

NITCO LIMITED

Registered and Corporate Office: Nitco House, Recondo Compound, Inside Municipal Asphalt Compound,
S. K. Ahire Marg, Worli, Mumbai – 400030.

COURT CONVENED MEETING OF THE MEMBERS

Day : Friday
Date : April 1 , 2011
Time : 11:00 am
Venue : M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda,
18/20, K. Dubash Marg, Mumbai 400 001

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 139 OF 2011**

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of Scheme of Amalgamation of
Particle Boards India Limited ("PBIL" or "the Transferor Company")
with

Nitco Limited ("NL" or "the Transferee Company")

and

their Respective Shareholders And Creditors

NITCO LIMITED, a company incorporated under the provisions of Companies Act, 1956 having its Registered Office at Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030.

} Applicant Company

NOTICE CONVENING THE MEETING OF MEMBERS OF NITCO LIMITED, THE APPLICANT COMPANY

To,

The Members (Equity Shareholders) of **Nitco Limited** ("the Applicant Company"),

TAKE NOTICE that by an Order made on the 25th day of February, 2011, in the above Company Summons for Direction, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the **Members of Nitco Limited**, the Applicant Company, be convened and held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai 400 001 on Friday, April 1, 2011 at 11:00 am, for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed arrangement embodied in the Scheme of Amalgamation of Particle Boards India Limited with Nitco Limited and their respective Shareholders and Creditors.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Members of Nitco Limited, the Applicant Company will be convened and held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai 400 001 on Friday, April 1, 2011 at 11:00 am, at which place, day, date and time 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 or your authorized representative, is deposited at the Registered Office of the Applicant Company at Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030, not later than 48 hours before the said meeting.

The Hon'ble High Court has appointed Mr. Vivek Talwar, Managing Director of the Applicant Company, and failing him, Mr. S K Bhardwaj, Director of the Applicant Company, and failing him, Mr. B G Borkar, Chief Financial Officer & Company Secretary of the Applicant Company, to be the Chairman of the said meeting.

A copy of the Explanatory Statement under Section 393 of the Companies Act, 1956, Scheme of Amalgamation, Form of Proxy and Attendance Slip are enclosed.

Sd/-

Vivek Talwar

Managing Director

Chairman appointed for the meeting

Dated this 3rd day of March, 2011

Registered office:

Nitco House, Recondo Compound,
Inside Municipal Asphalt Compound,
S. K. Ahire Marg, Worli, Mumbai – 400030.

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered shareholders of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under Section 187 of the Companies Act, 1956) at the Members meeting. The representative of a body corporate which is a registered Member of the Applicant Company may attend and vote at the Members meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend and vote at the Members meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting.

Enclosures: As above

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 139 OF 2011

In the matter of the Companies Act, 1956 (1 of 1956);

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In the matter of Sections 391 to 394 of the Companies Act, 1956;

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In the matter of Scheme of Amalgamation of

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with

Nitco Limited ("NL" or "the Transferee Company")

and

their Respective Shareholders And Creditors

NITCO LIMITED, a company incorporated under the provisions of Companies Act, 1956 having its Registered Office at Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030.

} Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated 25th day of February, 2011 passed by the High Court of Judicature at Bombay in the Company Summons for Direction referred to hereinabove, a meeting of the Members (Equity Shareholders) of Nitco Limited, the Applicant Company is being convened and held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai 400 001 on Friday, April 1, 2011 at 11:00 am, for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of Particle Boards India Limited ('PBIL' or the 'Transferor Company') with Nitco Limited ('NL' or the 'Company' or the 'Transferee Company') and their Respective Shareholders and Creditors ('the Scheme' or 'this Scheme').
2. A copy of the Scheme setting out in detail the terms and conditions of the arrangement, inter alia, providing for transfer and vesting of PBIL into NL which has been approved by Board of Directors of the Applicant Company at its meeting held on 2nd day of February 2011, is attached to this explanatory statement.
3. In this statement, Nitco Limited is hereinafter referred to as 'NL' or 'the Applicant Company' or 'the Transferee Company'. The other definitions contained in the scheme shall apply to this Explanatory Statement also.
4. The background of both the companies involved in the Scheme of Amalgamation is as under:

4.1 Nitco Limited:

- a. NL was incorporated on the 25th day of July, 1966 under the provisions of The Companies Act, 1956 under the name and style of "Nitco Tiles Private Limited". Its name was subsequently changed to "Nitco Tiles Limited" with effect from the 25th day of January, 1996. The name of the Company was further changed to its present name i.e. "Nitco Limited" with effect from the 10th day of July, 2008. The Registered Office of NL is situated at Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030.
- b. The authorised, issued, subscribed and paid-up share capital of NL as on March 31, 2010 is as under:

Particulars	Amount (Rs.)
Authorised	
5,00,00,000 Equity Shares of Rs. 10 each	50,00,00,000
Total	50,00,00,000
Issued Subscribed and Paid Up	
3,21,23,552 Equity Shares of Rs. 10 each fully paid-up	32,12,35,520
Total	32,12,35,520

Subsequent to the above date, there has been no change in authorised, issued, subscribed and paid up share capital.

