

IN THE HIGH COURT OF CHHATTISGARH, BILASPUR
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 10 OF 2010

In the matter of Companies Act, 1956

And

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

And

In the matter of Scheme of Arrangement between

Hira Industries Limited

a company incorporated under the provisions of the Companies Act, 1956 and
having its registered office at 572, Urla Industrial Area, Dist. Raipur
Chhattisgarh- 493221.

And

R.R.Ispat Limited

a company incorporated under the provisions of the Companies Act, 1956 and
having its registered office at Plot No. 490/1, Urla Industrial Complex, Raipur
– 493 221, Chhattisgarh.

With

Godawari Power & Ispat Limited

a company incorporated under the provisions of the Companies Act, 1956 and
having its registered office at Plot no.428/2, Phase I, Industrial Area, Siltara-
493111, District Raipur, Chhattisgarh.

And

Their Respective Shareholders

Godawari Power & Ispat Limited	)
a company incorporated under the	)
provisions of the Companies Act, 1956	)
and having its registered office at	)
Plot no.428/2, Phase I, Industrial Area,	)
Siltara-493111, District Raipur,	)
Chhattisgarh	) Applicant

**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE
COMPANIES ACT, 1956**

1. Pursuant to an Order dated 29th day of June, 2010, passed by the Hon'ble High Court of Chhattisgarh, Bilaspur in the Company Application referred to above, a meeting of the Unsecured Creditors of Godawari Power & Ispat Limited, the Applicant is being convened and held at Plot No.428/2, Phase I, Industrial Area, Siltara, Dist: Raipur – 493111, Chhattisgarh on Monday the 2nd day of August, 2010, at 4.00 p.m., for the purpose of considering, and if thought fit, for approving, with or without modifications, the proposed Scheme of Arrangement of Hira Industries Limited and R.R. Ispat Limited with Godawari Power & Ispat Limited, the Transferee Company which is annexed to the Notice. The said Order will be available for inspection at the Registered Office of the Applicant at Plot No.428/2, Phase I, Industrial Area, Siltara, Dist: Raipur - 493111, Chhattisgarh between 10.30 a.m. and 6.00 p.m. on business days till 31st day of July, 2010.

2. In this Statement, Godawari Power & Ispat Limited is hereinafter referred to as **“the Transferee Company”** or **“the Applicant Company”** or **“GPIL”** and Hira Industries Limited (HIL) and R.R. Ispat Limited (RRIL) are hereinafter referred to as **“the Transferor Companies”**.
3. (a) The Applicant Company, GPIL, was incorporated by the Registrar of Companies, Madhya Pradesh & Chhattisgarh-Gwalior (M.P.), vide Certificate of Incorporation No. 10-13756 of 1999 on September 21, 1999 initially as a public limited company under the name Ispat Godawari Limited. The Registrar of Companies, Madhya Pradesh & Chhattisgarh-Gwalior (M.P.) issued the Certificate for Commencement of Business on November 15, 1999. Subsequently, the name of the Applicant Company was changed to Godawari Power and Ispat Limited and the Registrar of Companies, Madhya Pradesh & Chhattisgarh-Gwalior (M.P.) issued a fresh Certificate of Incorporation dated June 20, 2005 consequent on change of name.
- (b) The main objects for which the Applicant Company has been established are set out in its Memorandum of Association and more particularly it is engaged in the business of:
- (i) To carry on in India or elsewhere the business of manufacturing, producing, altering, converting, processing, treating, improving, manipulating, extruding, milling, sliding, cutting, casting, forging, rolling and re-rolling of all shapes, sizes, varieties, specifications, dimensions, descriptions and strength of iron and steel products including bars, rods, structures, profiles, pipes, sheets, casting, wires, rolling metals, girders, channels, angle, rolls, ingots, flats, slabs, tor-steels, bright bars, their products, shafting, beams rounds, squares, hexagons, octagons, foils, joints deformed bars their products, byproducts and allied materials, goods, articles and thing made of all grades of iron steels, alloy steel, special steel or any combination thereof with any other ferrous or non-ferrous materials and to act as agent, broker, distributors, stockists, importer, exporter, buyer, seller, job worker, converter, consultant, supplier, vendor or otherwise.
- (ii) To carry on in India and/or abroad the business to produce, generate, process, transform, formulate, buy, sell, or in any way deal in, acquire, store, pack, transport, distribute, dispose off, utilize Electrical Energy, Thermal Energy, Bio Energy, Solar Energy, Hydro Power, Bio Gas, Coal Gas, Natural Gas, Hydrogen Gas, Steam Water Gas, Methane Gas, Petroleum Gas, RLH Gas and Fuel Gases of all or any other kind and to convert and/or to otherwise deal with or dispose off the generated bye products, wastes, effluents and emissions into saleable materials like coke, Ash, Bricks Briquettes, Charcoal, Cinders, Tar, Carbolic Acids, Gypsum and other chemical or distilled products.

