

FORM NO. 36

In The High Court of Judicature at Allahabad

Original Jurisdiction

Company Application No 16 of 2012

In the matter of The Companies Act, 1956

AND

In the matter of Section 391 to 394 of The Companies Act, 1956

AND

In the matter of DHAMPUR SUGAR MILLS LIMITED, an existing company within the meaning of and governed by the Companies Act, 1956 and having its registered office at Dhampur, Distt Bijnore -246 761 in the state of Uttar Pradesh.

_____TRANSFEREE COMPANY

AND

J K SUGAR LIMITED, an existing company within the meaning of and governed by the Companies Act, 1956 and having its Registered Office at 7-Council House Street, Kolkata-700001 in the State of West Bengal, outside the jurisdiction of the aforesaid High Court.

_____TRANSFEROR COMPANY

DHAMPUR SUGAR MILLS LIMITED

_____APPLICANT

NOTICE CONVENING MEETING OF SECURED CREDITORS OF DHAMPUR SUGAR MILLS LIMITED

To :

The Secured Creditors of

DHAMPUR SUGAR MILLS LIMITED

TAKE NOTICE that by an order made on 26th day of November, 2012 the High Court of Judicature at Allahabad ("Court") has directed that a meeting of the Secured Creditors of the Company be held at the Registered Office of the company at Dhampur, Distt Bijnore -246 761 in the state of Uttar Pradesh on Saturday, the 12th day of January, 2013 at 12 Noon for the purpose of considering, and if thought fit, approving, with or without modification, the Scheme of Amalgamation of **J K SUGAR LIMITED** with the Company.

TAKE FURTHER NOTICE that in pursuance of the said order, a meeting of the Secured Creditors of the Company will be held at the Registered Office of the Company at Sugar Mill Compound, Dhampur, Distt Bijnore -246 761 in the state of Uttar Pradesh on Saturday, the 12th day of January, 2013 at 12 Noon, when you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, is deposited at the registered office of the company at Dhampur, Distt Bijnore -246 761 in the state of Uttar Pradesh not later than 48 hours before the meeting.

This Court has appointed Mr. Siddarth, Advocate as Chairman and failing him, Mr. Ankit Srivastava, Advocate to be the Chairman of said meeting.

A copy of the Explanatory Statement under section 393 of the Companies Act, 1956, Scheme of Amalgamation amongst JKSL and DSML, a Form of Proxy and attendance slip is enclosed.

Dated this 1st Day of December, 2012

(Siddarth)

Chairman of the Meeting

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only Secured Creditors of the Company may attend and vote (either in person or by proxy or by authorized representative under Section 187 of the Companies Act, 1956) at the Secured Creditors meeting. The representative of a body corporate which is a Secured Creditors of the Company may attend and vote at the Secured Creditors meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate is deposited at the registered office of the Company not later than 48 hours before the meeting authorizing such a representative to attend and vote at the Secured Creditors meeting.
3. The Secured Creditors / Proxies/ Authorized Representatives are advised to bring original photo identity for verification.

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In the matter of DHAMPUR SUGAR MILLS LIMITED, an existing company within the meaning of and governed by the Companies Act, 1956 and having its registered office at Dhampur, Distt Bijnore -246 761 in the state of Uttar Pradesh.

—————TRANSFeree COMPANY

AND

J K SUGAR LIMITED, an existing company within the meaning of and governed by the Companies Act, 1956 and having its Registered Office at 7-Council House Street, Kolkata-700001 in the State of West Bengal, outside the jurisdiction of the aforesaid High Court.

—————TRANSFEROR COMPANY

EXPLANATORY STATEMENT U/S 393 OF THE COMPANIES ACT, 1956

- 1) Pursuant to Order of the Hon'ble High Court of Judicature at Allahabad dated 26th day of November, 2012 and as directed therein Company Application No 16 of 2012, separate meetings of (i) Shareholders (both equity and preference) (ii) Secured Creditors and (iii) Unsecured Creditors of Dhampur Sugar Mills Limited (-hereinafter referred as 'DSML' or 'Transferee Company' or 'Applicant Company') are being convened for the purpose of considering and if thought fit approving with or without modification the Scheme of Amalgamation of J K Sugar Limited (hereinafter referred as 'Transferor Company' or 'JKSL') with Dhampur Sugar Mills Limited. The said order of the Hon'ble High Court will be available for inspection at the Registered Office of the respective companies on any working day (except Saturday) between 10.00 A.M. to 5.00 P.M.
- 2) The Scheme of Amalgamation of JKSL with DSML ("Scheme") is attached to this statement. The proposed Scheme envisages consolidation of business of JKSL into DSML so as to optimize the synergies of the two companies by combining their respective expertise, resources, network and experience and achieve higher financial returns and enable the Transferee Company to increase efficiencies, reduce costs, capitalize on productivity gains and logistic advantages, thereby significantly contributing to the future growth of the business..
- 3)
 - a) That the Transferor Company i.e. J K Sugar Limited (JKSL) was incorporated on 19th Day of April, 1996 under the Companies Act, 1956, in the name "Sahai Woodplast Limited", as a public company limited by shares and it was issued a Certificate of Incorporation bearing registration No.21-079417of 1996 by the Registrar of Companies, West Bengal, Kolkata and was thereafter granted a Certificate of Commencement of Business, dated July 4, 1996. Its name was changed to its present name, i.e., "JK Sugar Limited" and consequently, a fresh Certificate of Incorporation Consequent Upon Change of Name was issued to it on November 26, 2002. The corporate identity number of the Transferor Company is L25206WB1996PLC079417.
 - b) That the Registered Office of the JKSL is situated at 7-Council House Street, Kolkata-700001 in the State of West Bengal, outside the jurisdiction of this Hon'ble Court.
 - c) The Authorized Share Capital of JKSL is Rs.35,00,00,000 divided into 1,68,26,000 equity shares of Rs.10 each, 16,86,000 preference shares of Rs. 90 each and 30,00,000 convertible preference shares of Rs 10 each.

The Issued, Subscribed and Paid Up Share Capital of the JKSL is Rs. 30,05,07,610 divided into 1,20,32,585 equity shares of Rs.10 each, 15,00,000 Series A 8% cumulative preference shares of Rs 90 each, 1,85,338 Series B 8% cumulative preference shares of Rs 90 each and 28,50,134 zero coupon fully convertible redeemable preference shares of Rs 10 each.

The equity shares of the Applicant Company are listed on the Bombay Stock Exchange Limited (**BSE**).
 - d) That the Transferor Company is presently engaged in manufacturing and dealing in sugar.
- 4) The objects for which the Transferor Company has been established are set out in its Memorandum of Association. The main objects of the Transferor Company are:
 - "1. To carry on the business of manufacturers, buyers, sellers, exporters, importers, suppliers, distributors, converters and processors of sugar and sugar products, jaggery, sugarcane, sugarbeet, bagasse, molasses and all other by-products and derivatives.
 2. To manufacture, produce, refine, import, export, sell and generally deal in bagasse, bagasse paper and board, alcohol, spirits and chemicals based on molasses and other materials.
 3. To set up plant for generation of electricity, steam and heat based on bagasse and other fuels and purchase, supply and distribute electricity, steam and heat to any person or persons for any purpose or purposes and at any place or places in India.
 4. To manufacture and deal in all kinds of machinery, equipments, apparatus and accessories which are required for or capable of being used in manufacture of sugar or sugar products or its by-products and for generation and distribution of electricity, steam or heat."
- 5)
 - a) That the Transferee company i.e DSML, a Public Limited Company was incorporated on 22nd May 1933 vide Certificate of Incorporation No. 12 of 1933-1934 granted by the then Deputy Registrar of Joint Stock Companies United Provinces of Agra and Oudh,
 - b) That the registered office of the company is situated at Dhampur, Distt Bijnore in the State of Uttar Pradesh
 - c) The Authorized Share Capital of the Transferee Company as on 31 May 2012 is Rs. 1,48,00,00,000 divided into 9,70,00,000 equity shares of Rs. 10 each and 51,00,000 preference shares of Rs. 100 each.

The Issued Subscribed and Paid Up Share Capital of the Transferee Company as on 31 May 2012 is Rs. 62,79,96,825 divided into 5,39,05,975 equity shares of Rs. 10 each, 4,13,940 6% cumulative redeemable preference shares of Rs. 100 each and 4,69,013 1% cumulative redeemable preference shares of Rs.100 each.

The equity shares of the Transferee Company are listed on the National Stock Exchange of India Limited (**NSE**) and the BSE. The Global Depository Shares issued by the Transferee Company are listed with Luxembourg Stock Exchange.