The Equity Shares of NL are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

- c. The objects of NL set out in its Memorandum of Association are as follows:

“The Main Objects to be pursued by the Company on its Incorporation are:

1. *To manufacture, produce, buy, sell, prepare for market manipulate, treat, cure, submit to any purpose, trade in import, export and otherwise deal in and carry on business of tiles in mosaic, stone marble, terra cotta, ceramic and other types for floorings and walls.*
2. *To undertake and execute as contractors, the works for laying floorings in mosaic tiles, in mosaic situ, concrete, marble, cement, ashler stones or in any other material, for Government, State or Central, Semi Government, Corporations and Individuals and either for factory, office, residential or other buildings.*
3. *To purchase, acquire, deal, take on lease or in exchange or in any other lawful manner in any area, land, buildings, structures and to turn the same into account, develop the same and dispose off the same or maintain the same and to build townships, colonies, commercial complexes and markets, industrial undertakings, housing, apartments and residential complexes and buildings, under group housing schemes or otherwise, equip the same with all or any amenities or conveniences, carry on business as furnishers, interior decorating planners and contractors, home planners, and to do and to carry on business as builders, developers, town planners, colonizers, civil contractors and to undertake any residential, commercial or industrial construction, township construction, either independently or jointly in partnership, joint venture or agency or on sub contract basis.”*

- d. NL is engaged in the field of manufacturing and marketing of various types of tiles and marbles. It is also involved in the development of real estate, including through its subsidiaries.

4.2 Particle Boards India Limited :

- a. PBIL was incorporated in the State of Maharashtra on 11th May, 1961 under the name and style of “Particle Boards India Limited”. The Registered Office of PBIL is situated at Plot no. 3, Kanjur Village Road, Kanjurmarg (E), Mumbai – 400042.
- b. The authorised, issued, subscribed and paid-up share capital of PBIL as on March 31, 2010 is as under:

Particulars	Amount (Rs.)
Authorised	
2,35,000 Equity Shares of Rs.100/- each	2,35,00,000
40,000 Cumulative Preference Shares of Rs.100/- each	40,00,000
Total	2,75,00,000
Issued Subscribed and Paid Up	
2,25,000 Equity Shares of Rs.100/- each fully paid up	2,25,00,000
Total	2,25,00,000

Out of the above, 2,14,860 equity shares, comprising of 95.49% of the equity share capital of PBIL, are held by Nitco Realities Private Limited, a 100% subsidiary of NL. Subsequent to March 31, 2010, the Issued, Subscribed and Paid-up capital of PBIL was subdivided from 2,25,000 equity shares of face value of Rs. 100 each to 2,25,00,000 equity shares of Re. 1 each.

- c. The objects of PBIL are set out in its Memorandum of Association. The main objects of PBIL are as follows: -

“THE OBJECTS FOR WHICH THE COMPANY IS ESTABLISHED ARE:

1. *To carry on business as manufacturers of and dealers in articles of any description made or prepared out of particle board and its bye products.*
2. *To sell, improve, manage, develop, lease, mortgage, exchange, dispose of, turn to account, or otherwise deal with all or any part of the property and rights of the company.”*

- d. PBIL is mainly involved in development of real estate.

5. NL is now proposing a Scheme of Amalgamation for merger of PBIL with itself.

6. Rationale of the Scheme of Amalgamation

The rationale of the proposed Scheme of Amalgamation is as under:

- (a) NL through its wholly owned subsidiary viz, Nitco Realities Private Limited holds 95.49% in Particle Boards India Limited.
 - (b) PBIL intends to develop the real estate. Proposed merger will help in leveraging strong brand equity enjoyed by Nitco Ltd. in the real estate business. Hence, it is proposed to merge PBIL into the Company under a Scheme of Amalgamation under sections 391-394 of the Companies Act, 1956.
 - (c) Merger of PBIL into NL will facilitate development of the property in PBIL and unlock value of the property, thereby enhancing the overall shareholders value of NL. It will further lead to a reduction in the administrative cost, overheads and other marketing and selling expenses thereby giving further boost to the operating profits of NL.
7. Accordingly, the Board of Directors of NL vide their resolution dated 2nd day of February, 2011 approved the Scheme of Amalgamation of Particle Boards India Limited with Nitco Limited and their respective Shareholders and Creditors.
 8. The Board of Directors of PBIL has also approved the Scheme at its meeting held on the 2nd day of February, 2011.
 9. At such Board Meeting held on 2nd day of February, 2011, the Valuation Report of M/s. Grant Thornton, an independent Chartered Accountant, was also placed before the Board. The Valuation Report of M/s. Grant Thornton, recommended the following:
 - NL shall issue and allot on a proportionate basis, 4,76,580 (Four Lacs Seventy-Six Thousand Five Hundred and Eighty) fully paid up equity shares of Rs. 10 (Rupees Ten) each of NL to the shareholders of PBIL (other than NL or any of its subsidiary).
 10. The Boards of Directors of NL and PBIL, based on and relying upon the aforesaid valuation report, and on the basis of their independent evaluation and judgment, came to the conclusion that the proposed share exchange ratio is fair and reasonable and decided to incorporate the same in the Scheme which was approved by them at their respective meetings held on 2nd day of February, 2011.
 11. The Applicant Company has obtained a report from M/s Vertex Securities Limited, Merchant Banker on the fairness of the Valuation Report issued by M/s. Grant Thornton.
 12. The salient features of the Scheme are as follows:
 - (a) The Scheme envisages the merger of PBIL with NL pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 on a going concern basis in the manner provided for in the Scheme.
 - (b) Appointed Date means the 1st day of April, 2010 or such other date as may be fixed or approved by the High Court of Judicature at Bombay.
 - (c) Effective Date means the date on which the certified or authenticated copy of the Orders of High Court of Judicature at Bombay or any other appropriate authority under Sections 391 and 394 of the Act sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra at Mumbai.
 - (d) The Transferor Company means Particle Boards India Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Plot no. 3, Kanjur Village Road, Kanjurmarg (E), Mumbai – 400042.
 - (e) The Transferee Company means Nitco Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030.
 - (f) Upon the coming into effect of this Scheme and with effect from the Appointed Date, the entire business and the Undertaking of PBIL including all the debts, liabilities, duties and obligations of PBIL of every description and also including, without limitation, all the movables and immovable properties and assets of PBIL comprising amongst others all freehold and leasehold land, all freehold and leasehold buildings, investments, vehicles, furniture and fixtures, computers, office equipment, permits, licenses, authorisations, if any, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, any benefits and approvals, shall without any further act or deed, but subject to the charges affecting the same be transferred and/or deemed to be transferred to and vested in NL as a going concern so as to become the assets and liabilities of NL.
 - (g) Upon coming into effect of the Scheme and in consideration for the transfer and vesting of PBIL into NL, NL shall, without any further application or deed, issue and allot equity shares of Rs. 10/- each, credited as fully paid up, to the equity shareholders of PBIL (other than NL or any of its subsidiary), in the following ratio:

“ 47 (Forty Seven) fully paid up Equity Shares of the face value of Rs. 10/- (Rupees Ten only) each in the Transferee Company for every 100 (Hundred) fully paid up equity shares of the face value of Re. 1/- (Rupee One) each held in the Transferor Company.”

- (h) The Equity Shares to be issued as above shall be subject to the Memorandum and Articles of Association of NL and shall rank *pari passu* with the existing equity shares of NL in all respects including dividends.
- (i) NL will account for the merger of PBIL in its books in the manner described under clause 6 of the Scheme.
- (j) All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of NL and PBIL arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto and revision in value of assets of NL as considered appropriate by the Board of Directors of NL shall be adjusted by NL against the excess of assets over the liabilities transferred to NL pursuant to the Scheme after adjusting the consideration discharged in terms of Clause 5 of the Scheme.
- (k) On the Scheme becoming effective, the employees, if any, of PBIL, as on the effective date, shall become the employees of NL, without any break or interruption in their services, on same terms and conditions on which they are engaged. NL further agrees that for the purpose of payment of any retirement benefit/ compensation, such immediate uninterrupted past services with PBIL shall also be taken into account. NL undertakes to continue to abide by the terms of agreement/ settlement entered into by PBIL with employees' union/ employee or associations of PBIL.
- (l) The Board of Directors of NL shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of equity and preference shares to the shareholders of NL pursuant to the Scheme.
- (m) NL shall apply to the relevant Stock Exchange(s) and / or the concerned Government authorities for listing of its equity shares, which will be allotted in pursuance of this Scheme.
- (n) In the event of the Scheme being sanctioned by the High Court, all costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing the Scheme and matters incidental thereto, shall be borne by NL.
- (o) This Scheme is and shall be conditional upon and subject to:
- The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective shareholders and/or creditors of PBIL and NL as may be directed by the High Court or any other competent authority as may be applicable.
 - The Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 and other applicable provisions of the Act.
 - The requisite consent, approval or permission of any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
 - Certified copies of the Orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai, by PBIL and NL respectively.
 - The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by PBIL and NL, and by their respective Board of Directors or any Committee constituted by them.

The features set out above being only the salient features of the Scheme of Amalgamation; the members are requested to read the entire text of the Scheme of Amalgamation annexed hereto to get fully acquainted with the provisions thereof.

13. The pre-merger shareholding pattern of the Transferor Company i.e. PBIL as on January 28, 2011 is as under:

Pre-merger Shareholding Pattern of PBIL:

Category code	Category of Shareholder	Total number of shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals/ Hindu Undivided Family	795500	3.54
(b)	Central Government/ State Government(s)	-	-
(c)	Bodies Corporate	21486000	95.49
(d)	Financial Institutions/ Banks	-	-
(e)	Any Others (Specify)	-	-
(e-i)	Partnership Firms	-	-
	Sub Total(A)(1)	22281500	99.03

Category code	Category of Shareholder	Total number of shares	As a percentage of (A+B+C)
2	Foreign		
A	Individuals (Non-Residents Individuals/Foreign Individuals)	-	-
B	Bodies Corporate	-	-
C	Institutions	-	-
D	Any Others (Specify)	-	-
	Sub Total(A)(2)	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+ (A)(2)	22281500	99.03
(B)	Public shareholding		
1	Institutions		
(a)	Mutual Funds/ UTI	-	-
(b)	Financial Institutions / Banks	-	-
(c)	Central Government / State Government(s)	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	-	-
(f)	Foreign Institutional Investors	-	-
(g)	Foreign Venture Capital Investors	-	-
(h)	Any Other (specify)	-	-
	Sub-Total (B)(1)	-	-
B 2	Non-institutions		
(a)	Bodies Corporate	-	-
(b)	Individuals:		
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	218500	0.97
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-
(c)	Any Other (specify) – Trust	-	-
(c-i)	Clearing Member	-	-
(c-ii)	Non Resident Indians	-	-
(c-iii)	Directors & their Relatives (Independent Directors)	-	-
	Sub-Total (B)(2)	218500	0.97
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	218500	0.97
	TOTAL (A)+(B)	22500000	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-
	GRAND TOTAL (A)+(B)+(C)	22500000	100