- (c) The authorised share capital of Applicant Company is Rs. 35,00,00,000/- (Rupees Thirty Five Crores only) divided into 3,50,00,000 (Three Crores Fifty Lakhs) equity shares of Rs.10/- (Rupees Ten only) each. The issued, subscribed and paid up share capital of the Applicant Company is Rs. 28,06,98,070/- (Rupees Twenty Eight Crores Six Lakhs Ninety Eight Thousand Seventy Only) divided into 2,80,69,807 (Two Crores Eighty Lakhs Sixty Nine Thousand Eight Hundred Seven) Equity Shares of Rs.10/- (Rupees Ten Only) each.
4. (a) The Company, Hira Industries Limited (hereinafter referred to as “HIL”), was incorporated by the Registrar of Companies, Madhya Pradesh & Chhattisgarh- Gwalior (M.P.), vide Certificate of Incorporation No. 10-2273 of 1983 on October 20, 1983 initially as a private limited company under the name Jai Bajrang Cement Private Limited. Subsequently, the name of the Company was changed to Hira Industries Limited, the Registrar of Companies, Madhya Pradesh & Chhattisgarh- Gwalior (M.P.) issued a fresh Certificate of Incorporation dated June 21, 1991 consequent on change of name.
- (b) The main objects for which HIL has been established are set out in its Memorandum of Association and more particularly it is engaged in the business of :
- (i) To produce, manufacture, treat, process, refine, import, export, purchase, sell and generally to deal in, and to act as brokers, agents, stockists, distributors and suppliers of all kinds of cements(whether ordinary, white, colored, portland, pazzalana, alumina, blast furnaces, silica or otherwise), cement products of any description, such as pipes, poles, slabs, asbestos sheet, blocks, tiles, garden-ware and otherwise and articles, things, compounds and preparation connected with the aforesaid products and in connection there with to, take on lease or acquire, erect, construct, establish, work, operate and maintain cement factories, quarries, mines, workshops and other works.
 - (ii) To set up factories and deal in the crushing and marketing of various minerals e.g. red oxide, other siennas, barites, calcite, gypsum, lime stone, china clay, soap stones, quarts and silica, by taking on lease or otherwise various mines and putting up machinery for pulverizing the various minerals.
 - (iii) To purchase, hold, acquire, mines, mining licenses, mining rights, mining claims and metalliferous lands and to explore, search, work, exercise, develop, treat, fine and to turn to account ores, all sorts of major and minor minerals, working deposits of all kinds of minerals and sub soil minerals.
 - (iv) To carry on in India and/or abroad the business to produce, generate, process, transform, formulate, buy, sell or in any way deal in, acquire, store, pack, transport, distribute,

dispose off, utilise electrical Energy, Thermal Energy, Wind Energy, Bio energy, solar energy, hydro power, bio gas, coal gas, natural gas, hydrogen gas, Steam water gas, methane gas, petroleum gas, RLH gas and fuel, gases of all or any other kind and to convert and /or to otherwise deal with or dispose off the generated by products, wastes, effluents, and emissions into saleable materials like coke, ash bricks, briquettes, charcoal, cinders, tar, carbolic acids, gypsum and other chemicals or distilled products.