- d) That the Transferee company is presently engaged in manufacturing and dealing in sugar and its bye/allied products viz manufacturing of chemicals and generation of power.
- 6) The objects for which the Transferee Company has been established are set out in its Memorandum of Association. The main objects of the Transferee Company *inter alia* are as follows:-
- "1. To carry on the business of sugar manufacture and refinery; manufacture of starch and its bye- products and the manufacture of any other material that may be decided upon by or on behalf of the Company and to carry on the business of buyers, sellers and dealers of any good or merchandise whatsoever and to transact all manufacturing or treating and preparing process and mercantile business that may be necessary or expedient and to purchase and vend the raw material and manufactured articles.
 2. To purchase, and hold in fee or on lease or otherwise and to purchase, acquire, hire, hold, make and maintain roads, water courses and to make, construct, purchase, acquire hire, hold improve, alter, manage, let, exchange barter and dispose of lands, leases, buildings, warehouses, works, railway sidings, tramways and other engines, machinery and apparatus whatsoever for the purposes of the said business or any extension thereof.
 3. To erect upon the said land to be acquired as aforesaid and upon any other land and property which may hereafter be purchased or leased or acquired by the said Company such mills, buildings, houses and erection as maybe required for carrying on the said business or businesses and to purchase and put into working order such machinery and other accessories as may from time to time be acquired for carrying on the said business or businesses or any of them.
 4. To cultivate the land and properties of the Company and to develop the resources of the same by draining, clearing, planting, pasturing, farming and for the purposes aforesaid to purchase from time to time such live stock, and employ such labour and from time to time to sell all or any part of the live or dead stock, timber and produce of the said lands as may be necessary for the carrying on of the business of planting and farming and pasturing of the said lands.
 26. To carry on the business of electricity and Power producers and supply in all its branches and in particulars to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines accumulators, lamps and works and to generate, produce, develop and accumulate electric power at places for which license be obtained and to transmit, distribute and supply such power throughout the area of supply named therein and without prejudice to the generality of the above to transmit, distribute and supply such power to and for the purpose of feeding the plants of the Company and generally to generate develop and accumulate power at any such places and to transmit, distribute and supply such power for all lawful purposes."
- 7) The salient features of the proposed Scheme of Amalgamation aforesaid (in this paragraph referred to as "the Scheme") are as under:-
- A. The Appointed Date under the Scheme is 01 April 2012.
 - B. The Scheme proposes that upon the Scheme becoming effective and with effect from the Appointed Date, the Applicant Company together with all its properties, assets, employees, rights, liabilities, etc. shall be transferred to and be vested in the Transferee Company as a going concern.
 - C. The Scheme further provides that upon the Scheme becoming effective and with effect from the Appointed Date:-
 - i. all assets and properties of the Applicant Company as are movable in nature shall stand transferred to and be vested in the Transferee Company;
 - ii. all immovable properties of the Applicant Company shall stand transferred to and be vested in the Transferee Company;
 - iii. all licenses relating to the Applicant Company shall be transferred to and be vested in the Transferee Company;
 - iv. all benefits, entitlements, incentives etc. that the Applicant Company is entitled to along with the obligations shall be transferred to and be available to the Transferee Company;
 - v. all contracts, agreements, etc. of the Applicant Company shall stand transferred to and be vested in the Transferee Company;
 - vi. all Transferred Liabilities (as defined in the Scheme) of the Applicant Company shall stand transferred to and be deemed to be the debts, liabilities etc. of the Transferee Company;
 - D. It is provided for in the Scheme that all Transferred Employees (as defined in the Scheme) of the Applicant Company as on the Effective Date shall become the permanent employees of the Transferee Company on terms and conditions not less favorable than those on which they are engaged by the Applicant Company.
 - E. The entitlement of the shareholders of the Transferor Company to receive shares of the Transferee Company has been provided for in Part IV of the Scheme.
 - F. It is further provided in the Scheme, that upon the Scheme becoming effective, the Applicant Company shall stand dissolved without winding up.
8. That the circumstances and reasons that have necessitated and have justified the proposed Scheme of Amalgamation are, inter alia, as follows:
- a) The Transferee Company and the Transferor Company are engaged in similar businesses. The Transferor Company and the Transferee Company propose through this Scheme (as defined hereinafter) to amalgamate the Transferor Company into and with the Transferee Company, which would result in consolidation of their respective businesses into one entity. The amalgamation will enable the Transferee Company to harness and optimize the synergies of the two companies by combining their respective expertise, resources, network and experience and achieve higher financial returns. The amalgamation will enable the Transferee Company to increase efficiencies, reduce costs, capitalize on productivity gains and logistic advantages, thereby significantly contributing to the future growth of the business. The amalgamation will help the Transferee Company to overcome some of the challenges currently faced by companies operating in the sugar industry.
 - b) The proposed amalgamation is in the best interest of the shareholders, creditors and employees of both companies as it would enable combining and consolidating the business and the undertakings of the Transferor Company with that of the Transferee Company, so as to be able to achieve better growth and profitability and maximize the benefits to all the stakeholders.
9. The Scheme is conditional upon the following approvals and the amalgamation shall be deemed to be effective on the date on which last of such approvals shall have been obtained and certified copies of the Order of the Court u/s 391/394 of the Act shall be filed with the Registrar of Companies-Uttar Pradesh.
- 9.1 Approval of the shareholders of the Transferee company, for issue and allotment of shares to the shareholders of the Transferor company in terms of the Scheme.
 - 9.2 Such other sanctions and approvals as may be required by law in respect of the Scheme.
 - 9.3 The sanction of the Scheme by the Hon'ble High Court of Judicature at Allahabad and by Hon'ble High Court of Judicature at Calcutta since jurisdiction of Transferee and Transferor companies fall within aforesaid Courts respectively, u/s 391 of the Act and appropriate orders being made by the Hon'ble High Court pursuant to Section 394 of the Act for amalgamation under this scheme and the implementation thereof.

10. The Board of Directors of the Transferee Company and the Transferor Company being parties to the Scheme are of the opinion that the amalgamation embodied in the Scheme would benefit the shareholders, employees and other stakeholders of the Companies. Accordingly, the Board of Directors of the Transferee Company has pursuant to its Board Meeting held on 10th June 2012, approved the Scheme. The Board of Directors of the Transferor Company has pursuant to its Board meeting held on 9th June 2012 approved the Scheme.
11. For the other provisions of/ or in the Scheme of Amalgamation the entire Scheme may be perused and examined, they are self explanatory
12. The shareholding of directors of both the companies is as under:

Sl. No.	Name	Shareholding in DSML	Shareholding in JKSL
A.	DSML:		
1.	Mr. V.K. Goel	425466	Nil
2.	Mr. A.K. Goel	298000	Nil
3.	Mr. Gaurav Goel	3452843	Nil
4.	Mr. Gautam Goel	3481038	Nil
5.	Mr. Ashwani Kumar Gupta	8237	Nil
6.	Mr. M.P. Mehrotra	Nil	Nil
7.	Mr. Harish Saluja	3000	Nil
8.	Mr. Priya Brat	Nil	Nil
9.	Mr. J.P. Sharma	Nil	Nil
10.	Mr. Rahul Bedi	Nil	Nil
11.	Mr. S.P. Arora	Nil	Nil
12.	Mr. B.B. Tandon	Nil	Nil
13.	Mr. M.K. Jain	Nil	Nil
14.	Mr. S.K. Wadhwa	Nil	Nil
B.	JKSL:		
1.	Mr. Vikrampati Singhania	Nil	10298
2.	Mr. Ashok Kumar Kinra	Nil	75
3.	Mr. Pramod Kumar Jain	Nil	Nil
4.	Mr. Gautam Khaitan	Nil	Nil
5.	Mr. Jatan Roop Chand Bhandari	Nil	Nil
6.	Mr. Arun Kumar Jain	Nil	Nil

13. In terms of clause 24(f) of the Listing Agreement, both the companies have filed applications with the respective stock exchanges for their approval. Accordingly, the Transferee Company has obtained the approval of BSE and NSE vide their letters dated 5th November, 2012 and 8th November 2012 respectively. Transferor Company also obtained approval from BSE (where it is listed) vide its letter dated 5th November, 2012.
14. In terms of the Scheme, upon the Scheme becoming effective, DSML shall issue fully paid up (i) 33,08,960 new equity shares of Rs.10 each to the equity shareholders of JKSL and (ii) 18,01,817 new Preference Shares of Rs.100 each to the preference shareholders of JKSL, in the ratios as stated in the Scheme. The valuation of shares for the purpose of share exchange ratios have been determined by (i) the valuer appointed by the Applicant/Transferee Company i.e. M/s. Mittal Gupta & Company, Chartered Accountants and (ii) the valuer appointed by the Transferor Company i.e. M/s. Lodha & Co, Chartered Accountant.
15. In terms of clause 24(h) of the Listing Agreement executed with the respective stock exchanges by the two companies i.e. the Applicant/Transferee Company and the Transferor Company, Fairness Opinion on Valuation Report of shares have also been obtained by the Applicant/Transferee Company from Religare Capital Markets Limited, a category -1 Merchant Banker and by Transferor Company from SPA Merchant Bankers Limited, a category -1 Merchant Banker. Copies each of Valuation Report of Mittal Gupta and Company and of Lodha & Company and Fairness Opinion of Religare Capital Markets Limited and SPA Merchant Bankers Limited
16. Both the Transferee and Transferor Companies are widely held companies and as such the expected pre and post shareholding pattern of amalgamated company is as under:

PRE SHAREHOLDING PATTERN:

Statement Showing Shareholding Pattern

Category code	Category of Shareholder	Total number of shares	Percentage of Total Shareholding
(A)	Shareholding of Promoter and Promoter Group:		
1	Indian		
(a)	Individuals/ Hindu Undivided Family	7692767	14.27
(b)	Central Government/ State Government(s)	0	0.00
(c)	Bodies Corporate	12784443	23.72
(d)	Financial Institutions/ Banks	0	0.00
(e)	Any Others(Specify)		
(e-i)	Director & Relatives	85364	0.16
(e-ii)	Person Acting in Concert	9490396	17.61
	Sub Total(A)(1)	30052970	55.75