14. The pre and post-merger (expected) shareholding pattern of NL, based on shareholding as on January 28, 2011 is as under:

Category code	Category of Shareholder	Pre – Amalgamation		Post – Amalgamation*	
		Total number of shares	As a percentage of (A+B+C)	Total number of shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals/ Hindu Undivided Family	7583563	23.61	7957448	24.41
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	Bodies Corporate	7983652	24.85	7983652	24.49
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-
(e-i)	Partnership Firms	-	-	-	-
	Sub Total(A)(1)	15567215	48.46	15941100	48.90

Category code	Category of Shareholder	Pre – Amalgamation		Post – Amalgamation*	
		Total number of shares	As a percentage of (A+B+C)	Total number of shares	As a percentage of (A+B+C)
2	Foreign				
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-
b	Bodies Corporate	-	-	-	-
c	Institutions	-	-	-	-
d	Any Others(Specify)	-	-	-	-
	Sub Total(A)(2)	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+ (A)(2)	15567215	48.46	15941100	48.90
(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	2159203	6.72	2159203	6.62
(b)	Financial Institutions / Banks	7128	0.02	7128	0.02
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	-	-	-	-
(f)	Foreign Institutional Investors	3270475	10.18	3270475	10.04
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other (specify)	-	-	-	-
	Sub-Total (B)(1)	5436806	16.92	5436806	16.68
B 2	Non-institutions				
(a)	Bodies Corporate	4980483	15.51	4980483	15.28
(b)	Individuals:				
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	3210965	10.00	3313660	10.16
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1287380	4.01	1287380	3.95
(c)	Any Other (specify)	-	-	-	-
(c-i)	Clearing Member	134512	0.42	134512	0.41
(c-ii)	Directors & their Relatives	-	-	-	-
(c-iii)	Non Resident Indians (Repat)	229210	0.71	229210	0.70
(c-iv)	Non Resident Indians (Non Repat)	10329	0.03	10329	0.03
(c-v)	Overseas Bodies Corporates	1266352	3.94	1266352	3.89
(c-vi)	Trusts	300	0.00	300	0.00
	Sub-Total (B)(2)	11119531	34.62	11222226	34.42
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	16556337	51.54	16659032	51.10
	TOTAL (A)+(B)	32123552	100	32600132	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	32123552	100	32600132	100

* **Note:** Post-merger Shareholding Pattern of NL takes into account 4,76,580 equity shares of Rs.10/- each, to be allotted to the shareholders of PBIL (other than NL or any of its subsidiary).

15. The directors of NL and PBIL may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective companies, or to the extent the said directors are common directors in the companies, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies or to the extent they may be allotted shares in NL as a result of the Scheme. Save as aforesaid, none of the Directors of the company have any material interest in the proposed merger.
16. (a) The extent of the shareholding of the Directors of NL in NL and PBIL either singly or jointly or as nominee as on January 28, 2011 is as under:

Sr. No.	Name of the Directors	Designation	Equity shares in NL	Equity shares in PBIL
1.	Mr. Pran Nath Talwar	Chairman	452103#	795500*
2.	Mr. Vivek Talwar	Managing Director	6803036#	795500*
3.	Ms. Poonam Talwar	Director	62562	Nil
4.	Mr. S. K. Bharadwaj	Director	Nil	Nil
5.	Mr. Atul Sud	Director	Nil	Nil
6.	Mr. Gaurav Burman	Director	Nil	Nil

* Out of 795500 equity shares of PBIL, 395500 equity shares are held jointly by Mr. P.N.Talwar, Ms. Rajeshwari Talwar & Mr. Vivek Talwar and 400000 equity shares are held jointly by Ms. Rajeshwari Talwar, Mr. P.N.Talwar & Mr. Vivek Talwar.

Out of 32123552 equity shares of NL, 6803036 equity shares are held as follows:

Sr. No.	Name of shareholder	Number of equity shares
1	Mr. P.N.Talwar, Ms. Rajeshwari Talwar & Mr. Vivek Talwar	317952
2	Ms. Rajeshwari Talwar, Mr. P.N.Talwar & Mr. Vivek Talwar	134151
	Sub-total (A)	452103
3	Vivek Talwar (HUF)	27264
4	Mr. Vivek Talwar	6323669
	Sub-total (B)	6350933
	Total ((A)+(B))	6803036

- (b) The extent of the shareholding of the Directors of PBIL in NL and PBIL either singly or jointly or as nominee as on January 28, 2011 is as under:

Sr. No.	Name of the Directors	Designation	Equity shares in NL	Equity shares in PBIL
1.	Mr. Anup Kumar Parashar	Director	NIL	NIL
2.	Mr. Kalyanakrishnan Naganathan	Director	NIL	NIL
3.	Mr. Bayajirao Bapurao Potdar	Director	NIL	NIL

17. The financial position of NL will not be adversely affected by the Scheme of Amalgamation since the value of the assets of both, PBIL and NL, are more than their respective liabilities and as such PBIL and NL both have positive net worth. Further, the rights and interests of the creditors of NL and PBIL will not be prejudicially affected by the Scheme as NL post Amalgamation will be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of NL and PBIL will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
18. NL has obtained the approval to the Scheme of Amalgamation in the terms of Clause 24(f) of the Listing Agreements of National Stock Exchange of India Limited and Bombay Stock Exchange Limited vide their letters dated February 8, 2011 and February 16, 2011 respectively.
19. No investigation proceedings are pending or are likely to be pending under Sections 235 to 251 of the Companies Act, 1956 in respect of NL.
20. The rights and interests of the members of NL will not be prejudicially affected by the Scheme.
21. On the Scheme of Amalgamation being approved as per the requirements of Section 391 of the Companies Act, 1956, PBIL and NL will each seek the sanction of the Hon'ble High Court of Judicature at Bombay to the Scheme.

