings Investment & Trading Pvt Ltd	AAACN3820P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
29	Shree Holdings Investment & Trading Pvt Ltd	AAACN3825P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
30	Shree Holdings Investment & Trading Pvt Ltd	AAACN3830P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
31	Shree Holdings Investment & Trading Pvt Ltd	AAACN3835P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
32	Shree Holdings Investment & Trading Pvt Ltd	AAACN3840P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
33	Shree Holdings Investment & Trading Pvt Ltd	AAACN3845P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
34	Shree Holdings Investment & Trading Pvt Ltd	AAACN3850P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
35	Shree Holdings Investment & Trading Pvt Ltd	AAACN3855P		7000	0	0	7000	0.00	7000	0.00	0.00	0	0.00	7000
36	Shree Holdings Investment & Trading Pvt Ltd	AAACN3860P		7000	0	0	7000	0.00	7000	0.00	0.00	0</		

* Includes 1,30,000 equity shares acquired by Indian Steel and Minerals Pvt. Ltd. from Shri Nandkumar K. Iyer (A/c Individual's Sukanya Trust) on 31/03/2017 but not reflected beneficial position as on 31/03/2017



Table 15 - Statements showing shareholding patterns of the Public Shareholders

[illegible]

	Statement showing shareholding pattern of the Public shareholders holding 1% or more than 1% of shares of the Company
Category IIIA:	