2	Foreign		
a	Individuals (Non-Residents Individuals/Foreign Individuals)	0	0.00
b	Bodies Corporate	0	0.00
c	Institutions	0	0.00
d	Qualified Foreign Investor	0	0.00
e	Any Others(Specify)		
e-i		0	0.00
e-ii		0	0.00
	Sub Total(A)(2)	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	30052970	55.75
(B)	Public shareholding:		
1	Institutions		
(a)	Mutual Funds/ UTI	23350	0.04
(b)	Financial Institutions Banks	1940820	3.60
(c)	Central Government/ State Government(s)	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	0	0.00
(f)	Foreign Institutional Investors	1150650	2.14
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor	0	0.00
(i)	Any Other (specify)		
(i-i)		0	0.00
(i-ii)		0	0.00
	Sub-Total (B)(1)	3114820	5.78
B 2	Non-institutions		
(a)	Bodies Corporate	6050757	11.23
(b)	Individuals		
I	Individuals -		
i.	Individual shareholders holding nominal share capital up to Rs 1 lakh	8631739	16.01
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	5349332	9.92
(c)	Qualified foreign Investor	0	0.00
(d)	Any Other (specify)		
(d-i)	Non Resident Indian	704257	1.31
(d-ii)	Trust	2100	0.00
(d-iii)			
	Sub-Total (B)(2)	20738185	38.47
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	23853005	44.25
	TOTAL (A)+(B)	53905975	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
1	Promoter and Promoter Group	0	0
2	Public	0	0
	Sub-Total (C)	0	0
	GRAND TOTAL (A)+(B)+(C)	53905975	100.0

POST SHAREHOLDING PATTERN:

Post Shareholding Pattern

Category code	Category of Shareholder	Total number of shares	Percentage of Total Shareholding
(I)	(II)	(IV)	(VII)
(A)	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals/ Hindu Undivided Family	7692767	13.45
(b)	Central Government/ State Government(s)	0	0.00
(c)	Bodies Corporate	12784443	22.34
(d)	Financial Institutions/ Banks	0	0.00
(e)	Any Others(Specify)		
(e-i)	Director & Relatives	85364	0.15
(e-ii)	Person Acting in Concert	9490396	16.59
	Sub Total(A)(1)	30052970	52.53

2	Foreign		
A	Individuals (Non-Residents Individuals/Foreign Individuals)	0	0.00
B	Bodies Corporate	0	0.00
C	Institutions	0	0.00
D	Qualified Foreign Investor	0	0.00
E	Any Others(Specify)		
e-i		0	0.00
e-ii		0	0.00
	Sub Total(A)(2)	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	30052970	52.53
(B)	Public shareholding		
1	Institutions		
(a)	Mutual Funds/ UTI	23865	0.04
(b)	Financial Institutions Banks	1974137	3.45
(c)	Central Government/ State Government(s)	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	77934	0.14
(f)	Foreign Institutional Investors	1150650	2.01
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor	0	0.00
(i)	Any Other (specify)		
	Sub-Total (B)(1)	3226586	5.64
B 2	Non-institutions		
(a)	Bodies Corporate	8383973	14.65
(b)	Individuals		
I	Individuals -		
i.	Individual shareholders holding nominal share capital up to Rs 1 lakh	8916980	15.59
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	5728616	10.01
(c)	Qualified foreign Investor	0	0.00
(d)	Any Other (specify)		
(d-i)	Non Resident Indian	711898	1.24
(d-ii)	Trust	2100	0.00
(d-iii)	OCB	191812	0.34
	Sub-Total (B)(2)	23935379	41.83
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	27161965	47.47
	TOTAL (A)+(B)	57214935	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
1	Promoter and Promoter Group	0	0
2	Public	0	0
	Sub-Total (C)	0	0
	GRAND TOTAL (A)+(B)+(C)	57214935	100.00

17. All the directors are deemed to be interested to the extent of their holdings of equity shares. There is no effect on interests of directors of respective companies of the amalgamation, if, and in so far, it is different from the effect on the like interests of other persons.
18. The following documents are open for inspection at the registered office of Transferee Company or at the office of Mr Rohit Agarwal, Advocate at 328A/115/15, Ashok Nagar (Near Durga Puja Park), Allahabad
- Certified copy of Company Application No. 16 of 2012
 - Certified copy of the Order of Hon'ble High Court of Allahabad dated 26th November, 2012
 - Scheme of Amalgamation
 - Memorandum and Articles of Association of Dhampur Sugar Mills Limited
 - Memorandum and Articles of Association of JK Sugar Limited.
 - Annual Report including audited Balance Sheet and Profit & Loss of Dhampur Sugar Mills Limited for the year ended on 31.03.2012
 - Annual Report including audited Balance Sheet and Profit & Loss of JK Sugar Limited for the year ended on 31.03.2012
 - Certified copy of Valuation Reports of M/s Mittal Gupta and Company dated 7th June, 2012 and of M/s Lodha & Company dated 7th June, 2012.
 - Certified copy of Fairness Report dated 25th June, 2012 issued by Religare Capital Markets Limited and dated 16th June, 2012 issued by SPA Merchant Bankers Limited.
 - Certified copy of No Objection letters received from BSE and NSE under Clause 24(f) of the Listing Agreement.

Dated this 1st Day of December, 2012

(Siddarth)
Chairman of the Meeting

SCHEME OF AMALGAMATION
UNDER SECTIONS 391 TO 394 AND OTHER RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956
AMONGST
JK SUGAR LIMITED

...the Transferor Company

AND
DHAMPUR SUGAR MILLS LIMITED

...the Transferee Company

AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

SCHEME OF AMALGAMATION
PART I GENERAL

1.1 Background

1.1.1 Transferor Company

- (a) JK Sugar Limited is a public company limited by shares, incorporated under the Companies Act (as defined hereinafter), having its registered office at 7, Council House Street, Kolkata, 700001 ("**Transferor Company**"). Its corporate identity number is L25206WB1996PLC079417 and its registration number is 21-79417.
- (b) The Transferor Company was incorporated on April 19, 1996 under the name "Sahai Woodplast Limited". Its name was changed to its current name, i.e., "JK Sugar Limited" on November 26, 2002.
- (c) The main objects of the Transferor Company as per its memorandum of association are as follows:
 - "1. To carry on the business of manufacturers, buyers, sellers, exporters, importers, suppliers, distributors, convertors and processors of sugar and sugar products, jaggery, sugarcane, sugarbeet, bagasse, molasses and all other by-products and derivatives.
 - 2. To manufacture, produce, refine, import, export, sell and generally deal in bagasse, bagasse paper and board, alcohol, spirits and chemicals based on molasses and other materials.
 - 3. To set up plant for generation of electricity, steam and heat based on bagasse and other fuels and purchase, supply and distribute electricity, steam and heat to any person or persons for any purpose or purposes and at any place or places in India.
 - 4. To manufacture and deal in all kinds of machinery, equipments, apparatus and accessories which are required for or capable of being used in manufacture of sugar or sugar products or its by-products and for generation and distribution of electricity, steam or heat."
- (d) The Transferor Company is presently engaged in the business of manufacture and sale of sugar and generation and sale of power.
- (e) The equity shares of the Transferor Company are listed on BSE (as defined hereinafter).

1.1.2 Transferee Company

- (a) Dhampur Sugar Mills Limited is a public company limited by shares, incorporated under the Companies Act, 1913, having its registered office at Dhampur, District Bijnor, Uttar Pradesh, 246761 ("**Transferee Company**"). The corporate identity number of the Transferee Company is L15249UP1933PLC000511 and its registration number is 000511.
- (b) The Transferee Company was incorporated on May 22, 1933, under the name "The Dhampur Sugar Mills Limited". Its name was changed to its current name, i.e., "Dhampur Sugar Mills Limited" on May 28, 2008.
- (c) The objects of the Transferee Company as per its memorandum of association are *inter alia* as follows:
 - "1. To carry on the business of sugar manufacture and refinery; manufacture of starch and its bye- products and the manufacture of any other material that may be decided upon by or on behalf of the Company and to carry on the business of buyers, sellers and dealers of any good or merchandise whatsoever and to transact all manufacturing or treating and preparing process and mercantile business that may be necessary or expedient and to purchase and vend the raw material and manufactured articles.
 - 26. To carry on the business of electricity and Power producers and supply in all its branches and in particulars to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines accumulators, lamps and works and to generate, produce, develop and accumulate electric power at places for which license be obtained and to transmit, distribute and supply such power throughout the area of supply named therein and without prejudice to the generality of the above to transmit, distribute and supply such power to and for the purpose of feeding the plants of the Company and generally to generate develop and accumulate power at any such places and to transmit, distribute and supply such power for all lawful purposes."
- (d) The Transferee Company is presently engaged in the business of *inter alia* manufacture and sale of sugar, ethanol and value added chemicals and generation and sale of power.

- (e) The equity shares of the Transferee Company are currently listed on BSE and NSE (as defined hereinafter). The global depository receipts issued by the Transferee Company are listed on the Luxembourg Stock Exchange.

1.2 **Rationale of this Scheme**

- 1.2.1 The Transferor Company and the Transferee Company are engaged in similar businesses. The Transferor Company and the Transferee Company propose through this Scheme (as defined hereinafter) to amalgamate the Transferor Company into and with the Transferee Company, which would result in consolidation of their respective businesses into one entity. The amalgamation will enable the Transferee Company to harness and optimize the synergies of the two companies by combining their respective expertise, resources, network and experience and achieve higher financial returns. The amalgamation will enable the Transferee Company to increase efficiencies, reduce costs, capitalize on productivity gains and logistic advantages, thereby significantly contributing to the future growth of the business. The amalgamation will help the Transferee Company to overcome some of the challenges currently faced by companies operating in the sugar industry.
- 1.2.2 The proposed amalgamation is in the best interest of the shareholders, creditors and employees of both companies as it would enable combining and consolidating the business and the undertakings of the Transferor Company with that of the Transferee Company, so as to be able to achieve better growth and profitability and maximize the benefits to all the stakeholders.
- 1.2.3 The amalgamation under this Scheme will be effected under the provisions of Sections 391 to 394 and other relevant provisions of the Companies Act.
- 1.2.4 Both the Transferee Company and the Transferor Company intend that the amalgamation in accordance with this Scheme shall take effect from the Appointed Date (as defined hereinafter), but will be operative from the Effective Date (as defined hereinafter).