22. In the event of any of the sanctions and approvals enumerated in the Scheme not being obtained and / or the Scheme not being sanctioned by the High Court or such other competent authority and / or the order or orders not being passed as aforesaid before December 31, 2011 or such other date as may be agreed by the respective Board of Directors of NL and PBIL may determine, the Scheme shall become null and void, and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.
23. Inspection of the following documents may be had by the Members of the Applicant Company at the Registered Office of NL up to one day prior to the date of the meeting between 11 a.m. and 1 p.m. on all working days (except Saturdays, Sundays and public holidays):
- (a) Copy of the Order dated 25th day of February, 2011 of the High Court of Judicature at Bombay passed in Company Summons for Direction No. 139 of 2011 directing the convening of the meeting of the Members of NL.
 - (b) Scheme of Amalgamation.
 - (c) Memorandum and Articles of Association of NL and PBIL.
 - (d) The Audited Financial Statements of NL and PBIL for last three financial years ended March 31, 2010, March 31, 2009 and March 31, 2008.
 - (e) The Unaudited Financial Statements of NL and PBIL as on December 31, 2010.
 - (f) Valuation Report of M/s. Grant Thornton, an independent Chartered Accountant.
 - (g) Fairness opinion of M/s Vertex Securities Limited.
 - (h) Copy of No Objection Certificate to the Scheme received from the National Stock Exchange of India Limited and Bombay Stock Exchange Limited dated February 8, 2011 and February 16, 2011 respectively.

This statement may be treated as an Explanatory Statement under Section 173 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of NL and/or at the office of the Advocates M/S HEMANT SETHI & Co., 302, Satnam Building, 3A, Sion West, Mumbai – 400 022.

Sd/-

Vivek Talwar

Managing Director

Chairman appointed for the meeting

Dated this 3rd day of March, 2011

Registered office:

Nitco House, Recondo Compound,
Inside Municipal Asphalt Compound,
S. K. Ahire Marg, Worli, Mumbai – 400030.

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

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**SCHEME OF AMALGAMATION
OF
PARTICLE BOARDS INDIA LIMITED
WITH
NITCO LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
Under sections 391 to 394 of the Companies Act, 1956**

PREAMBLE

1. This Scheme of Amalgamation (the 'Scheme') is presented under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, for merger of Particle Boards India Limited ('PBIL' or the 'Transferor Company') with Nitco Limited ('NL' or the 'Company' or the 'Transferee Company')
2. This Scheme also provides for various other matters consequential, incidental or otherwise integrally connected therewith.

Parts of the Scheme:

The Scheme is divided into the following parts:

1. **PART A** deals with Definition and Share Capital;
2. **PART B** deals with amalgamation of the Transferor Company with the Transferee Company;
3. **PART C** deals with the Accounting Treatment and General Terms; and
4. **PART D** which deals with Other Terms and Conditions.

**PART A
DEFINITION AND SHARE CAPITAL**

1. DEFINITIONS

In this scheme, unless inconsistent with the subject, the following expression shall have the meanings respectively assigned against them:

- 1.1. **"Act"** means the Companies Act, 1956 and shall include any statutory modification, re-enactment or amendments thereof for the time being in force.
- 1.2. **"Appointed Date"** means the April 1, 2010 or such other date as may be approved by the High Court of Judicature at Bombay or any other appropriate authority.
- 1.3. **"Effective Date"** means the date on which the certified or authenticated copy of the Orders of High Court of Judicature at Bombay under Sections 391 and 394 of the Act sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra at Mumbai.
- 1.4. **"High Court"** means the High Court of Judicature at Bombay.
- 1.5. **"NL" or "Transferee Company"** or the **"Company"** means Nitco Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400 030.
- 1.6. **"PBIL" or "Transferor Company"** means Particle Boards India Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Plot No. 3, Kanjur Village Road, Kanjurmarg (E), Mumbai – 400 042.
- 1.7. **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Amalgamation in its present form or with any modification(s) made under clause 14 of the scheme as approved or directed by the High Court of Judicature at Bombay.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories

Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961, such modification to not affect other parts of the Scheme.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) and amendments(s) made under Clause 14 of the Scheme, approved or imposed or directed by the High Court of Judicature at Bombay, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

The share capital of NL as at March 31, 2010 is as under:

Particulars	Amount (Rs.)
Authorised	
5,00,00,000 Equity Shares of Rs. 10 each	50,00,00,000
Total	50,00,00,000
Issued Subscribed and Paid Up	
3,21,23,552 Equity Shares of Rs. 10 each fully paid-up	32,12,35,520
Total	32,12,35,520

The share capital of PBIL as at March 31, 2010 is as under:

Particulars	Amount (Rs.)
Authorised	
2,35,000 Equity Shares of Rs.100/- each	2,35,00,000
40,000 Cumulative Preference Shares of Rs.100/- each	40,00,000
Total	2,75,00,000
Issued Subscribed and Paid Up	
2,25,000 Equity Shares of Rs.100/- each fully paid up	2,25,00,000
Total	2,25,00,000

Out of the above, 2,14,860 equity shares, comprising of 95.49% of the equity share capital of PBIL, are held by Nitco Realities Private Limited, a 100% subsidiary of NL. Subsequent to March 31, 2010, the Issued, Subscribed and Paid-up capital of PBIL was subdivided from 2,25,000 equity shares of face value of Rs. 100 each to 2,25,00,000 equity shares of Re. 1 each.