- (c) The authorised share capital of HIL is Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty Lakhs) equity shares of Rs.10/- each (Rupees Ten only) each. The issued, subscribed and paid up share capital of HIL is Rs. 4,35,00,000 (Rupees Four Crores Thirty Five Lakhs Only) divided into 43,50,000 (Forty Three Lakhs Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten Only) each.
5. (a) The Company, R.R. Ispat Limited (hereinafter referred to as “RRIL”), was incorporated by the Registrar of Companies, Madhya Pradesh & Chhattisgarh- Gwalior (M.P.), vide Certificate of Incorporation No. 10-3534 of 1999 on May 24, 1999. The Registrar of Companies, Madhya Pradesh & Chhattisgarh- Gwalior (M.P.) issued the Certificate for Commencement of Business on June 22, 1999.
- (b) The main objects for which RRIL has been established are set out in its Memorandum of Association and more particularly it is engaged in the business of:
- (i) To carry on in India or elsewhere the business of manufacturing, producing, altering, converting, processing, treating, improving, manipulating, extruding, milling, sliding, cutting, casting, forging, rolling and rerolling of all shapes, sizes, varieties, specifications, dimensions, descriptions and strength of iron and steel products including bars, rods, structures, profiles, pipes, sheets, casting, wires, rolling metals, girders, channels, angle, rolls, ingots, flats, slabs, tor steels, bright bars, there products, shafting, beams rounds, squares, hexagons, octagons, foils, joints deformed bars their products, byproducts and allied materials, goods, articles and thing made of all grades of iron steels, alloy steel, special steel or any combination thereof with any other ferrous or non-ferrous materials and to act as agent, broker, distributors, stokist, importer, exporter, buyer, seller, job worker, convertor, consultant, supplier, vendor or otherwise to deal in all goods, articles
 - (ii) To carry on in India and/or abroad the business to produce, generate, process, transform, formulate, buy, sell or in any way deal in, acquire, store, pack, transport, distribute, dispose off, utilise Electrical Energy, Thermal Energy, Wind Energy, Bio Steam Water Gas, Methane Gas, Petroleum Gas, RLH Gas and fuel Gases of all or any other kind and to convert and/or to otherwise deal with or dispose off the generated bye products,

wastes, effluents and emissions into saleable material like coke, Ash, Bricks, Briquettes, Charcoal, Cinders, Tar, Carbolic Acids, Gypsum and other chemicals and distilled products.

- (c) The authorised share capital of RRIL is Rs.5,70,00,000/- (Rupees Five Crores Seventy Lakhs Only) divided into 25,00,000 (Twenty Five Lakhs only) equity shares of Rs.10/- each and 32,00,000 (Thirty Two lakhs) preference shares of Rs.10/- each. The issued, subscribed and paid up capital of RRIL is Rs. 5,48,17,500/- (Rupees Five Crores Forty Eight Lakhs Seventeen Thousand Five Hundred Only) divided into 23,32,750 (Twenty Three Lakhs Thirty Two Thousand Seven Hundred Fifty only) equity shares of Rs.10/- each (Rupees Ten only) and 31,49,000 (Thirty One Lakhs Fourty Nine Thousand) 9% non-cumulative redeemable preference shares of Rs.10/- (Rupees Ten only) each as on 31.03.2009.
6. The Board of Directors of the Applicant Company accorded its consent to the Scheme of Arrangement of Applicant with HIL and RRIL on February 5, 2010. The Board of Directors of HIL and RRIL accorded their consent to a Scheme of Arrangement of HIL and RRIL with the Applicant Company on February 5, 2010. At the same time report of the O.P.Singhania & Co, Chartered Accountants was presented to the Board of Directors of the Applicant Company on the fair ratio of exchange (Share Exchange Report) recommending that in their opinion, the fair ratio of exchange would be 1 (one) Equity Share of the face and paid up value of Rs. 10/- each in GPIL for every 1.18 (one point Eighteen) Equity Shares of the face and paid up value of Rs. 10/- each of HIL.
- Motilal Oswal Investment Advisors Pvt. Ltd was engaged by the applicant company to provide a fairness opinion, in connection with such engagement. Motilal Oswal Investment Advisors Pvt. Ltd vide their letter dated February 04., 2010 (fairness opinion) stated that it is their opinion that 1(one) Equity share of the face value of Rs. 10/- paid up be offered to the shareholders of the HIL on amalgamation of HIL with GPIL for every 1.18 (one point Eighteen) Equity Shares of the HIL. The Share Exchange Report and fairness opinion are available for inspection and should be read in their entirety for information regarding the assumptions made and factors considered in rendering the same.
7. The said Scheme of Arrangement provides for the amalgamation of Hira Industries Limited and R.R. Ispat Limited as going concern with Godawari Power & Ispat Limited pursuant to Section 391 to 394 and other applicable provisions of the Companies Act, 1956. This Scheme also makes provisions for various other matters consequential or related thereto and otherwise integrally connected therewith.
8. RRIL, is engaged in the business of manufacture of Wire Rods (MS Rounds) from Steel Billets & then drawing them into HB Wires. HIL is engaged in the business of Iron Ore crushing and The Transferee Company, as defined herein below, is engaged in the business of steel

manufacturing & the Company's value chain starts from mining of Iron Ore and up to the manufacture of Mild Steel Wires. The amalgamation of the Transferor Companies with the Applicant Company would *inter alia* have the following benefits:

- (i) Integration of operations of the Transferor and Transferee Companies improving financial strength, competitive position pooling of human capital and providing operational flexibility to the combined entity.
- (ii) Benefit from operational synergies of the combined entity, which can be put to the best advantage of the stakeholders.
- (iii) Widen asset base, revenues, product range of the combined entity.