1.3 **Definitions & Interpretation**

- 1.3.1 In addition to the words and expressions defined in this Scheme, unless it is contrary or repugnant to the subject, context or meaning thereof, the following words and expressions shall have the meanings as set out hereunder:
- (a) **"Appointed Date"** means April 1, 2012 or such other date as may be determined by the Board of Directors of the Transferor Company and the Transferee Company, which shall be the date with effect from which this Scheme shall be applicable, i.e., with effect from the date on which the Transferor Company shall amalgamate with the Transferee Company, upon this Scheme becoming effective.
 - (b) **"Board of Directors"** in relation to the Transferor Company or the Transferee Company, as may be applicable, means the board of directors of the respective companies and shall include a committee of directors or any person authorized by the board of directors or such committee of directors.
 - (c) **"BSE"** means the BSE Limited (formerly known as Bombay Stock Exchange Limited).
 - (d) **"CCI"** means the Competition Commission of India.
 - (e) **"Companies Act"** means the Companies Act, 1956, the rules and regulations made thereunder and includes any statutory modifications, re-enactments and amendments thereof.
 - (f) **"Effective Date"** shall mean the date on which this Scheme shall become effective, which shall be the date or the last of the dates on which certified copies of the orders of the High Courts sanctioning this Scheme are filed by the Transferor Company and the Transferee Company with the respective Registrar of Companies.
 - (g) **"Governmental Authority"** means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or committee or any court, tribunal, board, bureau, instrumentality, judicial or quasi-judicial or arbitral body having jurisdiction over the territory of India.
 - (h) **"High Courts"** mean the Hon'ble High Courts that have jurisdiction over the Transferor Company (i.e., Hon'ble High Court of Calcutta) and the Transferee Company (i.e., Hon'ble High Court of Allahabad) and shall include the National Company Law Tribunal or such other forum or authority, as may be vested with any of the powers of a High Court under the Companies Act, if applicable.
 - (i) **"Non-Resident"** has the same meaning as ascribed to the term 'person resident outside India' in Section 2(v) of the Foreign Exchange Management Act, 1999.
 - (j) **"NSE"** means the National Stock Exchange of India Limited.
 - (k) **"Record Date"** has the meaning assigned to it in paragraph 4.1.1 hereof.
 - (l) **"Scheme"** means this scheme of amalgamation including the Schedules, in its present form, or with any modification(s) made under paragraph 6.4 hereof, which includes the following parts:
 - (i) **Part I**, provides the information regarding the Transferor Company and the Transferee Company, the rationale of this Scheme and the definitions used for the purposes of this Scheme;
 - (ii) **Part II**, provides the capital structure of the Transferor Company and the Transferee Company;
 - (iii) **Part III**, provides the mechanism of the transfer and vesting of the Transferor Company with and into the Transferee Company;
 - (iv) **Part IV**, provides the entitlement of the shareholders of the Transferor Company and increase of the authorized share capital of the Transferee Company;
 - (v) **Part V**, provides the accounting treatment that shall be adhered to for the purposes of this Scheme; and

(vi) **Part VI**, provides the general terms and conditions as applicable to this Scheme.

(m) **"Transferor Company"** means the undertaking and entire business of JK Sugar Limited (further details of which are set out in paragraph 1.1.1 hereof) and includes:

- (i) all assets, wherever situated, as are movable in nature, whether present, future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal, including without limitation current assets, plant and machinery, capital work in progress, furniture, fixtures, appliances, accessories, office equipment, power lines, communication facilities, installations, vehicles, inventory, stock, diesel generator sets, godowns, utilities, actionable claims, earnest monies, security deposits and sundry debtors, bills of exchange, financial assets and accrued benefits thereto, outstanding loans and advances recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cheques and other negotiable instruments, cash and bank balances and deposits including accrued interests thereto with Governmental Authority, other authorities, bodies, customers and other persons, benefits of any bank guarantees, performance guarantees, corporate guarantees, letters of credit and tax related assets (including service tax, input credits, CENVAT credits, value added tax, sales tax, entry tax credits or set-offs and any other tax benefits, exemptions and refunds);
- (ii) all immovable properties (i.e., land together with the buildings and structures standing thereon or under construction), as specifically stipulated in **Schedule I** to this Scheme (whether freehold, leasehold, leave and licensed or otherwise) including tenancies in relation to warehouses, godowns, depots, office space, guest houses and residential premises including those provided to/occupied by the Transferred Employees (as defined hereinafter) and documents of title, rights and easements in relation thereto and all plant and machineries constructed on or embedded or attached to any such immovable properties and all rights, covenants, continuing rights, title and interests in connection with the said immovable properties;
- (iii) all investments including in the form of shares, scrips, stocks, bonds, debentures, debentures stock, units or pass through certificates and other securities and instruments, including all rights, interest and entitlement in relation thereto and rights and options exercised and application or subscription made for or in relation thereto ("**Investments**");
- (iv) all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto ("**Licenses**");
- (v) all benefits, entitlements, incentives and concessions under incentive schemes and policies including under customs, excise, service tax, VAT, sales tax and entry tax and income tax laws, to the extent statutorily available, along with associated obligations;
- (vi) all contracts, agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments including to suppliers, customers and other third parties, hire and purchase arrangements, contracts with contractors to supply contract labour, other arrangements, undertakings, deeds, bonds, investments and interest in projects undertaken by the Transferor Company, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, to which the Transferor Company is a party to, or to the benefit of which the Transferor Company may be eligible ("**Contracts**");
- (vii) all intellectual property rights, including pending applications (including hardware, software, source codes, parameterization and scripts), registrations, goodwill, logos, trade names, trademarks, service marks, copyrights, patents, technical know-how, trade secrets, domain names, designs, engineering and process information, computer programmes, drawings, manuals, whether in physical or electronic form, moral rights, development rights, finished and ongoing research and development programs and all such rights of whatsoever description and nature, whether or not registered, owned or licensed, including any form of intellectual property which is in progress ("**Intellectual Property**");
- (viii) all employees, whether permanent or temporary, engaged in or in relation to the Transferor Company as on the Effective Date and whose services are transferred to the Transferee Company ("**Transferred Employees**") and contributions, if any, made towards any provident fund, employees state insurance, gratuity fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such Transferred Employees ("**Funds**"), together with such of the investments made by these Funds, which are referable to such Transferred Employees;
- (ix) all loans, debts, borrowings, obligations, duties and liabilities (including present, future and contingent liabilities) pertaining to or arising out of activities or operations of the Transferor Company, including obligations relating to export and other commitments and guarantees in respect of borrowings and other guarantees ("**Transferred Liabilities**");
- (x) all legal (whether civil or criminal), taxation or other proceedings or investigations of whatsoever nature (including those before any Governmental Authority) that pertain to the Transferor Company, initiated by or against the Transferor Company or proceedings or investigations to which the Transferor Company is party to, whether pending as on the Appointed Date or which may be instituted any time in the future ("**Proceedings**");
- (xi) all taxes (including in relation to obligation for advance licenses and under the export promotion capital goods scheme under the Import Export Policy), duties, cess, etc., that are allocable, referable or related to the Transferor Company, including all or any refunds, credits and claims relating thereto; and
- (xii) all books, records, files, papers, engineering and process information, databases for production, procurement, commercial and management, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and all other books and records, whether in physical or electronic form.

1.3.2 In this Scheme, unless the context otherwise requires:

- (a) references in this Scheme to "**upon this Scheme becoming effective**" or "**effectiveness of this Scheme**" shall mean the Effective Date;
- (b) references to the singular includes a reference to plural and vice versa and reference to any gender includes a reference to all other genders;

- (c) reference to persons shall include individuals, bodies corporate (wherever incorporated or un-incorporated), associations and partnerships;
- (d) headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- (e) references to a paragraph or Schedule, shall be deemed to be a reference to a paragraph or Schedule of this Scheme;
- (f) the Schedules to this Scheme shall form an integral and inseparable part of this Scheme;
- (g) reference to the words 'hereof', 'herein' and 'hereby' and derivatives or similar words refer to this entire Scheme; and
- (h) references to the words "including", "inter alia" or any similar expression, shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

PART II

CAPITAL STRUCTURE

2.1. The capital structure of the Transferor Company as on May 31, 2012 is as under:

Share Capital	Amount in Rs.
Authorized share capital comprising of:	
1,68,26,000 equity shares of Rs. 10 each	16,82,60,000
16,86,000 preference shares of Rs. 90 each	15,17,40,000
30,00,000 convertible preference shares of Rs. 10 each	3,00,00,000
Total	35,00,00,000
Issued, Subscribed & Paid-up share capital comprising of:	
1,20,32,585 equity shares of Rs. 10 each	12,03,25,850
15,00,000 Series A 8% cumulative redeemable preference shares of Rs. 90 each	13,50,00,000
1,85,338 Series B 8% cumulative redeemable preference shares of Rs. 90 each	1,66,80,420
28,50,134 zero coupon fully convertible redeemable preference shares of Rs. 10 each	2,85,01,340
Total	30,05,07,610

2.2. The capital structure of the Transferee Company as on May 31, 2012 is as under:

Share Capital	Amount in Rs.
Authorized share capital comprising of:	
9,70,00,000 equity shares of Rs. 10 each	97,00,00,000
51,00,000 preference shares of Rs. 100 each	51,00,00,000
Total Rs.	1,48,00,00,000
Issued, Subscribed & Paid-up share capital comprising of:	
5,39,05,975 equity shares of Rs. 10 each	53,97,01,525*
4,13,940 6% cumulative redeemable preference shares of Rs. 100 each	4,13,94,000
4,69,013 1% cumulative redeemable preference shares of Rs. 100 each	4,69,01,300
Total	62,79,96,825

*3,25,496 equity shares have been forfeited by the Transferee Company and an amount of Rs. 10,705 are calls in arrears (none from its directors)

PART III

AMALGAMATION OF TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY

3. Transfer & Vesting of the Transferor Company

- 3.1 With effect from the Appointed Date and upon this Scheme becoming effective, the Transferor Company shall together with all its properties, assets, rights, benefits, interests, liabilities and obligations, subject to the provisions of paragraph 3.2 hereof in relation to the mode of vesting and without any further deed or act and in accordance with Sections 391 to 394 of the Companies Act and all other applicable provisions of law, be transferred to and vested in and be deemed to have been transferred to and vested in and managed by the Transferee Company, as a going concern.
- 3.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, with effect from the Appointed Date and upon this Scheme becoming effective:

3.2.1 **Assets**

- (a) In respect of such assets of the Transferor Company as are moveable in nature or are otherwise capable of transfer by delivery of possession, payment or by endorsement and delivery, the same shall stand transferred to and be vested in the Transferee Company and shall become the property of the Transferee Company. The vesting pursuant to this paragraph shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly, without requiring execution of any deed or instrument of conveyance for the same.