PART B

AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEREE COMPANY

4. TRANSFER AND VESTING

- 4.1 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and the Undertaking of the Transferor Company including all the debts, liabilities, duties and obligations of the Transferor Company of every description and also including, without limitation, all the movables and immovable properties and assets of the Transferor Company comprising amongst others all freehold and leasehold land, all freehold and leasehold buildings, investments, vehicles, furniture and fixtures, computers, office equipment, permits, licenses, authorisations, if any, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, any benefits and approvals, shall without any further act or deed, but subject to the charges affecting the same be transferred and/or deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the assets and liabilities of the Transferee Company.

- 4.2 The transfer and vesting as aforesaid shall be subject to the existing charges / hypothecation / mortgages, if any, as may be subsisting and agreed to be created over or in respect of the said assets or any part thereof, provided however, any reference in any security documents or arrangements to which the Transferor Company is party wherein the assets of Transferor Company have been or are offered or agreed to be offered as security for any financial assistance or obligations shall be construed as reference only to the assets pertaining to the Transferor Company and vested in the Transferee Company by virtue of this Scheme to the end and intent that the charges shall not extend or deemed to extend to any assets of the Transferee Company.

Provided that the Scheme shall not operate to enlarge the security for the said liabilities of the Transferor Company which shall vest in the Transferee Company by virtue of the Scheme and the Transferee Company shall not be obliged to create any further, or additional security thereof after the merger has become effective or otherwise. The transfer / vesting of the assets of the Transferor Company as aforesaid shall be subject to the existing charges / hypothecation / mortgages over or in respect of the assets or any part thereof of the Transferor Company.

- 4.3 All the moveable assets of the Transferor Company or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand, shall be physically handed over by manual delivery or by endorsement and delivery, to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or endorsement and delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly.
- 4.4 In respect of any assets of the Transferor Company other than those mentioned in Clause 4.3 above, including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, the Transferor Company shall if so required by the Transferee Company, and the Transferee Company may, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the High Court of Judicature of Bombay having sanctioned this Scheme between the Transferor Company and the Transferee Company under Section 394 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realise the same stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.5 The transfer of assets and liabilities pursuant to Clause 4.1 above and the continuance of proceedings by the Transferee Company pursuant to Clause 10 shall not affect any transaction or proceedings already concluded by Transferor Company on or before the Appointed Date or after the Appointed Date till the Effective Date to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in regard thereto, as if done and executed by the Transferee Company on behalf of itself.
- 4.6 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of the Transferor Company, as on the Appointed Date whether provided for or not in the books of accounts of the Transferor Company, and all other liabilities which may accrue or arise after the Appointed Date but which relates to the period on or upto the day of the Appointed Date shall, pursuant to the Orders of the High Courts or such other competent authority as may be applicable under Section 394 and other applicable provisions of the Act, without any further act or deed, be transferred or deemed to be transferred to and vested in the Transferee Company, so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company.
- 4.7 The Transferee Company may at any time after the coming into effect of the Scheme in accordance with the provisions of the Scheme, if so required, under any law or otherwise, execute deeds of Confirmation, in favour of the creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which the Transferor Company is party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- 4.8 The transferred undertaking of the Transferor company, as may deem to be fit by the Board of Directors of the Transferee company, shall operate under the name "Particle Board of India – a division of Nitco Limited".

5. CONSIDERATION

- 5.1 Upon coming effect of this Scheme and consequent to the amalgamation of the Transferor Company with the Transferee Company and the dissolution without winding up of the Transferor Company in terms of the Scheme, the Transferee Company shall without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company (other than the Transferee Company or any of its subsidiary), on the Effective Date, Equity Shares of Rs. 10/- (Rupees Ten only) each, credited as fully paid up in the following ratio:

“ 47 (Forty Seven) fully paid up Equity Shares of the face value of Rs. 10/- (Rupees Ten only) each in the Transferee Company for every 100 (Hundred) fully paid up equity shares of the face value of Re. 1/- (Rupee One) each held in the Transferor Company.”