9. The salient features of the Scheme are as follows:

“4. Amalgamation of the Transferor Companies with the Transferee Company:

Upon the coming into effect of the Scheme, the Undertakings of the Transferor Companies shall without any further act, instrument or deed be merged and transferred to and vested in or be deemed to have been transferred to and vested as a going concern in the Transferee Company pursuant to the applicable provisions of the Act on and from the Appointed Date.

Notwithstanding what is stated herein above, it is expressly provided that such of the estates and assets forming part of the Undertakings as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery of the same shall be so transferred by the Transferor Companies to the Transferee Company without any further act or execution of an instrument as on the Appointed Date.

In respect of the rights, titles, and interest including benefits, entitlements, provisions, concessions, remissions, accretions and appurtenances of the Transferor Companies prior to the Appointed Date and/ or thereafter up to the Effective Date, including cash and bank balances, as are movable in nature or are otherwise capable of transfer by manual delivery, payment or by endorsement and delivery, shall be so transferred, without any further act or execution of an instrument by the Transferor Companies, and shall become the property as an integral part of the Transferee Company.

The Transferee Company may, at any time after the coming into effect of the Scheme in accordance with the provision thereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of secured creditors of the Transferor Companies or in favour of any other party to any contract or arrangement to which the Transferor Companies are parties or any writings that may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company, shall under the provisions of the Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to implement or carry out all such formalities or compliance referred to

above, or part of the Transferor Companies to be carried out or performed.

With effect from the Appointed Date, subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required and except to the extent otherwise by law required, the reserves of the Transferor Companies will be merged with the corresponding reserves or general reserves of the Transferee Company. To the extent, if any, that any reserves of the Transferor Companies are required to be separately maintained/ designated in, the books of the Transferee Company, the Transferee Company shall credit the same in its books identifying and designating such reserves.

All assets acquired by the Transferor Companies after the Appointed Date and prior to the Effective Date shall also stand transferred to and vested in the Transferee Company”.

“5. Transfer of Liability

On and from the Appointed Date, all debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Companies shall also be and stand transferred to and be deemed to stand transferred to the Transferee Company without any further act, instrument or deed under the provisions of Section 394 of the Act so as to become the debts, liabilities, duties and obligations of the Transferee Company. To the extent that there are any loans, outstandings or balances due from the Transferor Companies to the Transferee Company or vice versa, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of the Transferee Company.

The transfer and vesting as per clause 4 and 5 of the Scheme shall be subject to the existing charges and mortgages/ encumbrances, if any, over or in respect of any of the assets or any part thereof created by the Transferor Companies. Provided, however, that such charges/ mortgages/ encumbrances shall be confined only to the relative assets or part thereof as encumbered by the Transferor Companies and transferred to and vested in the Transferee Company on and from the Appointed Date and no such charges / mortgages / encumbrances shall extend over or apply to any other asset(s) or property(ies) of the Transferee Company. Any reference in any security documents or arrangements (to which the Transferor Companies are party) to any assets or property(ies) of the Transferor Companies shall be so construed to the end and intent that such security, shall not extend or be deemed to extend to any of the other asset(s) or property(ies) of the Transferee Company”.

“6. Contracts

- (a) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to which the Transferor Companies are a party or to the benefits of which the Transferor Companies may be eligible, and which are

subsisting or having effect immediately before the Effective Date, shall without any further act on part of the Transferor Companies or the Transferee Company be in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto.

- (b) Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Transferor Companies with the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at its own costs at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Companies are a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Transferor Companies will, if necessary, also be a party to the above but shall not be required to incur any cost in this behalf. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Companies to be carried out or performed”.

7. “Employees

- (a) Employees, if any, of the Transferor Companies, who are in service on the date immediately preceding the Effective Date shall, become the employees of the Transferee Company.
- (b) On the Scheme finally taking effect as hereinafter provided:
- (i) The employees of the Transferor Companies, if any, shall become the employees of the Transferee Company, without any break or interruption in service and on terms and conditions not less favourable than those on which they are engaged by the Transferor Companies immediately preceding the Effective Date. Services of all employees of the Transferor Companies shall be taken into account from the date of their respective appointment with the Transferor Companies for the purposes of all retirement benefits and all other entitlements for which they may be eligible. The Transferee Company further agrees that for the purpose of payment of any retrenchment compensation, if any, such past services with the Transferor Companies shall also be taken into account;
- (ii) The services of such employees shall not be treated as having been broken or interrupted for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Companies.