- (b) In respect of such assets of the Transferor Company as are or represent Investments registered and/or held in any form by or beneficial interest wherein is owned by the Transferor Company, the same shall stand transferred/transmitted to and be vested in and/or be deemed to have been transferred/transmitted to and vested in the Transferee Company, together with all rights, benefits and interest therein or attached thereto, without any further act or deed and thereupon the Transferor Company shall cease to be the registered and/or the beneficial owner of such investments. The Transferor Company shall be deemed to be holding such investments for and on behalf of and in trust for and for the benefit of the Transferee Company and all profits or dividends and other rights or benefits accruing/paid/distributed on such investments and all taxes thereon, or losses arising or expenses incurred relating to such investments, shall, for all intent and purposes, be treated as the profits, dividends, rights, benefits, taxes, losses or expenses, as the case may be, of the Transferee Company.
- (c) In respect of such of the moveable assets belonging to the Transferor Company other than those specified in paragraph 3.2.1(a) and (b) hereof, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, the same shall (notwithstanding whether there is any specific provision for transfer of credits, assets or refunds under the applicable laws, wherever applicable), without any further act, instrument or deed by the Transferor Company or the Transferee Company or the need for any endorsements, stand transferred from the Transferor Company to and in favour of the Transferee Company. Any security, lien, encumbrance or charge created over any assets in relation to the loans, debentures or borrowings or any other dues of the Transferor Company, shall, without any further act or deed, stand transferred to the benefit of the Transferee Company and the Transferee Company will have all the rights of the Transferor Company to enforce such security, lien, encumbrance or charge, by virtue of this Scheme.
- (d) All immovable properties of the Transferor Company (i.e., land together with the buildings and structures standing thereon or under construction), as specifically stipulated in **Schedule I** to this Scheme (whether freehold, leasehold, leave and licensed or otherwise) including tenancies in relation to warehouses, godowns, depots, office space, guest houses and residential premises including those provided to/occupied by the Transferred Employees and all documents of title, rights and easements in relation thereto and all plant and machineries constructed on or embedded or attached to any such immovable properties and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties, shall 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 the 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.

3.2.2 Licenses

- (a) All Licenses relating to the Transferor Company shall stand transferred to and be vested in the Transferee Company, without any further act or deed done by the Transferor Company or the Transferee Company and be in full force and effect in favour of the Transferee Company, as if the same were originally given to, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.
- (b) Further, if any License is non-transferrable, in such scenario and to the extent required, the Transferee Company shall apply for and obtain such fresh License.
- (c) The Transferee Company shall to the extent permitted in law be entitled to use the labelling, packing and marketing materials for the goods manufactured and packaged, which the Transferor Company is entitled to use pursuant to applicable packing laws and weights and measures laws and other similar applicable laws, till such time as such existing packaging materials, labels, wrappers and boxes carrying such labelling get exhausted.

3.2.3 Benefits, Entitlements, Incentives and Concessions

It is declared that all benefits, entitlements, incentives and concessions under incentive schemes and policies that the Transferor Company is entitled to, including under customs, excise, service tax, VAT, sales tax and entry tax and income tax laws, shall, to the extent statutorily available and alongwith associated obligations, stand transferred to and be available to the Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all such benefits, entitlements, incentives and concessions, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under the incentive schemes were initially made available to the Transferor Company.

3.2.4 Contracts

All Contracts of the Transferor Company which are subsisting or having effect immediately before the Effective Date, shall stand transferred to and vested in the Transferee Company and be in full force and effect in favour of the Transferee Company and may be enforced by or against it as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

- 3.2.5 All guarantees provided by any bank in favour of the Transferor Company outstanding as on the Effective Date, shall 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 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 in favour of such third party till its maturity or earlier termination.

3.2.6 Intellectual Property

All Intellectual Property shall stand transferred to and be vested in the Transferee Company and be in full force and effect in favour of the Transferee Company and may be enforced by or against it as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto, provided that the Transferee Company shall not acquire any rights in and to the name or marks "JK" "JK Sugar" or any trademarks incorporating and/ or combining such terms.

3.2.7 Transferred Employees

- (a) All Transferred Employees shall be deemed to have become the employees and staff of the Transferee Company with effect from the Appointed Date, and shall stand transferred to the Transferee Company without any interruption of service and on terms and conditions no less favourable than those on which they are engaged by the Transferor Company, as on the Effective Date, including in relation to the level of remuneration and contractual and statutory benefit, incentive plans, terminal benefits, gratuity plans, provident plans and any other retirement benefits.
- (b) The Transferee Company agrees that the services of all Transferred Employees with the Transferor Company prior to the transfer, shall be taken into account for the purposes of all benefits to which such Transferred Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans and other retirement benefits and accordingly, 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 laws.

For avoidance of doubt, in relation to those Transferred Employees for whom the Transferor Company is making contributions to the Government provident fund, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including in relation to the obligation to make contributions to such funds in accordance with the provisions of such funds, bye-laws, etc. in respect of the Transferred Employees.

- (c) All contributions made by the Transferor Company on behalf of the Transferred Employees and all contributions made by the Transferred Employees including the interests arising thereon, to the Funds and standing to the credit of such Transferred Employees' account with such Funds, shall, upon this Scheme becoming effective, be transferred to the funds maintained by the Transferee Company along with such of the investments made by such Funds which are referable and allocable to the Transferred Employees and the Transferee Company shall stand substituted for the Transferor Company with regard to the obligation to make the said contributions.
- (d) The contributions made by the Transferor Company under applicable law in connection with the Transferred Employees, to the Funds, for the period after the Appointed Date shall be deemed to be contributions made by the Transferee Company.
- (e) The Transferee Company shall continue to abide by the agreement(s) and settlement(s) entered into with the labour unions and employees by the Transferor Company, in terms of such agreement(s) and settlement(s) subsisting on the Effective Date, in relation to the Transferred Employees.

3.2.8 Transferred Liabilities and Security

- (a) All Transferred Liabilities which arose out of the activities or operations of the Transferor Company, shall, to the extent they are outstanding as on the Effective Date, without any further act, instrument or deed, stand transferred to and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations, etc., as the case may be, of the Transferee Company and shall be exercised by or against the Transferee Company, as if it had incurred such Transferred Liabilities.
- (b) The Transferee Company alone shall be liable to meet, discharge and satisfy the Transferred Liabilities as the borrower/creditor in respect thereof.
- (c) This Scheme shall not operate to enlarge or extend security for any of the Transferred Liabilities and the Transferee Company shall not be obliged to create any further or additional securities after the Effective Date, unless otherwise agreed to by the Transferee Company with such secured creditors and subject to the consent and approval of the existing secured creditors of the Transferee Company, if any. Further, this Scheme shall not operate to enlarge or extend the security for any loan, deposit, credit or other facility availed by the Transferee Company, in as much as the security shall not extend to the assets forming part of the Transferor Company.
- (d) In so far as the existing security in respect of the Transferred Liabilities is concerned, such security shall, without any further act, instrument or deed, be modified and shall be extended to and shall operate only over the assets forming part of the Transferor Company, which have been charged and secured and subsisting as on the Effective date, in respect of the Transferred Liabilities. Provided that if any of the assets forming part of the Transferor Company have not been charged or secured in respect of the Transferred Liabilities, such assets shall remain unencumbered and the existing security referred to above shall not be extended to and shall not operate over such assets.
- (e) 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 Transferred Liabilities have arisen in order to give effect to the provisions of this paragraph.
- (f) It is expressly provided that, save as mentioned in this paragraph 3.2.7, no other term or condition of the Transferred Liabilities is modified by virtue of this Scheme, except to the extent that such amendment is required by necessary implication.
- (g) The Transferred Liabilities, if any, due or which may at any time in the future become due only *inter-se* the Transferor Company and the Transferee Company, shall stand discharged 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, in accordance with Part V of this Scheme.

3.2.9 Proceedings

All Proceedings transferred to the Transferee Company, shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation of the Transferor Company or by anything contained in this Scheme and the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted or enforced by or against the Transferor Company, as if this Scheme had not been made. The Transferee Company undertakes to have such Proceedings relating to or in connection with the Transferor Company, initiated by or against the Transferor Company, transferred in its name as soon as possible and to have the same continued, prosecuted and enforced by or against the Transferee

Company. The Transferee Company also undertakes to pay all amounts including interest, penalties, damages, etc., which the Transferor Company may be called upon to pay or secure in respect of any liability or obligation relating to the Transferor Company for the period from the Appointed Date up to the Effective Date and any costs incurred by the Transferor Company in respect of such proceedings started by or against it relating to the period from the Appointed Date up to the Effective Date upon submission of necessary evidence by the Transferor Company to the Transferee Company for making such payment.