Category	Category & Name of the shareholder	PAN	No. of Shareholders	No. of Fully paid up equity shares held	No. of Partly paid up equity shares held	No. of Shares (Underlying Depository Receipts)	Total No. of Shares held (P+V+D)	Shareholding as a % of total no. of shares (P+V+D)	Number of Voting Rights held in each class of securities	No. of Shares (Outstanding Depository Receipts (including Warrants))	Shareholding as a % accounting for convertible Securities (on a percentage of diluted share capital)	Number of Shares pledged in otherwise unencumbered	Number of Shares held by dematerialised form
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)
(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)
(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)	(82)	(83)	(84)
(85)	(86)	(87)	(88)	(89)	(90)	(91)	(92)	(93)	(94)	(95)	(96)	(97)	(98)
(99)	(100)	(101)	(102)	(103)	(104)	(105)	(106)	(107)	(108)	(109)	(110)	(111)	(112)
(113)	(114)	(115)	(116)	(117)	(118)	(119)	(120)	(121)	(122)	(123)	(124)	(125)	(126)
(127)	(128)	(129)	(130)	(131)	(132)	(133)	(134)	(135)	(136)	(137)	(138)	(139)	(140)
(141)	(142)	(143)	(144)	(145)	(146)	(147)	(148)	(149)	(150)	(151)	(152)	(153)	(154)
(155)	(156)	(157)	(158)	(159)	(160)	(161)	(162)	(163)	(164)	(165)	(166)	(167)	(168)
(169)	(170)	(171)	(172)	(173)	(174)	(175)	(176)	(177)	(178)	(179)	(180)	(181)	(182)
(183)	(184)	(185)	(186)	(187)	(188)	(189)	(190)	(191)	(192)	(193)	(194)	(195)	(196)
(197)	(198)	(199)	(200)	(201)	(202)	(203)	(204)	(205)	(206)	(207)	(208)	(209)	(210)
(211)	(212)	(213)	(214)	(215)	(216)	(217)	(218)	(219)	(220)	(221)	(222)	(223)	(224)
(225)	(226)	(227)	(228)	(229)	(230)	(231)	(232)	(233)	(234)	(235)	(236)	(237)	(238)
(239)	(240)	(241)	(242)	(243)	(244)	(245)	(246)	(247)	(248)	(249)	(250)	(251)	(252)
(253)	(254)	(255)	(256)	(257)	(258)	(259)	(260)	(261)	(262)	(263)	(264)	(265)	(266)
(267)	(268)	(269)	(270)	(271)	(272)	(273)	(274)	(275)	(276)	(277)	(278)	(279)	(280)
(281)	(282)	(283)	(284)	(285)	(286)	(287)	(288)	(289)	(290)	(291)	(292)	(293)	(294)
(295)	(296)	(297)	(298)	(299)	(300)	(301)	(302)	(303)	(304)	(305)	(306)	(307)	(308)
(309)	(310)	(311)	(312)	(313)	(314)	(315)	(316)	(317)	(318)	(319)	(320)	(321)	(322)
(323)	(324)	(325)	(326)	(327)	(328)	(329)	(330)	(331)	(332)	(333)	(334)	(335)	(336)
(337)	(338)	(339)	(340)	(341)	(342)	(343)	(344)	(345)	(346)	(347)	(348)	(349)	(350)
(351)	(352)	(353)	(354)	(355)	(356)	(357)	(358)	(359)	(360)	(361)	(362)	(363)	(364)
(365)	(366)	(367)	(368)	(369)	(370)	(371)	(372)	(373)	(374)	(375)	(376)	(377)	(378)
(379)	(380)	(381)	(382)	(383)	(384)	(385)	(386)	(387)	(388)	(389)	(390)	(391)	(392)
(393)	(394)	(395)	(396)	(397)	(398)	(399)	(400)	(401)	(402)	(403)	(404)	(405)	(406)
(407)	(408)	(409)	(410)	(411)	(412)	(413)	(414)	(415)	(416)	(417)	(418)	(419)	(420)
(421)	(422)	(423)	(424)	(425)	(426)	(427)	(428)	(429)	(430)	(431)	(432)	(433)	(434)
(435)	(436)	(437)	(438)	(439)	(440)	(441)	(442)	(443)	(444)	(445)	(446)	(447)	(448)
(449)	(450)	(451)	(452)	(453)	(454)	(455)	(456)	(457)	(458)	(459)	(460)	(461)	(462)
(463)	(464)	(465)	(466)	(467)	(468)	(469)	(470)	(471)	(472)	(473)	(474)	(475)	(476)