It is provided that as far as the Provident Fund, Gratuity Fund and Pension and/ or Superannuation Fund or any other special fund created or existing for the benefit of the staff, workmen and other employees of

the Transferor Companies are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Companies in respect of the employees transferred with the Undertaking for all purposes whatsoever relating to the administration or operation of such Funds or Trusts or in relation to the obligation to make contribution to the said Funds or Trusts in accordance with the provisions of such Funds or Trusts as provided in the respective Trust Deeds or other documents. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Companies in relation to such Funds or Trusts shall become those of the Transferee Company. The Trustees including the Board of Directors of the Transferor Companies and the Transferee Company shall be entitled to adopt such course of action in this regard as may be advised provided however that there shall be no discontinuation or breakage in the services of the employees of the Transferor Companies”.

8. “Legal Proceedings

If any suit, appeal or other legal proceedings of whatever nature are pending by or against the Transferor Companies, the same shall not abate or be discontinued or be in any way prejudicially affected by reason of the amalgamation or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies, as if this Scheme had not been made”.

13. “Consideration

(a) Upon the Scheme becoming effective, 11,25,000 equity shares held by the RRIL in the Transferee Company shall be deemed to have been transferred by virtue of this Scheme, with effect from the date of the Order of the High Court sanctioning the Scheme, to an individual trustee or a board of trustees (including the survivors or survivor of any of the trustees comprising such board of trustees) or a corporate trustee, as the case may be, (hereinafter referred to as the “**Trustees**”) to have and to hold the shares of the Transferee Company in trust together with all additions or accretions thereto upon trust exclusively for the benefit of the Transferee Company subject to the powers, provisions, discretions, rights and agreements contained in the instrument (the “Trust Deed”) establishing the aforesaid trust (the ‘Trust’). Consequently, the Register of Members of the Transferee Company shall be amended. It is proposed that the Trustee shall, subject however to the prevailing market conditions, sell, transfer or dispose of investment in the properties at such time or times and in such manner as may be proper in accordance with provisions of the Trust Deed and shall remit the proceeds thereof to the Transferee Company and consequent thereto all obligations of the Trustees shall stand discharged and the Trust shall stand terminated in accordance with the provisions of Trust Deed.

(b) On the Scheme becoming effective and subject to Clause 13.1, of the Scheme the equity and preference shares held by the Transferee

Company and/ or any subsidiary company of the Transferee Company, in any of the Transferor Companies, shall stand cancelled and the Transferee Company shall not be required to issue any shares in consideration of such shares under the Scheme.

- (c) After giving effect to Clause 13.1 and Clause 13.2 of the Scheme and pursuant to the Scheme coming into effect and upon the entire businesses and the whole of the Undertakings of the Transferor Companies being transferred to and vested in the Transferee Company, the Transferee Company shall issue and allot 1 equity share of Rs. 10 each fully paid up in its capital in respect of every 1.18 equity shares of Rs. 10 each fully paid up to the shareholders of the HIL whose names appear in the Register of Members on the Record Date.
- (d) The equity shares to be issued and allotted by the Transferee Company as per Clause 13.3 (hereinafter referred to as the New Equity Shares) shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank pari passu in all respects, including dividend, with the existing Equity Shares of the Transferee Company.
- (e) In case any member's holding in the Transferor Companies is such that the member becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall round off the said entitlement to the nearest integer.
- (f) The issue and allotment of New Equity Shares by Transferee Company to the shareholders of the HIL as provided in this Scheme is an integral part thereof and shall be deemed to have been carried out as if the procedure laid down under Section 81(1A) and any other Applicable provisions of the Act and such other statutes and regulations as may be applicable were duly complied with.
- (g) The Transferee Company shall issue and allot to the shareholders of the HIL whose names appear on the Register of Members on the Effective Date as provided in Clause 13.3 herein above, the requisite number of shares of the face value of Rs 10 each in electronic form, and the current shares of the HIL held by such shareholders shall be deemed to have been automatically cancelled and be of no effect on and from the Effective Date.
- (h) The New Equity Shares of the Transferee Company, issued pursuant to this Scheme shall be listed on all the stock exchanges on which the shares of the Transferee Company are listed as on the Effective Date. The New Equity Shares shall however be listed subject to the Transferee Company complying with all the applicable regulations and obtaining the requisite approvals from all the relevant Appropriate Authority and/ or regulatory authorities pertaining to the listing of New Equity Shares.”