- 5.2 The new equity shares to be issued to the shareholders of the Transferor Company under Clause 5.1 shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank pari passu with the existing equity shares of the Transferee Company in all respects including dividend.
- 5.3 Upon New Equity Shares being issued and allotted by the Transferee Company to the shareholders of the Transferor Company, in accordance with Clause 5.1, the share certificates in relation to the shares held by the said shareholders in the Transferor Company shall be deemed to have been cancelled and extinguished and be of no effect on and from such issue and allotment.
- 5.4 The New Equity Shares shall be issued in dematerialized form to the equity shareholders of the Transferor Company, provided all details relating to the account with the Depository Participant are available to the Transferee Company.
- 5.5 The Transferee Company shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment by the Transferee Company of New Equity Shares to the shareholders of the Transferor Company under the Scheme.
- 5.6 The issue and allotment of New Equity Shares to the shareholders of the Transferor Company, as provided in this Scheme, shall be deemed to be made in compliance with the procedure laid down under Section 81(1A) and any other provisions of the Act.
- 5.7 The New Equity Shares of the Transferee Company issued pursuant to Clause 5.1 above, shall be listed and / or admitted to trading on all the stock exchanges on which the shares of the Transferee Company are listed as on the Effective Date. Such 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 regulatory authorities pertaining to the listing of the New Equity Shares issued pursuant to the scheme.
- 5.8 The Transferee Company shall, if and to the extent required, increase and / or reclassify its Authorized Share Capital to facilitate issue of Equity Shares under this Scheme.

PART C

ACCOUNTING TREATMENT AND GENERAL CLAUSES

6. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEE COMPANY

Upon the Scheme becoming effective, the Transferee Company shall account for the amalgamation in its books of account as under:

- 6.1 With effect from the Appointed Date, all the assets and liabilities appearing in the books of account of the Transferor Company shall be transferred and vested in the Transferee Company and shall be recorded by the Transferee Company at their respective fair values as may be decided by the Board of Directors of the Transferee Company.
- 6.2 Inter-company balances, if any, will stand cancelled.
- 6.3 The difference, being the fair value of assets over the fair value of liabilities transferred to the Transferee Company pursuant to this Scheme, after making the adjustment as mentioned in clause 6.2 above; after adjusting for revision in the value of assets and liabilities, appearing in the book of accounts of the Transferee Company as considered appropriate by the Board of Directors of the Transferee Company; after adjusting for consideration discharged in terms of Clause 5 above and after providing for all the costs and expenses incurred as per Clause 17 of the Scheme as well as other costs, whether of the Transferor Company or of the Transferee Company, incidental with the finalization of this Scheme and to put it into operation of the said Scheme, shall be credited to the Capital Reserve.
- 6.4 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the accounting policies, as may be directed by the Board of Directors of the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the General Reserve Account and any other reserve as may be determined by the Board of Directors of the Transferee Company, to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

7. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

With effect from the Appointed Date and upto and including the Effective Date:

- 7.1 The Transferor Company shall carry on and deemed to have carried on its business and activities and shall stand

possessed of its entire business and undertakings, in trust for the Transferee Company and shall account for the same to the Transferee Company.

- 7.2 The Transferor Company shall carry on its business and activities with reasonable diligence and business prudence and shall not alter or diversify its respective businesses nor venture into any new businesses, nor alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Boards of Directors of the Transferor Company and the Transferee Company.
- 7.3 All the income or profits accruing or arising to the Transferor Company and all costs, charges, expenses or losses incurred by the Transferor Company shall for all purposes be treated as the income, profits, costs, charges, expenses and losses as the case may be of the Transferee Company.
- 7.4 The Transferor Company shall not vary the terms and conditions of employment of any of the employees except in the ordinary course of business or without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Company as the case may be, prior to the Effective Date.
- 7.5 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Transferee Company may require to carry on the business of the Transferor Company.

8. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 8.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, leasehold rights relating to land and building, agreements and other instruments, if any, of whatsoever nature pertaining to the Transferor Company to which the Transferor Company is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.
- 8.2 The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.
- 8.3 All taxes of any nature, duties, cess or any other like payments or deductions made by Transferor Company to any statutory authorities such as Income Tax, Sales tax, Service Tax, Value Added Tax etc. or any tax deduction/ collection at source, relating to the period after the Appointed Date and upto the Effective Date shall be deemed to have been on account of and on behalf of Transferee Company and the relevant authorities shall be bound to transfer to the account of and give credit for the same to Transferee Company upon the passing of the order on this Scheme by the High Court or any other appropriate authority and upon relevant proof and documents being provided to the said authorities.
- 8.4 It is expressly clarified that upon the Scheme becoming effective all taxes payable by Transferor Company from the Appointed Date onwards shall be treated as the tax liability of Transferee Company; similarly all credits for tax deduction at source on income of Transferor Company shall be available to Transferee Company; or obligation for deduction of tax at source on any payment made by or to be made by Transferor Company shall be made or deemed to have been made and duly complied with if so made by either the Transferor Company or the Transferee Company. Similarly any advance tax payment required to be made by specified due dates in the tax laws shall also be deemed to have been made correctly if so made by Transferor Company.
- 8.5 All cheques and other negotiable instruments, payment orders received in the name of Transferor Company after the Effective Date shall be accepted by the bankers of Transferee Company and credited to the account of Transferee Company. Similarly, the banker of Transferee Company shall honour cheques issued by Transferor Company for payment after the Effective Date.

9. STAFF, WORKMEN & EMPLOYEES

- 9.1 On the Scheme becoming effective, the employees, if any, of the Transferor Company, as on the effective date, shall become the employees of the Transferee Company, without any break or interruption in their services, on same terms and conditions on which they are engaged. The Transferee Company further agrees that for the purpose of payment of any retirement benefit/ compensation, such immediate uninterrupted past services with the Transferor Company shall also

be taken into account. The Transferee Company undertakes to continue to abide by the terms of agreement/ settlement entered into by the Transferor Company with employees' union/ employee or associations of the Transferor Company.