(477)	(478)	(479)	(480)	(481)	(482)	(483)	(484)	(485)	(486)	(487)	(488)	(489)	(490)
(491)	(492)	(493)	(494)	(495)	(496)	(497)	(498)	(499)	(500)	(501)	(502)	(503)	(504)
(505)	(506)	(507)	(508)	(509)	(510)	(511)	(512)	(513)	(514)	(515)	(516)	(517)	(518)
(519)	(520)	(521)	(522)	(523)	(524)	(525)	(526)	(527)	(528)	(529)	(530)	(531)	(532)
(533)	(534)	(535)	(536)	(537)	(538)	(539)	(540)	(541)	(542)	(543)	(544)	(545)	(546)
(547)	(548)	(549)	(550)	(551)	(552)	(553)	(554)	(555)	(556)	(557)	(558)	(559)	(560)
(561)	(562)	(563)	(564)	(565)	(566)	(567)	(568)	(569)	(570)	(571)	(572)	(573)	(574)
(575)	(576)	(577)	(578)	(579)	(580)	(581)	(582)	(583)	(584)	(585)	(586)	(587)	(588)
(589)	(590)	(591)	(592)	(593)	(594)	(595)	(596)	(597)	(598)	(599)	(600)	(601)	(602)
(603)	(604)	(605)	(606)	(607)	(608)	(609)	(610)	(611)	(612)	(613)	(614)	(615)	(616)
(617)	(618)	(619)	(620)	(621)	(622)	(623)	(624)	(625)	(626)	(627)	(628)	(629)	(630)
(631)	(632)	(633)	(634)	(635)	(636)	(637)	(638)	(639)	(640)	(641)	(642)	(643)	(644)
(645)	(646)	(647)	(648)	(649)	(650)	(651)	(652)	(653)	(654)	(655)	(656)	(657)	(658)
(659)	(660)	(661)	(662)	(663)	(664)	(665)	(666)	(667)	(668)	(669)	(670)	(671)	(672)
(673)	(674)	(675)	(676)	(677)	(678)	(679)	(680)	(681)	(682)	(683)	(684)	(685)	(686)
(687)	(688)	(689)	(690)	(691)	(692)	(693)	(694)	(695)	(696)	(697)	(698)	(699)	(700)
(701)	(702)	(703)	(704)	(705)	(706)	(707)	(708)	(709)	(710)	(711)	(712)	(713)	(714)
(715)	(716)	(717)	(718)	(719)	(720)	(721)	(722)	(723)	(724)	(725)	(726)	(727)	(728)
(729)	(730)	(731)	(732)	(733)	(734)	(735)	(736)	(737)	(738)	(739)	(740)	(741)	(742)
(743)	(744)	(745)	(746)	(747)	(748)	(749)	(750)	(751)	(752)	(753)	(754)	(755)	(756)
(757)	(758)	(759)	(760)	(761)	(762)	(763)	(764)	(765)	(766)	(767)	(768)	(769)	(770)
(771)	(772)	(773)	(774)	(775)	(776)	(777)	(778)	(779)	(780)	(781)	(782)	(783)	(784)
(785)	(786)	(787)	(788)	(789)	(790)	(791)	(792)	(793)	(794)	(795)	(796)	(797)	(798)
(799)	(800)	(801)	(802)	(803)	(804)	(805)	(806)	(807)	(808)	(809)	(810)	(811)	(812)
(813)	(814)	(815)	(816)	(817)	(818)	(819)	(820)	(821)	(822)	(823)	(824)	(825)	(826)
(827)	(828)	(829)	(830)	(831)	(832)	(833)	(834)	(835)	(836)	(837)	(838)	(839)	(840)
(841)	(842)	(843)	(844)	(845)	(846)	(847)	(848)	(849)	(850)	(851)	(852)	(853)	(854)
(855)	(856)	(857)	(858)	(859)	(860)	(861)	(862)	(863)	(864)	(865)	(866)	(867)	(868)
(869)	(870)	(871)	(872)	(873)	(874)	(875)	(876)	(877)	(878)	(879)	(880)	(881)	(882)
(883)	(884)	(885)	(886)	(887)	(888)	(889)	(890)	(891)	(892)	(893)	(894)	(895)	(896)
(897)	(898)	(899)	(900)	(901)	(902)	(903)	(904)	(905)	(906)	(907)	(908)	(909)	(910)
(911)	(912)	(913)	(914)	(915)	(916)	(917)	(918)	(919)	(920)	(921)	(922)	(923)	(924)
(925)	(926)	(927)	(928)	(929)	(930)	(931)	(932)	(933)	(934)	(935)	(936)	(937)	(938)
(939)	(940)	(941)	(942)	(943)	(944)	(945)	(946)	(947)	(948)	(949)	(950)	(951)	(952)
(953)	(954)	(955)	(956)	(957)	(958)	(959)	(960)	(961)	(962)	(963)	(964)	(965)	(966)
(967)	(968)	(969)	(970)	(971)	(972)	(973)	(974)	(975)	(976)	(977)	(978)	(979)	(980)
(981)	(982)	(983)	(984)	(985)	(986)	(987)	(988)	(989)	(990)	(991)	(992)	(993)	(994)