14. “Accounting Treatment

On the Scheme becoming effective, the Transferee Company shall account for the amalgamation as per Accounting Standard - 14 issued by the Institute of Chartered Accountants of India, subject to the following:

- (a) All Assets and Liabilities (includes reserves if any) of the Transferor Companies shall be recorded in the books of the Transferee Company at their respective book values as recorded in the books of the Transferor Companies subject to such corrections and adjustments, if any, as may in the opinion of the Board of Directors of the Transferee Company be necessary or required and to the extent permissible in law.
- (b) It is clarified that the balance (if any) in the Reserves account of the Transferor Companies as on the Appointed Date, shall be transferred to and aggregated with the corresponding Reserves in the books of the Transferee Company. It is clarified that identity of Reserves of the Transferor Companies shall be preserved upon transfer thereof to the Transferee Company.
- (c) Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, investments, deposit balances or other obligations as between the Transferor Companies and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.
- (d) The difference between the value of the net assets of the Transferor Companies transferred to the Transferee Company pursuant to the order of the High Court over the face value of New Equity Shares issued by the Transferee Company and after giving effect of the shares cancelled of the RRIL, the Transferee Company shall in case of surplus, be credited to the Capital Reserve account and in case of deficit, be debited to the Goodwill account.
- (e) The aggregate amount under the head Goodwill as appearing in the books of the Transferee Company, shall be written off from the Books of the Transferee Company in the period of 5 years as Governed by AS 26 of the Institute of the Chartered Accountants of India. The aforesaid treatment shall be through the Profit & Loss account so that any such diminution and/or loss shall be offset therein and such treatment shall be deemed to be in accordance with all provisions of the Act.

In case of any difference in the accounting policy of the Transferor Companies and that of the Transferee Company, the impact thereof shall be quantified and adjusted in the Reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of the consistent accounting policy”.

15. “Capital

Upon sanction of this Scheme, the authorised share capital of the Transferee Companies shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including

payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of Transferor Companies amounting to Rs. 18 crores (Rupees Eighteen crores) comprising of 14,800,000 equity shares of Rs. 10 each & 3,200,000 preference shares of Rs 10 each) and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 16, 31, 94 and 394 and applicable provisions of the Act, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of the Transferor Companies shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would no requirement for any further payment of stamp duty and/or fee by the Transferee Company for increase in the authorised share capital to that extent.

16. “Dissolution of the Transferor Companies

On the Scheme becoming effective the Transferor Companies shall be dissolved without being wound up”.

10. The rights and interests of the members and creditors of the Applicant will not be prejudicially affected by the Scheme.
11. In the event of this Scheme failing to take effect finally by 31 March, 2011 or by such later date as may be agreed by the respective Board of Directors or Committee thereof of the Transferor Companies and the Transferee Company, this Scheme shall become null and void in that event no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person. In such case the Transferor Companies shall bear its own and all related costs.

The Unsecured Creditors are requested to read the entire text of the Scheme of Arrangement to get better acquainted with the provisions thereof. As stated above, the aforesaid are only salient features thereof.

12. The shareholding pattern of the Applicant Company, pre and post this Scheme of Arrangement is as under :

Category of Shareholder	Pre Amalgamation (as on 31.03.2010) Percentage (%)	Post Amalgamation (Expected) Percentage (%)
Promoter and Promoter Group	58.97	63.73
Mutual Funds	7.43	6.57
Financial Institutions and Banks	0.96	0.84
FII's	6.83	6.04
NRI's/ OCB's	0.94	0.83
Individuals	24.87	21.99
Total	100.00	100.00

13. The Pre and Post-amalgamation Share Capital Structure of the Applicant Company as on 31.03.2010 are as under.

Rs.

	Pre-amalgamation	Post-amalgamation
A. Authorised Share Capital		
Equity	35,00,00,000	49,80,00,000
Preference	Nil	3,20,00,000
B. Issued, Subscribed and Paid up Share Capital		
Equity	28,06,98,070	31,75,62,470
Preference	Nil	Nil
Total	28,06,98,070	31,75,62,470

Pre- amalgamation Shareholding Pattern of the Transferor Companies as on 31st March, 2010 are as follows.

