
ZUARI INDUSTRIES LIMITED

Registered Office : Jai Kisaan Bhawan,
Zuarinagar, Goa- 403726

MEETING OF EQUITY SHAREHOLDERS

DATE : 17th August 2011

TIME : 11.00 a.m.

VENUE : Jai Kisaan Bhawan,
Zuarinagar,
Goa- 403726

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**IN THE HIGH COURT OF JUDICATURE OF BOMBAY AT GOA
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 19 OF 2011**

**IN THE MATTER OF:
THE COMPANIES ACT, 1956;**

and

In the matter of:

Application under sections 391 to 395 of the Companies Act, 1956;

and

In the matter of:

Scheme of Arrangement and Demerger

between

Zuari Industries Limited and Zuari Holdings Limited

and their respective shareholders and creditors.

and

In the matter of:

Zuari Industries Limited, a company incorporated under the Companies Act, 1956, having its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa- 403726	APPLICANT/TRANSFEROR COMPANY
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**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF
ZUARI INDUSTRIES LIMITED**

To

The Equity Shareholders

Zuari Industries Limited, (the Company).

Take notice that by an order made on the 7th July, 2011, the Hon'ble High Court of Bombay at Goa, has directed that a meeting of the Equity Shareholders of the Company, be held at Jai Kisaan Bhawan, Zuarinagar, Goa-403726 on Wednesday, the 17th day of August, 2011 at 11.00 am, for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement and Demerger between Zuari Industries Limited and Zuari Holdings Limited and their respective shareholders and creditors ("the Scheme").

In pursuance of the said Order and the directions contained therein further notice is hereby given that a meeting of Equity Shareholders of the Company will be held at Jai Kisaan Bhawan, Zuarinagar, Goa- 403726 on Wednesday the 17th of August, 2011 at 11.00 am, which you are requested to attend.

Persons entitled to attend and vote at the said meeting may vote in person or by proxy, provided that a proxy in the prescribed form is deposited at the Registered Office of the Company at Jai Kisaan Bhawan, Zuarinagar, Goa- 403726, not later than 48 hours before the time fixed for the meeting.

The Hon'ble High Court of Bombay at Goa has appointed Mr. J. N. Godbole, as the Chairman and failing him, Mr. Marco Wadia to be the Alternate Chairman of the said meeting.

A copy of the Scheme, the statement under Section 393 of the Companies Act, 1956 and a form of Proxy are enclosed.

Dated this 14th day of July, 2011

Shri. J. N. Godbole
(Chairman appointed for the meeting)

Registered Office :

Jai Kisaan Bhawan,

Zuarinagar, Goa - 403 726

**IN THE HIGH COURT OF JUDICATURE OF BOMBAY AT GOA
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 19 OF 2011**

In the matter of the Companies Act, 1956;

And

In the matter of : Application under sections 391-395 of the Companies Act, 1956;

And

In the matter of : The Scheme of Arrangement and Demerger between Zuari Industries Limited
and Zuari Holdings Limited and their respective shareholders and creditors

And

In the matter of:

Zuari Industries Limited, a company incorporated under the Companies Act, 1956, having its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa- 403726	APPLICANT/TRANSFEROR COMPANY
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**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956
ON BEHALF OF ZUARI INDUSTRIES LIMITED, (THE COMPANY)**

The accompanying Notice has been sent convening a meeting of the equity shareholders of the Company for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement and Demerger between the Company and Zuari Holdings Limited ("Transferee Company"), a company incorporated under the provisions of the Companies Act, 1956 (the "Act") and having its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa-403726, their respective shareholders and creditors (the "Scheme").