(995)	(996)	(997)	(998)	(999)	(1000)	(1001)	(1002)	(1003)	(1004)	(1005)	(1006)	(1007)	(1008)
(1009)	(1010)	(1011)	(1012)	(1013)	(1014)	(1015)	(1016)	(1017)	(1018)	(1019)	(1020)	(1021)	(1022)
(1023)	(1024)	(1025)	(1026)	(1027)	(1028)	(1029)	(1030)	(1031)	(1032)	(1033)	(1034)	(1035)	(1036)
(1037)	(1038)	(1039)	(1040)	(1041)	(1042)	(1043)	(1044)	(1045)	(1046)	(1047)	(1048)	(1049)	(1050)
(1051)	(1052)	(1053)	(1054)	(1055)	(1056)	(1057)	(1058)	(1059)	(1060)	(1061)	(1062)	(1063)	(1064)
(1065)	(1066)	(1067)	(1068)	(1069)	(1070)	(1071)	(1072)	(1073)	(1074)	(1075)	(1076)	(1077)	(1078)
(1079)	(1080)	(1081)	(1082)	(1083)	(1084)	(1085)	(1086)	(1087)	(1088)	(1089)	(1090)	(1091)	(1092)
(1093)	(1094)	(1095)	(1096)	(1097)	(1098)	(1099)	(1100)	(1101)	(1102)	(1103)	(1104)	(1105)	(1106)
(1107)	(1108)	(1109)	(1110)	(1111)	(1112)	(1113)	(1114)	(1115)	(1116)	(1117)	(1118)	(1119)	(1120)
(1121)	(1122)	(1123)	(1124)	(1125)	(1126)	(1127)	(1128)	(1129)	(1130)	(1131)	(1132)	(1133)	(1134)
(1135)	(1136)	(1137)	(1138)	(1139)	(1140)	(1141)	(1142)	(1143)	(1144)	(1145)	(1146)	(1147)	(1148)
(1149)	(1150)	(1151)	(1152)	(1153)	(1154)	(1155)	(1156)	(1157)	(1158)	(1159)	(1160)	(1161)	(1162)
(1163)	(1164)	(1165)	(1166)	(1167)	(1168)	(1169)	(1170)	(1171)	(1172)	(1173)	(1174)	(1175)	(1176)
(1177)	(1178)	(1179)	(1180)	(1181)	(1182)	(1183)	(1184)	(1185)	(1186)	(1187)	(1188)	(1189)	(1190)
(1191)	(1192)	(1193)	(1194)	(1195)	(1196)	(1197)	(1198)	(1199)	(1200)	(1201)	(1202)	(1203)	(1204)
(1205)	(1206)	(1207)	(1208)	(1209)	(1210)	(1211)	(1212)	(1213)	(1214)	(1215)	(1216)	(1217)	(1218)
(1219)	(1220)	(1221)	(1222)	(1223)	(1224)	(1225)	(1226)	(1227)	(1228)	(1229)	(1230)	(1231)	(1232)
(1233)	(1234)	(1235)	(1236)	(1237)	(1238)	(1239)	(1240)	(1241)	(1242)	(1243)	(1244)	(1245)	(1246)
(1247)	(1248)	(1249)	(1250)	(1251)	(1252)	(1253)	(1254)	(1255)	(1256)	(1257)	(1258)	(1259)	(1260)
(1261)	(1262)	(1263)	(1264)	(1265)	(1266)	(1267)	(1268)	(1269)	(1270)	(1271)	(1272)	(1273)	(1274)
(1275)	(1276)	(1277)	(1278)	(1279)	(1280)	(1281)	(1282)	(1283)	(1284)	(1285)	(1286)	(1287)	(1288)
(1289)	(1290)	(1291)	(1292)	(1293)	(1294)	(1295)	(1296)	(1297)	(1298)	(1299)	(1300)	(1301)	(1302)
(1303)	(1304)	(1305)	(1306)	(1307)	(1308)	(1309)	(1310)	(1311)	(1312)	(1313)	(1314)	(1315)	(1316)
(1317)	(1318)	(1319)	(1320)	(1321)	(1322)	(1323)	(1324)	(1325)	(1326)	(1327)	(1328)	(1329)	(1330)
(1331)	(1332)	(1333)	(1334)	(1335)	(1336)	(1337)	(1338)	(1339)	(1340)	(1341)	(1342)	(1343)	(1344)
(1345)	(1346)	(1347)	(1348)	(1349)	(1350)	(1351)	(1352)	(1353)	(1354)	(1355)	(1356)	(1357)	(1358)
(1359)	(1360)	(1361)	(1362)	(1363)	(1364)	(1365)	(1366)	(1367)	(1368)	(1369)	(1370)	(1371)	(1372)
(1373)	(1374)	(1375)	(1376)	(1377)	(1378)	(1379)	(1380)	(1381)	(1382)	(1383)	(1384)	(1385)	(1386)
(1387)	(1388)	(1389)	(1390)	(1391)	(1392)	(1393)	(1394)	(1395)	(1396)	(1397)	(1398)	(1399)	(1400)
(1401)	(1402)	(1403)	(1404)	(1405)	(1406)	(1407)	(1408)	(1409)	(1410)	(1411)	(1412)	(1413)	(1414)
(1415)	(1416)	(1417)	(1418)	(1419)	(1420)	(1421)	(1422)	(1423)	(1424)	(1425)	(1426)	(1427)	(1428)
(1429)	(1430)	(143											



**IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH
COMPANY SCHEME APPLICATION NO. 632 OF 2017**

In the matter of the Sections 230 to 232 and section 52 and other applicable provisions of the Companies Act, 2013;
And

In the matter of the Scheme of Arrangement and Amalgamation amongst Mukand Limited; Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors.

Mukand Limited CIN No.: L99999MH1937PLC002726)
a company incorporated under the Companies Act, 1913,)
and having its registered office at Bajaj Bhawan, Jamnalal Bajaj)
Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra.) **Applicant Company**

UNSECURED CREDITORS

FORM OF PROXY

I/We, _____ the unsecured creditor(s)/deposit holder(s) of Mukand Limited (the above named Applicant) do hereby appoint Shri/Smt/Ms _____ of _____ and failing him/her Shri/Smt/Ms _____ of _____ as my/our Proxy, to act for me/us at the meeting of the unsecured creditors (including the deposit holders) of the Company to be held on Wednesday, 16th August, 2017 at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021 at 1:30 p.m. for the purpose of considering, and if thought fit, to approve, with or without modification(s), the proposed Scheme of Arrangement and Amalgamation amongst Mukand Limited; Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors (the "Scheme") at such meeting and any adjournment /s thereof and to vote, for me / us and in my / our name(s) _____ (here, if for, insert 'FOR', or if against, insert 'AGAINST') the arrangement embodied in the said Scheme as my/our proxy.

Affix Re. 1
Revenue
Stamp

Signature of unsecured creditor (including deposit holder) across the stamp

Signatures of proxy

Signed this _____ day of _____ 2017

Notes:

1. The proxy need not be an unsecured creditor of the Company.
2. The Form of Proxy must be deposited at the registered office of the Company at Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra, not less than 48 (Forty Eight) hours prior to the commencement of the aforesaid meeting.
3. All alterations made in the Form of Proxy should be initialed.
4. In case multiple proxies are received not less than 48 (Forty Eight) hours before the time of holding the aforesaid meeting, the proxy later in time shall be accepted.
5. A person who is a minor cannot be appointed as proxy.

Mukand Limited

Corporate Identity Number: L99999MH1937PLC002726

Registered Office: Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra.

Website: www.mukand.com **E-mail:** investors@mukand.com

Tel: 022-61216666; **Fax:** 022-22021174

Tribunal Convened Meeting of the Unsecured Creditors (including the deposit holders) of Mukand Limited

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the meeting of the Unsecured Creditors (including the deposit holders) convened under the directions of National Company Law Tribunal, Mumbai Bench, vide order dated, 20th June, 2017 passed in Company Scheme Application No. 632 of 2017 held on Wednesday, 16th August, 2017 at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021 at 1:30 p.m..

Name and Address of the Unsecured Creditor (including the deposit holder):

(If represented by Authorised Representative, details of the same)

Name of the proxy holder/

Authorised representative : _____

I further declare that above particulars are true and correct to the best of my knowledge.