Category of Shareholder	HIL Percentage (%)	RRIL Percentage (%)
Promoter and Promoter Group	100.00	100.00
Mutual Funds	Nil	Nil
Financial Institutions and Banks	Nil	Nil
FII's	Nil	Nil
NRI's/ OCB's	Nil	Nil
Individuals	Nil	Nil
Total	100.00	100.00

14. The Directors of the Applicant and the Transferor Companies may be deemed to be concerned and/or interested in the Scheme to the extent of their shareholding or shareholding of the companies, firms and/or institutions of which they are directors, partners, or members, and which holds shares in either the Applicant or in the Transferor Companies. The shares held by the Directors of the Applicant and the

Transferor Companies in the Applicant and the Transferor Companies are as follows:

	Names of Directors of Applicant	Shares held in Applicant	Shares held in HIL	Shares held in RRIL
1	Mr G. B. Desai	1,00,000	Nil	Nil
2	Mr O.P. Agrawal	Nil	Nil	Nil
3	Mr B.L. Agrawal	11,22,500	7,18,500	Nil
4	Mr N.P. Agrawal	7,47,500	6,000	Nil
5	Mr Dinesh Agrawal	7,70,500	12,69,500	Nil
6	Mr Dinesh Gandhi	24,789	Nil	Nil
7	Mr Siddharth Agrawal	4,70,000	1,50,000	Nil
8	Mr Shashi Kumar	Nil	Nil	Nil
9	Mr B. Choudhuri	Nil	Nil	Nil
10	Mr B.N. Ojha	Nil	Nil	Nil
11	Mr. Vinod Pillai	Nil	Nil	Nil
	Names of Directors of HIL	Shares held in Applicant	Shares held in HIL	Shares held in RRIL
1	Mr. B.L. Agrawal	11,22,500	7,18,500	Nil
2	Mr. Dinesh Agrawal	7,70,500	12,69,500	Nil
3	Mr. Y.C.Rao	17,668	Nil	Nil
4	Mr. Ajay Ahluwalia	Nil	Nil	Nil
5	Mr. Ramesh Agrawal	Nil	Nil	Nil
	Names of Directors of RRIL	Shares held in Applicant	Shares held in HIL	Shares held in RRIL
1	Mr. Dinesh Agrawal	7,70,500	12,69,500	Nil
2	Mr Siddharth Agrawal	4,70,000	1,50,000	Nil
3	Mr B. Choudhuri	Nil	Nil	Nil
4	Mr. Arvind Dubey	10,500	Nil	Nil

15. Bombay Stock Exchange Limited and National Stock Exchange of India Limited have accorded their 'no-objection' to the Scheme of Arrangement of Hira Industries Limited and R.R. Ispat Limited with the Applicant Company vide letter dated February 26, 2010 and March 3, 2010, respectively.
16. Corporate members / creditors intending to send their authorized representation to attend the meeting are requested to lodge a certified

true copy of the resolution of the Board of Directors or governing body of the Body Corporate not later than 48 hours before the commencement of the meeting, authorising such person to attend and vote on its behalf at the meeting.

17. Any equity shareholder /Creditor entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. Such proxy need not be a member /creditor of the company.
18. There are no investigations, proceedings, under section 235 to 251 of the Companies Act, 1956, pending against the Applicant Company.
19. The following documents will be open for inspection by the Unsecured Creditors at the Registered Office of the Applicant at Plot No.428/2, Phase I, Industrial Area, Siltara, Dist: Raipur – 493111, Chhattisgarh on any working day between 10.30 a.m. and 6 p.m. from date of this Notice to July, 31, 2010:
 1. Memorandum and Articles of Association of the Applicant Company, Hira Industries Limited and R.R. Ispat Limited.
 2. Audited Balance Sheet and Profit and Loss Account of the Applicant Company for the year ended on March 31, 2007, March 31, 2008 and March 31, 2009 and of Hira Industries Limited and R.R. Ispat Limited for the financial year ended on March 31, 2007, March 31, 2008 and March 31, 2009, respectively.
 3. Unaudited (provisional) financial results of the Applicant company and the Transferor Companies for the period ended on 31st December, 2009..
 4. Certified copy of the Order dated June 29, 2010 passed by the Hon'ble Justice Shri Satish K Agnihotri of the Chhattisgarh High Court, Bilaspur in C.A. No. 10 of 2010.
 5. Certified copy of the Order dated June 29, 2010 passed by the Hon'ble Justice Shri Satish K Agnihotri of the Chhattisgarh High Court, Bilaspur in C.A. No. 11 of 2010.
 6. Certified copy of the Order dated June 29, 2010 passed by the Hon'ble Justice Shri Satish K Agnihotri of the Chhattisgarh High Court, Bilaspur in C.A. No. 12 of 2010.
 7. Scheme of Arrangement.
 8. Valuation Report dated February 04, 2010, of Messrs. O.P. Singhanian & Co., Chartered Accountants.