3.2.10 Tax Treatment

All taxes, duties, cess etc. that are allocable, referable or related to the Transferor Company and payable, whether due or not, up to a day immediately preceding the Appointed Date, including all advance tax payments, tax deducted at source, tax liabilities or any refunds, tax obligations, credit and claims, shall, for all purposes, be treated as the liability or refunds, credit and claims, as the case may be, of the Transferee Company.

3.2.11 Books and Records

All books, records, files, papers, engineering and process information, databases for production, procurement, commercial and management, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and all other books and records, whether in physical or electronic form, of the Transferor Company, to the extent possible and permitted under applicable laws, be handed over to the Transferee Company.

3.3 Conduct of Business

3.3.1. With effect from the Appointed Date and up to the Effective Date:

- (a) The Transferor Company shall carry on its business with reasonable diligence and commercial prudence and in the same manner as it had been doing hitherto and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment, either for itself or its group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with any asset, except:
 - (i) when the same is expressly provided in this Scheme;
 - (ii) when the same is in the ordinary course of business, as carried on by it as on the date of filing of this Scheme with the High Courts;
 - (iii) when financial commitment or borrowing or incurring of liability is to or from or creation of charge, mortgage or encumbrance on assets is in favour of, the Transferee Company; or
 - (iv) when a written consent of the Transferee Company has been obtained in this regard.
- (b) Except with the consent of the Boards of Directors of the Transferor Company and the Transferee Company and subject to changes pursuant to commitments, obligations or arrangements made prior to the Appointed Date and disclosed to the Transferee Company or as part of this Scheme, pending sanction of this Scheme, the Transferor Company shall not make any change in its capital structure either by any increase (by issue of equity shares, bonus shares, rights shares, preferential issue, convertible debentures, share warrants or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation or in any other manner effect the reorganisation of capital of the Transferor Company;
- (c) The Transferor Company shall not alter or substantially expand its business or take up or commence any new business, except with the written concurrence of the Transferee Company;
- (d) The Transferor Company shall carry on and shall be deemed to have carried on all its business activities 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, for and on account of and in trust for the Transferee Company;
- (e) All obligations, liabilities, duties and commitments attached, related or pertaining to 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
- (f) All the profits and incomes accruing or arising to the Transferor Company and all expenditure or losses arising or incurred by the Transferor Company shall, for all purposes, be treated and be deemed to be the profits and incomes or expenditures and losses, as the case may be, of the Transferee Company.
- (g) The Transferor Company shall not vary the terms and conditions of service of any of its Transferred Employees except in the ordinary course of its business and shall not, without the prior written consent of the Transferee Company, materially alter the terms and conditions of service of any of the Transferred Employees or enter into any long term settlements or contracts with any of the Transferred Employees or its employees' unions;

3.3.2 All assets acquired, leased or licensed, Licenses obtained, benefits, entitlements, incentives and concessions granted, Contracts entered into, Intellectual Property developed or registered or applications made thereto, Transferred Liabilities incurred and Proceedings initiated or made party to, between the Appointed Date and till the Effective Date by the Transferor Company shall be deemed to be transferred and vested in the Transferee Company. For avoidance of doubt, where any of the Transferred Liabilities as on the Appointed Date (deemed to have been transferred to the Transferee Company) have been discharged by the Transferor Company on or after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been for and on behalf of the Transferee Company for all purposes and under all applicable laws.

- 3.3.3 With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the business of the Transferor Company and till such time as the name of account holder in the respective bank accounts of the Transferor Company is substituted by the bank in the name of the Transferee Company, the Transferee Company shall be entitled to operate such bank accounts of the Transferor Company, in its name, in so far as may be necessary.
- 3.3.4 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferor Company occurs by virtue of Part III of this Scheme itself, the Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under applicable law or otherwise, give notice in such form, as may be required or as it may deem fit and proper or enter into or execute deeds (including deeds of adherence), confirmations, novations, declarations or other writings or documents as may be necessary and carry out and perform all such formalities and compliances, for and on behalf of the Transferor Company, including, with or in favour of and required by: (i) any party to any Contract to which the Transferor Company is a party; or (ii) any Governmental Authority or non-government authority; in order to give formal effect to the provisions of this Scheme. Provided however, that execution of any confirmation or novation or other writings or arrangements shall in no event postpone the giving effect to this Scheme from the Effective Date.
- 3.3.5 To the extent possible, pending sanction of this Scheme, the Transferor Company or the Transferee Company shall be entitled to apply to the relevant Governmental Authorities and other third parties concerned, as may be necessary under any law or contract for transfer of such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Transferor Company with effect from the Effective Date and subject to this Scheme being sanctioned by the High Courts.
- 3.3.6 For the purpose of giving effect to the order passed under Sections 391 to 394 of the Companies Act in respect of this Scheme by the High Courts, the Transferee Company shall, at any time pursuant to the order on this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of the Transferor Company in accordance with the provisions of Sections 391 to 394 of the Companies Act.

3.4 **Savings of Concluded Transactions**

The transfer and vesting of the Transferor Company with and into the Transferee Company under Part III hereof, shall not affect any transaction or proceedings already completed or liabilities incurred by the Transferor Company, on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company shall accept and adopt all acts, deeds and things done and executed by or on behalf of the Transferor Company in respect thereto as acts, deeds and things done and executed by and on behalf of itself.

3.5 **Dissolution of Transferor Company**

Upon this Scheme becoming effective, the Transferor Company shall stand dissolved without being wound-up.

PART IV

ENTITLEMENT OF SHAREHOLDERS OF THE TRANSFEROR COMPANY & INCREASE OF AUTHORIZED SHARE CAPITAL

4.1 **Entitlement of shareholders of the Transferor Company to receive shares of the Transferee Company**

- 4.1.1 Upon this Scheme becoming effective, the Board of Directors of the Transferee Company shall fix a record date, being a date later than the Effective Date, for determining the entitlement of respective shareholders of the Transferor Company to the number of fully paid-up equity and the respective type of preference shares, to be issued by the Transferee Company in accordance with paragraph 4.1.2 of this Scheme ("**Record Date**"). On the Record Date being fixed as aforesaid, the Transferor Company shall provide to the Transferee Company, a list containing particulars of equity and preference shareholders of the Transferor Company as on the Record Date, alongwith their entitlement to the fully paid-up equity shares and the respective type of fully paid-up preference shares of the Transferee Company that would be required to be issued and allotted by the Transferee Company to the shareholders of the Transferor Company, in terms of paragraph 4.1.2 of this Scheme.
- 4.1.2 Upon this Scheme coming into effect and in consideration of the transfer and vesting of all the assets and liabilities of the Transferor Company into the Transferee Company in terms of Part III of this Scheme, the Transferee Company shall, without any further application or deed, issue at par and allot shares to the shareholders of the Transferor Company as on the Record Date, in accordance with the following share exchange ratios:
- (i) in relation to the entitlement of the equity shareholders of the Transferor Company, a share exchange ratio of 1000:275, meaning thereby that upon effectiveness of this Scheme, for every 1000 (thousand) fully paid-up equity shares of Rs. 10 (Rupees ten) each held in the share capital of the Transferor Company as on the Record Date, the holders thereof shall be entitled to receive 275 (two hundred and seventy five) fully paid-up equity shares of Rs. 10 (Rupees ten) each of the Transferee Company, ranking *pari passu* in all respects with the existing equity shares of the Transferee Company;
 - (ii) in relation to the entitlement of the cumulative redeemable preference shareholders of the Transferor Company (CRPS Series-A aggregating to Rs. 1,350 lacs and Series-B aggregating to Rs. 166.80 lacs), a share exchange ratio of 10:9, meaning thereby that upon effectiveness of this Scheme, for every 10 (ten) 8% fully paid cumulative redeemable preference shares (CRPS Series-A and Series-B) of Rs. 90 (Rupees ninety) each held in the share capital of the Transferor Company as on the Record Date, the holders thereof shall be entitled to receive 9 (nine) 8% CRPS of Rs. 100 (Rupees one hundred) each of the Transferee Company, for the equivalent amount of outstanding CRPS Series-A and Series-B in the Transferor Company, with revised terms i.e., redeemable in 3 equal annual instalments on April 1, 2014, April 1, 2015 and April 1, 2016, respectively, without any option for premature redemption to the Transferee Company or the holders thereof and without any option to the holders thereof to seek redemption in case of non-payment of dividend in consecutive 3 financial years; and
 - (iii) in relation to the entitlement of the zero coupon fully convertible redeemable preference shareholders of the Transferor Company (aggregating amount to Rs. 285.01 lacs), a share exchange ratio of 10:1, meaning thereby that upon effectiveness of this Scheme, for every 10 (ten) zero coupon fully convertible redeemable preference share of Rs. 10 (Rupees ten) each held in the share capital of the Transferor Company as on the Record Date, the holders thereof shall be entitled to

receive 1 (one) 8% fully paid cumulative redeemable preference shares of Rs. 100 (Rupees one hundred) each of the Transferee Company, i.e. for an equivalent amount of outstanding zero coupon fully convertible redeemable preference shares in the Transferor Company, with revised terms, i.e. at a coupon rate of dividend of 8%, without any convertibility option and redeemable in 3 equal annual instalments on April 1, 2014, April 1, 2015 and April 1, 2016, respectively.