Signature: _____

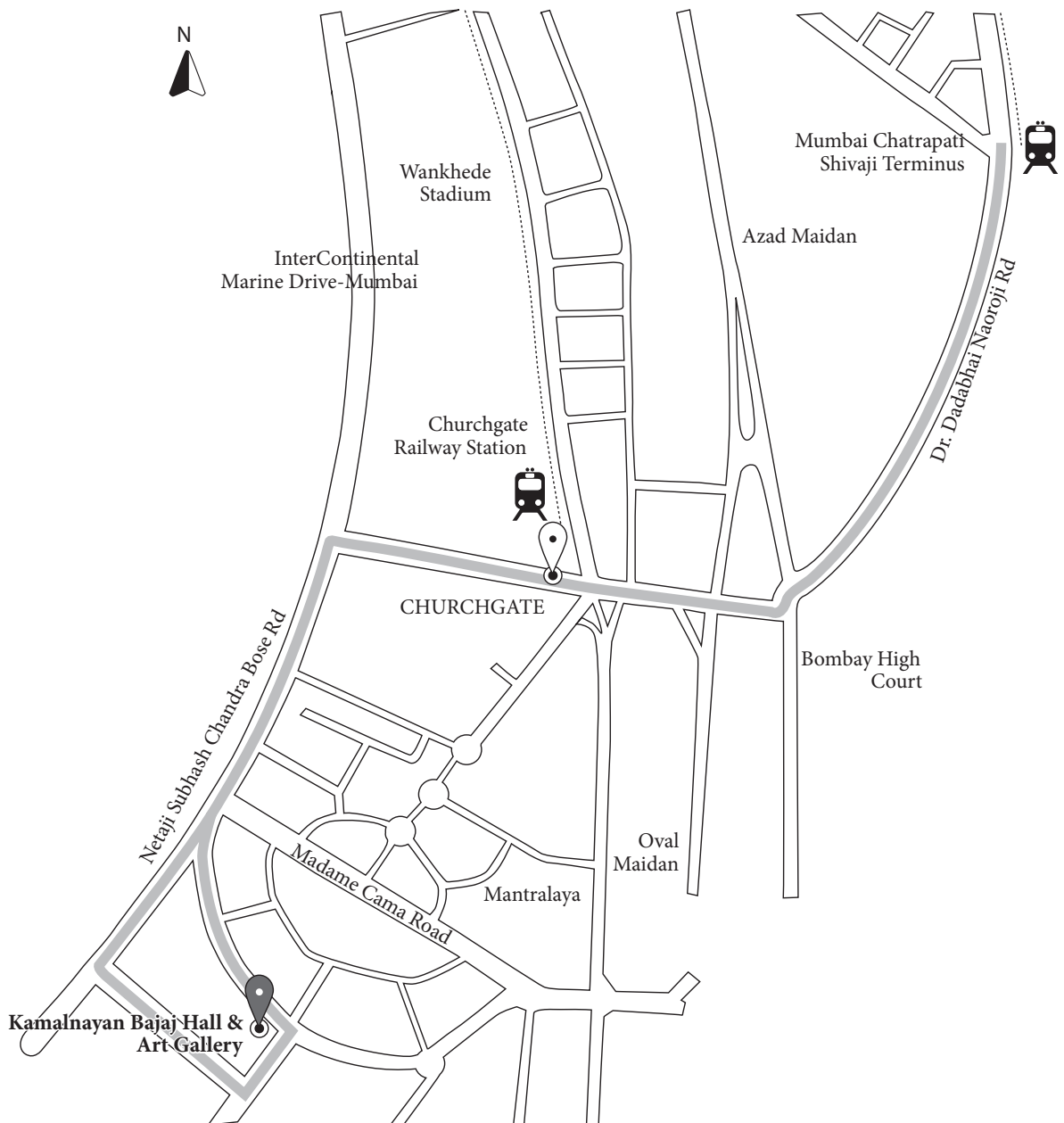
Place :

Date :

Important:

1. The Unsecured Creditors (including the deposit holders) attending the meeting in person or by proxy or through authorized representative must bring this attendance slip to the meeting and hand over at the entrance duly filled and signed.
2. The Unsecured Creditors (including the deposit holders) are requested to bring their copy of notice for reference at the meeting.
3. The authorized representative of a body corporate which is an unsecured creditor of the Applicant Company must bring a certified true copy of the resolution of the board of directors or other governing body of the body corporate authorizing such representative to attend and vote at the said meeting.

Route map to the Venue of:
Mukand Limited - Tribunal Convened Meeting
Wednesday, August 16, 2017



Venue:

Kamalnayan Bajaj Hall,
Bajaj Bhavan, Jamnalal Bajaj Marg,
Nariman Point,
Mumbai - 400021