9. Copy of the fairness opinion dated February 04, 2010 issued by M/S Motilal Oswal Investment Advisors Pvt. Limited on the valuation of Shares done by the valuer.
10. Copy of No Objection letter of Bombay Stock Exchange Limited and National Stock Exchange of India Limited February 26, 2010 and March 3, 2010, respectively.
20. This statement may also be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956. A copy of the Scheme and Explanatory Statement may be obtained from the Registered Office of the Applicant. A copy of the last audited accounts as on 31st March, 2009 may also be obtained from the Registered Office of the Applicant.

Dated this 02nd day of July, 2010

Prafull Bharat
Chairman appointed for the meeting

Registered Office:

Plot No.428/2, Phase I,
Industrial Area,
Siltara, Dist:
Raipur – 493111

Note: All alterations made in the form of proxy should be initialed.

IN THE HIGH COURT OF CHHATTISGARH, BILASPUR
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 10 OF 2010

In the matter of Companies Act, 1956

And

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

And

In the matter of Scheme of Arrangement between

Hira Industries Limited

a company incorporated under the provisions of the Companies Act, 1956 and
having its registered office at 572, Urla Industrial Area, Dist. Raipur
Chhattisgarh- 493221.

And

R.R.Ispat Limited

a company incorporated under the provisions of the Companies Act, 1956 and
having its registered office at Plot No. 490/1, Urla Industrial Complex, Raipur
– 493 221, Chhattisgarh.

With

Godawari Power & Ispat Limited

a company incorporated under the provisions of the Companies Act, 1956 and
having its registered office at Plot no.428/2, Phase I, Industrial Area, Siltara-
493111, District Raipur, Chhattisgarh.

And

Their Respective Shareholders

Godawari Power & Ispat Limited)

a company incorporated under the)
provisions of the Companies Act, 1956)
and having its registered office at)
Plot no.428/2, Phase I, Industrial Area,)
Siltara-493111, District Raipur,)
Chhattisgarh) **Applicant**

FORM OF PROXY

I/We, the undersigned, being **Unsecured Creditors** of Godawari Power &
Ispat Limited, Applicant Company do

hereby appoint Mr./Mrs./Miss of
..... and failing him/her Mr./Mrs./Miss
.....of.....

.. as my /our proxy to act for me/us at the meeting of the **Unsecured Creditors** to be convened and held at Plot No.428/2, Phase I, Industrial Area, Siltara, Dist: Raipur – 493111, Chhattisgarh on 02nd day of August , 2010, at 4.00 p.m. for the purpose of considering and, if thought fit, approving, with or without modification, the proposed Scheme of Arrangement of Hira Industries Limited and R.R. Ispat Limited with Godawari Power & Ispat Limited, the Transferee Company and at such meeting and any adjournment/adjournments thereof, to vote for me/us and in my/our name(s), ... (here, if for, insert "for", if against, insert "against" and in the latter case, strike out the

words below after Scheme of Arrangement) the said Scheme of Arrangement either with or without modifications as my/our proxy may approve.
(Strike out what is not necessary).

Dated this day of, 2010.

SIGNATURE

Name :

Address:

.....
.....

Affix
Re.1/-
Revenue
Stamp

Account Code:

I D No.:

Number of Shares held:.....

NOTE :

- (1) The Proxy must be deposited at the Registered Office of the Applicant Company at Plot No.428/2, Phase I, Industrial Area, Siltara, Dist: Raipur – 493111, Chhattisgarh at least 48 hours before the time for holding the meeting.
- (2) All alterations made in the Form of Proxy should be initialed.
- (3) Incase of multiple proxies, proxy latest in time shall be accepted.

ATTENDANCE FORM

(To be handed over at the entrance of the meeting hall)

Name of the attending Unsecured Creditors (in BLOCK letters)
Account Code:
I D No.:
Name of the Proxy (in BLOCK letters) (to be filled in if the Proxy attends instead of the Unsecured Creditors)

I/We hereby record my presence at the COURT CONVENED MEETING of the Unsecured Creditors of the Applicant to be held at Plot No.428/2, Phase I, Industrial Area, Siltara, Dist: Raipur – 493111, Chhattisgarh on the 02nd day of August, 2010 at 4.00 p.m.

Unsecured Creditors/Proxy's Signature
(To be signed at the time of handing over the Form)

NOTE : **Unsecured Creditors/Proxy** holder wishing to attend the meeting must bring the Attendance Form to the meeting and hand over at the entrance duly signed.