The above share exchange ratios have been determined by (i) the Board of Directors of the Transferor Company based on its independent judgment and taking into consideration the valuation report dated June 7, 2012 provided by the valuer appointed by the Transferor Company i.e. M/s. Lodha & Co, Chartered Accountant and (ii) the Board of Directors of the Transferee Company based on its independent judgment and taking into consideration the valuation reports dated June 7, 2012 provided by the valuer appointed by the Transferee Company i.e. M/s. Mittal Gupta & Company, Chartered Accountants.

- 4.1.3 The Board of Directors of the Transferor Company and the Transferee Company have, based on and relying upon the aforesaid expert advice and on the basis of their independent evaluation and judgment, come to the conclusion that the proposed share exchange ratio is fair and reasonable to the shareholders of the Transferor Company and the Transferee Company and have accepted the suggested ratio.
- 4.1.4 The fully paid-up equity shares of the Transferee Company to be issued in terms of paragraph 4.1.2 to the equity shareholders of the Transferor Company shall, upon this Scheme becoming effective and from the Appointed Date, rank *pari passu* in all respects with the existing fully paid-up equity shares of the Transferee Company, including in relation to payment of dividend. The fully paid-up preference shares of the Transferee Company to be issued in terms of paragraph 4.1.2 to the preference shareholders of the Transferor Company, instead of being issued on the terms and conditions applicable to the respective preference shares in the Transferor Company, shall be issued on the revised terms and conditions as provided in paragraph 4.1.2 and thus, all preference shares to be issued shall have uniform terms and conditions. The 8% fully paid cumulative redeemable preference shares of Rs. 100 (Rupees one hundred) each that will be issued to the zero coupon fully convertible redeemable preference shareholder of the Transferor Company, in accordance with this Scheme, will not be subject to any lock-in restriction.
- 4.1.5 If there are any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors of the Transferor Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Transferor Company, as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the share in the Transferee Company and in relation to the shares issued by the Transferee Company after this Scheme becoming effective. The Board of Directors of the Transferor Company shall be empowered to remove such difficulties, as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company on account of difficulties faced in the transition period.
- 4.1.6 If as a result of this Scheme, any shareholder of the Transferor Company becomes entitled to fractional shares of the Transferee Company, then no fractional shares shall be issued by the Transferee Company in respect of the fractional entitlements, and all such fractional entitlements shall be consolidated into whole share(s) and be allotted to one of the directors of the Transferee Company or such other person as may be decided by the Board of Directors of the Transferee Company as a trustee for such shareholders for sale thereof through a registered stock broker within a period of 3 months from the date of listing of shares issued pursuant to this Scheme, at market price and the net sale proceeds of such shares shall be distributed to the shareholders of the Transferor Company entitled thereto in proportion to their respective fractional entitlements. If any fraction is left even after such consolidation, as above, the same shall be ignored.
- 4.1.7 The Transferee Company shall make appropriate filings with the respective stock exchanges on which its shares are listed within a period of 15 days of this Scheme becoming effective, to obtain their consent for the listing and the trading of the new equity shares so issued to the equity shareholders of the Transferor Company. Additionally, the Transferee Company shall make all necessary filings with the Reserve Bank of India within the prescribed timelines, as required under applicable law, if it issues shares to a Non-Resident as a result of this Scheme.
- 4.1.8 Every shareholder of the Transferor Company shall have the option to be exercised by way of giving a notice to the Transferee Company, on or before such date as may be determined by the Board of Directors of the Transferee Company, in this regard, to receive the shares of the Transferee Company, either in certificate form or dematerialized form. It is clarified that in the event of non-receipt of the said notice or in the event of such notice being incomplete, the shareholders of the Transferor Company who hold their shares in dematerialized form shall be issued the shares of the Transferee Company in the dematerialized form and those who hold the physical shares shall be issued share certificates. Wherever applicable, the certificates shall be sent by the Transferee Company to the shareholders of the Transferor Company at their respective registered addresses, as appearing in the register maintained by the Transferor Company with respect to its shareholders (or in the case of joint holders to the address of that one of the joint holders whose name stands first in such register in respect of such joint holding) and the Transferee Company shall not be responsible for any loss in transit. The shareholders of the Transferor Company eligible to be issued shares in the Transferee Company in dematerialized form shall receive dematerialized receipts of credit of new shares in their respective share accounts maintained with the depository participants reflecting the shares of the Transferee Company issued in accordance with paragraph 4.1.2 hereof. The Transferee Company shall, if so required, be eligible to issue letters of allotment of the equity shares pending issue of share certificates or receipts for credit to the account of the shareholders with the depository participants under the depository system.
- 4.1.9 Upon this Scheme becoming effective, the promoters of the Transferor Company shall not be treated as promoters of the Transferee Company.
- 4.1.10 The approval and consent to this Scheme by all the shareholders of the Transferee Company pursuant to Sections 391 to 394 of the Companies Act, shall be deemed to mean that the shareholders have also accorded their consent under Sections 81(1A) and 106 of the Companies Act and all other provisions of the Companies Act, as may be applicable.
- 4.1.11 Upon this Scheme becoming effective and upon transfer and vesting of the Transferor Company with and into the Transferee Company in accordance with the terms of this Scheme, to the extent that the Transferee Company holds shares, securities, debentures or notes in the Transferor Company or vice versa, if any, as on the Effective Date, such shares, securities, debentures or notes shall stand cancelled and extinguished and shall be of no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.

4.2 Increase of authorized share capital of the Transferee Company

4.2.1 Upon this Scheme becoming effective and upon the transfer and vesting of the Transferor Company into the Transferee Company pursuant to the terms of this Scheme, the entire authorized share capital of the Transferor Company equal to Rs. 35,00,00,000 divided into (i) 1,68,26,000 equity shares of Rs. 10 each; (ii) 16,86,000 preference shares of Rs. 90 each; and (iii) 30,00,000 convertible preference shares of Rs. 10 each, shall stand merged with the authorized share capital of the Transferee Company subject to a modification to the effect that the 16,86,000 preference shares of Rs. 90 each in the authorized share capital of the Transferor Company shall stand converted to 15,17,400 preference shares of Rs. 100 each and 30,00,000 convertible preference shares of Rs. 10 each in the authorized share capital of the Transferor Company shall stand converted to 300,000 preference shares of Rs. 100 each, while the aggregate amount of authorised capital so standing merged remaining at Rs. 35,00,00,000 only.

4.2.2 Accordingly, the authorized share capital of the Transferee Company shall stand increased by an amount of Rs. 35,00,00,000 and the capital clause in the memorandum of association of the Transferee Company shall stand substituted to read as follows:

"The Authorised Share Capital of the Company is Rs. 1,83,00,00,000 (Rupees One Hundred Eighty Three Crores Only) divided into (i) 11,38,26,000 (Eleven Crores Thirty Eight Lacs Twenty Six Thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each; and (ii) 69,17,400 (Sixty Nine lacs seventeen thousand and four hundred) Preference Shares of Rs. 100 (Rupees One Hundred) each."

4.2.3 The stamp duty or filing fees paid on the authorized share capital of the Transferor Company is permitted to be utilized and applied towards the increase in the authorized share capital of the Transferee Company in accordance with this paragraph 4.2 and no additional stamp duty shall be payable and no additional fee shall be payable to any regulatory authorities in relation to such increase in the authorized share capital of the Transferee Company. The Transferee Company shall file the requisite forms with the relevant Registrar of Companies, which has jurisdiction over the Transferee Company, for the increase of the authorized share capital of the Transferee Company as aforesaid. It is hereby clarified that for the purposes of increasing the authorized share capital in accordance with this paragraph 4.2, the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and that no further resolution under Section 16, Section 31, Section 81, Section 94 or any other applicable provisions of the Companies Act, would be required to be separately passed.

PART V

ACCOUNTING TREATMENT

5.1 The accounting for the amalgamation of the Transferor Company in the books of the Transferee Company shall be in accordance with the pooling of interest method provided in Accounting Standard 14 issued by the Institute of Chartered Accountants of India.

5.2 Upon this Scheme becoming effective, the Transferee Company shall account for the amalgamation of the Transferor Company in its books as given below:

5.2.1. All the assets, liabilities and reserves of the Transferor Company, appearing in the books of the Transferor Company shall be recorded by the Transferee Company at their respective book values.

5.2.2. The debit balance of profit and loss account of the Transferor Company shall be adjusted against the profit and loss account of the Transferee Company.

5.2.3. The aggregate excess or deficit of value of the net assets determined as above and the net effect of the adjustments over the paid up value of the shares to be issued and allotted to the shareholders of the Transferor Company pursuant to this Scheme, stamp duty and other cost incurred towards execution of the Scheme, shall be transferred by the Transferee Company to its capital reserve and such reserve shall be free reserve for being used accordingly except by way of distribution of dividend.

5.2.4. The credit/debit balance in the resultant Amalgamation Reserve Account, if any, shall be transferred to Capital Reserve Account.

5.3 In case of any differences in accounting policies between the Transferee Company and Transferor Company, the impact of the same till the Appointed Date will be quantified and adjusted in the general reserve, to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policies.

PART VI

GENERAL TERMS AND CONDITIONS

6.1. Application(s) to the High Courts

6.1.1. The Transferor Company and the Transferee Company shall, make necessary applications and petitions under Sections 391 to 394 and other applicable provisions of the Companies Act to the relevant High Courts to seek orders for dispensing with or convening, holding or conducting of the meetings of their respective shareholders and creditors, sanctioning of this Scheme and for dissolution of the Transferor Company without winding up.

6.2. Revision of accounts and tax filings, modification of charge

6.2.1 Upon this Scheme becoming effective, the Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted at source returns, services tax returns, excise tax returns, sales tax and value added tax returns, as may be applicable and has expressly reserved the right to make such provisions in its returns and to claim refunds or credits, etc., if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have lapsed.