- 9.2 The accounts/ funds of the employees, whose services are transferred under Clause 9.1 above, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the respective Trusts / Funds of the Transferee Company and such employees shall be deemed to have become members of such Trusts/ Funds of the Transferee Company.

10. LEGAL PROCEEDINGS

- 10.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued and enforced by or against the Transferee Company, as the case may be, in the same manner and to the same extent as it would or might have been continued and enforced by or against the Transferor Company as if this Scheme had not been made.
- 10.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Company, the Transferee Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Transferee Company.

11. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 4 above and the continuance of proceedings by or against the Transferor Company under Clause 10 above shall not affect any transaction or proceedings already concluded by the Transferor Company on and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of the Transferee Company.

12. DISSOLUTION OF THE TRANSFEROR COMPANY

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

PART D OTHER TERMS & CONDITIONS

13. APPLICATION TO HIGH COURT

The Transferor Company and the Transferee Company shall make all necessary applications under Sections 391 to 394 and other applicable provisions of the Act to the High Court of Judicature at Bombay for seeking approval of the Scheme.

14. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Transferor Company and the Transferee Company by their respective Boards of Directors ('the Board', which term shall include Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the High Court and/or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). The Transferor Company and the Transferee Company by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or Order of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

15. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 15.1 The Scheme being approved by the requisite, majorities in number and value of the respective shareholders and/or creditors of the Transferor Company and the Transferee Company as may be directed by the High Court.
- 15.2 The Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 and other applicable provisions of the Act.
- 15.3 The requisite consent, approval or permission of any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 15.4 Certified copies of the Orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai, by Transferor Company and the Transferee Company respectively.
- 15.5 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise.

by the Transferor Company and the Transferee Company, and by their respective Board of Directors or any Committee constituted by them.

16. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before December 31, 2011 or within such further period or periods as may be agreed upon between the Transferor Company and the Transferee Company by their Boards of Directors (and which the Boards of Directors of the Company are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation) this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

17. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 139 OF 2011

In the matter of the Companies Act, 1956 (1 of 1956);
AND
In the matter of Sections 391 to 394 of the Companies Act, 1956;
AND
In the matter of Scheme of Amalgamation of
Particle Boards India Limited ("PBIL" or "the Transferor Company")
with
Nitco Limited ("NL" or "the Transferee Company")
and
their Respective Shareholders And Creditors

NITCO LIMITED, a company incorporated under the provisions of
Companies Act, 1956 having its Registered Office at Nitco House,
Recondo Compound, Inside Municipal Asphalt Compound,
S. K. Ahire Marg, Worli, Mumbai – 400030.

} Applicant Company

FORM OF PROXY

I/ We, the undersigned, being the Member(s) of Nitco Limited, the
Applicant Company do hereby appoint Mr./ Ms. _____ of _____ and failing him/her
_____ of _____ as my/our proxy, to act for me/us at the meeting of the Members to
be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai 400 001 on Friday, April 1 , 2011
at 11:00 am. for the purpose of considering and, if thought fit, approving, with or without modification, the arrangement embodied in the proposed
Scheme of Amalgamation of Particle Boards India Limited ('PBIL') with Nitco Limited ('NL') and their respective Shareholders and Creditors and at
such meeting, and any adjournment/ adjournments thereof, to vote, for me/us and in my/ our name(s) _____
_ (herein, if for insert 'FOR', if against insert 'AGAINST' and in the later case strike out the words "either with or without modifications" after the word
"Amalgamation") the said arrangement embodied in the Scheme of Amalgamation either with or without modifications as my/our proxy may approve.

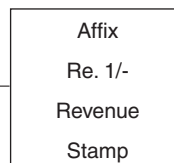
*Strike out what is not necessary

Dated this _____ day of _____, 2011

Signature _____

Name : _____

Address : _____



Reg. Folio No. : _____

Client ID No. : _____

DP ID No. : _____

No. of equity shares : _____

Signatures of Shareholder(s)

Sole / First Holder : _____

Second Holder : _____

Third Holder : _____

Signature of Proxy

Proxy : _____

Notes:

- (1) The Proxy must be deposited at the Registered Office of the Company at Nitco House, Recondo Compound, Inside Municipal Asphalt Compound, S. K. Ahire Marg, Worli, Mumbai – 400030 at least 48 hours before the time for holding the meeting. The proxy need not be a member of Nitco Limited.
- (2) All alterations made in the form of Proxy should be initialed.
- (3) In case of multiple proxies, the proxy later in time shall be accepted.

NITCO LIMITED

Registered and Corporate Office: Nitco House, Recondo Compound, Inside Municipal Asphalt Compound,
S. K. Ahire Marg, Worli, Mumbai – 400030.

ATTENDANCE SLIP

COURT CONVENED MEETING OF MEMBERS ON FRIDAY, 1ST DAY OF APRIL, 2011

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I/We hereby record my/our presence at the Meeting of the Members of the Company, convened pursuant to the Order dated 25th day of February, 2011 of the Hon'ble High Court of Judicature of Bombay, at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai 400 001 on Friday, April 1, 2011 at 11:00 a.m.

Name and Address of Member **(IN BLOCK LETTERS)**:

Signature : _____

Reg.Folio No. : _____

Client ID : _____

D.P. I.D. : _____

No. of Equity Shares : _____

Name of the Proxy **(IN BLOCK LETTERS)** : _____

Signature : _____

NOTE :

Members attending the Meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.