6.2.2 Filing of the certified copies of the orders of the High Courts sanctioning this Scheme with the relevant Registrar of Companies shall be deemed to be sufficient for creating or modifying the charges in favour of the secured creditors of the Transferor Company, as required as per the provisions of this Scheme.

6.3. Tax neutrality

6.3.1 The amalgamation in accordance with this Scheme shall be pursuant to and in compliance with the provisions of Section 2(1B) of the Income-tax Act, 1961.

6.3.2 If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the provisions of the tax laws applicable at the relevant time shall prevail. This Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of this Scheme.

6.4. Modifications and Amendments to the Scheme

6.4.1. Notwithstanding anything to the contrary contained in this Scheme, the Transferor Company and the Transferee Company (acting through their respective Board of Directors) may make or assent, from time to time, to any modifications, amendments, clarifications or confirmations to this Scheme, which they deem necessary and expedient or beneficial to the interests of the stakeholders or pursuant to any formal or informal suggestions or directions of any authorities (including the stock exchanges, the CCI and the High Courts), shareholders and/or creditors of the Transferor Company and the Transferee Company may recommend or impose.

6.4.2. The Transferor Company and the Transferee Company (acting through their respective Board of Directors) shall be authorized to take all such steps and give such directions, as may be necessary, desirable or proper, to resolve any doubts, difficulties or questions that may arise in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, whether by reason of any directive or orders of the High Courts or any other authorities or otherwise, howsoever arising out of or under or by virtue of this Scheme or any matter concerned or connected therewith and to do and execute all acts, deeds, matters and things necessary for giving effect to this Scheme.

6.4.3. For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate of the Transferor Company and the Transferee Company may give and are hereby authorised to determine and give all such directions as are necessary and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

6.5. Conditionality and Effectiveness of this Scheme

6.5.1. This Scheme is conditional upon and subject to the following:

- (a) this Scheme being agreed to by the respective requisite majorities of the shareholders and creditors of the Transferor Company and the Transferee Company (either by way of a meeting or a letter of consent) in accordance with Sections 391 to 394 of the Companies Act;
- (b) this Scheme being sanctioned by the High Courts and certified copies of the orders of the High Courts sanctioning this Scheme being filed with the relevant Registrar of Companies; and
- (c) receipt of approval or deemed approval from the CCI in respect of this Scheme.

6.5.2. This Scheme shall become effective on the Effective Date, i.e. the date or the last of the dates on which certified copies of the orders of the High Courts sanctioning this Scheme are filed by the Transferor Company and the Transferee Company with the respective Registrar of Companies.

6.5.3. Notwithstanding anything to the contrary contained herein, the non-receipt of any sanctions or approvals for transfer of a particular asset or liability forming part of the Transferor Company to the Transferee Company pursuant to this Scheme, shall not affect the effectiveness of this Scheme, if the Board of Directors of the Transferor Company and the Transferee Company so decide.

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

- (a) amalgamation of the Transferor Company and transfer and vesting thereof in the Transferee Company;
- (b) transfer of the authorized share capital of the Transferor Company to the Transferee Company and consequential increase in the authorized share capital of the Transferee Company (in accordance with paragraph 4.2 hereof); and
- (c) issue and allotment of fully paid-up shares of the Transferee Company to the shareholders of the Transferor Company (in accordance with paragraph 4.1.2 hereof).

6.6 Revocation and withdrawal of this Scheme

The Board of Directors of the Transferor Company and the Transferee Company shall be entitled to revoke, cancel, withdraw and declare this Scheme to be of no effect at any stage and where applicable re-file, at any stage in case: (a) this Scheme is not approved by the stock exchanges, the CCI, the shareholders and creditors of the Transferor Company and the Transferee Company and/or the High Courts or if any other consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not received or delayed; (b) in case any condition or modification imposed by the stock exchanges, the CCI, the shareholders and creditors of the Transferor Company and the Transferee Company, the High Courts and/or any other authority is not acceptable; (c) the coming into effect of this Scheme in terms of the provisions hereof or filing of the drawn up order(s) with any Governmental Authority could have adverse implication on the Transferor

Company and/or the Transferee Company; or (d) for any other reason whatsoever, and do all such acts, deeds and things as they may deem necessary and desirable in connection therewith and incidental thereto. On revocation, cancellation or withdrawal, this Scheme shall stand revoked, cancelled or withdrawn and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* between the Transferor Company and the Transferee Company or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs, unless otherwise mutually agreed.

6.7 Severability

If any part of this Scheme is held invalid, ruled illegal by any court of competent jurisdiction, or becomes unenforceable for any reason, whether under present or future laws, then it is the intention of the Transferor Company and the Transferee Company that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall causes this Scheme to become materially adverse to either the Transferee Company or the Transferor Company, in which case the Transferor Company and the Transferee Company shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part.

6.8 Mutation of property and Stamp Duty

- 6.8.1. The mutation or substitution of the title to the immovable properties of the Transferor Company shall, upon the effectiveness of this Scheme, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of this Scheme by the High Courts in accordance with the terms hereof.
- 6.8.2. Since all movable properties belonging to the Transferor Company shall be transferred by way of delivery and possession, no stamp duty shall be payable on transfer of such properties.

6.9 Miscellaneous

- 6.9.1. Upon this Scheme becoming effective, the borrowing limits of the Transferee Company in terms of Section 293(1)(d) of the Companies Act, shall without any further act or deed, stand enhanced by the Transferred Liabilities, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date.
- 6.9.2. The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- 6.9.3. It is clarified that the aforesaid provisions in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any shareholder of the Transferor Company or the Transferee Company to demand or claim any dividends, which subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Transferor Company and the Transferee Company, as the case may be, subject to such approval of the respective shareholders, as may be required.
- 6.9.4. All costs, expenses, charges, taxes, fees and all other expenses, if any, including stamp duty and registration charges arising out of or incurred in carrying out and implementing the terms of this Scheme and the incidentals thereto shall be borne and paid by the Transferee Company.
- 6.9.5. Upon coming into effect of this Scheme, the past track record of the Transferor Company including without limitation, the profitability, production volumes, experience, credentials and market share, shall be deemed to be the track record of the Transferee Company for all commercial and regulatory purposes including for the purpose of eligibility, standing, evaluation and participation of the Transferee Company in all existing and futures bids, tenders and contracts of all authorities, agencies and clients.

SCHEDULE I

Description of Immovable Properties of the Transferor Company

Property situated at Sindhauli Road, Meerganj, Bareilly, Uttar Pradesh.

Form No. 37
In The High Court of Judicature at Allahabad
Original Jurisdiction
Company Application No 16 of 2012
In the matter of The Companies Act, 1956

AND
In the matter of Section 391 to 394 of The Companies Act, 1956
AND

In the matter of DHAMPUR SUGAR MILLS LIMITED, an existing company within the meaning of and governed by the Companies Act, 1956 and having its registered office at Dhampur, Distt Bijnore -246 761 in the state of Uttar Pradesh.

_____ TRANSFEREE COMPANY

AND

J K SUGAR LIMITED, an existing company within the meaning of and governed by the Companies Act, 1956 and having its Registered Office at 7-Council House Street, Kolkata-700001 in the State of West Bengal, outside the jurisdiction of the aforesaid High Court.

_____ TRANSFEROR COMPANY

FORM OF PROXY

I/We, undersigned Secured Creditor of Dhampur Sugar Mills Limited (hereinafter called as 'DSML') do hereby appoint Mr/Ms _____ of _____ and failing him/her

Mr/Ms _____ of _____ as my/our PROXY to act for me/us at the meeting of the Secured Creditors of DSML to be held at Dhampur Sugar Mills Compound, Dhampur, Distt Bijnore on Saturday, the 12th Day of January, 2013 at 12 noon for the purpose of considering and, if thought fit, approving, with or without modification, the proposed scheme of amalgamation of J K Sugar Limited with Dhampur Sugar Mills Limited ("Scheme") and at such meeting and any adjournment thereof, to vote, for me/us and in my/our name _____ (here in for insert 'for', if against, insert 'against', and in the latter case, strike out

the words below after, 'amalgamation) the said amalgamation either with or without modification as my/our proxy may approve. (strike out what is not necessary)

Dated this _____ day of _____ 2012

Signature of Secured Creditor :

Details of the Secured Creditor

Name :

Address :

Signature of the proxy:

Affix
revenue
stamp

and signature across the stamp

Notes :

1. Please affix revenue stamp before putting signature.
2. The proxy must be deposited at the registered office of DSML at least 48 hours before the time of holding the meeting.
3. All alterations made in the form of proxy should be initialed.
4. In the case of multiple proxies, proxy later in time shall be accepted.

DHAMPUR SUGAR MILLS LIMITED
Dhampur, Distt. Bijnor (U.P.)

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 Secured Creditors of Dhampur Sugar Mills Limited held at Dhampur Sugar Mill Compound, Dhampur, Distt Bijnor in the State of Uttar Pradesh on Saturday of 12th day of January, 2013 at 12 noon, convened pursuant to Order dated 26th November, 2012 of the Hon'ble High Court at Allahabad.

Name & Address of Secured Creditors	
Value (in Rs.) as on	
Name & Address of the Proxy	
Signature	

NOTES:

1. Secured Creditors are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after fixing their signature on it.
2. The Secured Creditors / Proxies / Authorised Representative are advised to bring original photo identity proof for verification.
3. Incomplete attendance slips shall not be accepted for issuing the gate pass for entry in the meeting hall.
4. Secured Creditors / Proxies / Authorised Representative who come to attend the meeting are requested to bring with them the printed copy containing the Scheme of Amalgamation and the Statement u/s 393 of the Companies Act, 1956.

BOOK POST

If undelivered, please return to:



Dhampur Sugar Mills Limited
Dhampur, Distt. Bijnore -246761 (U.P.)