1. (i) Pursuant to the Order dated 7th July, 2011 passed by the Hon'ble High Court of Judicature of Bombay at Goa in the Company Application referred to above, meeting of the equity shareholders of the Company is being convened and held on Wednesday, 17th August, 2011 at Jai Kisaan Bhawan, Zuarinagar, Goa- 403 726 at 11.00 am, for the purpose of considering and, if thought fit, approving with or without modifications, the Scheme, as approved by the Board of Directors of the Company and the Transferee Company at their respective meetings held on 24th May 2011. A copy of the Scheme is attached to the notice of the meeting.
- (ii) The Hon'ble High Court of Judicature of Bombay at Goa, vide its order dated 14th July 2011, dispensed with the requirement of convening the meetings of the secured and unsecured creditors of the Company, to consider the Scheme.
2. The Hon'ble High Court of Judicature of Bombay at Goa, vide its order dated 7th July, 2011, dispensed with the requirement of convening the meetings of the equity shareholders, secured and unsecured creditors of the Transferee Company, to consider the Scheme.
3. Zuari Industries Limited, the Company was incorporated under the provisions of the Act and has its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa-403726.
4. The objects for which the Company has been established are set out in its Memorandum of Association. The main objects of the Company are as follows:
 - "1. To manufacture, produce, refine, process, formulate, mix or prepare, mine or otherwise acquire, invest in, own, hold, use, lease, mortgage, pledge buy, sell, exchange, distribute, assign, transfer or otherwise dispose of, trade, deal in and deal with, import and export any and all classes and kinds of agricultural chemicals, fertilisers, manures, their mixtures and formulations and any and all classes and kinds of chemicals, source materials, ingredients, mixtures derivatives and compounds thereof, and any and all kinds of products of which any of the foregoing constitutes an ingredient or in the production of which any of the foregoing is used including but not limited to fertilisers and agricultural and industrial chemicals of all kinds, and industrial and other preparations or products arising from or required in the manufacture, refining etc. of any kind of fertilizer, manure, their mixtures and formulations.
 2. To carry on the business of manufacturers, producers, refiners, processors, miners, exporters, importers, buyers and sellers of, and dealers in and with all and any fats, dips, sprays, vermifuges, fungicides, insecticides, germicides, disinfecting preparations, fumigators, medicines and remedies of all kinds for agricultural, trees and fruit growing, gardening and other purposes or as remedies for humans and animals and whether produced

from vegetable, mineral, gaseous, animal or any other matters or substances by any process whether chemical, mechanical, electrical or otherwise.

3. To purchase, manufacture, produce or otherwise acquire, invest in, own, hold, use, lease, mortgage, pledge, sell, assign, transfer or otherwise dispose of trade, deal in and deal with goods, wares and merchandise and personal property of every class and description.”

5. The share capital structure of the Company as on 24th May, 2011 was as under:

A.	Authorized Share Capital	Amount in Rs.
	35,750,000 Equity Shares of Rs. 10/- each	357,500,000
	10,000,000 Cumulative Redeemable Preference Shares of Rs. 100/- each.	1,000,000,000
	Total	1,357,500,000

B.	Issued Share Capital	
	29,451,168 Equity Shares of Rs. 10/- each	294,512,000
	Total	294,512,000

C.	Subscribed and Paid up Share Capital	
	29,440,604 Equity Shares of Rs. 10/- each	294,406,040
	Equity Shares (forfeited shares)	5,000
	Total	294,411,040

Out of the above 4,813,332 Equity Shares have been issued as fully paid-up for consideration other than cash.

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”).

6. Zuari Holdings Limited, the Transferee Company was incorporated on 10th September, 2009 under the Act. The Transferee Company has its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa- 403726.

7. The objects for which the Transferee Company has been established are set out in its Memorandum of Association. The main objects of the Transferee Company are as follows:-

“1. To carry on the business of investment, holding and Investment Trust Company and for that purpose to invest in, acquire, underwrite, subscribe for, hold shares, bonds, stocks, securities, debentures, debenture stocks issued or guaranteed by any Company constituted and carrying on business in India or elsewhere; any Government, state, union territory, sovereign, Central or Provincial Commissioners, public body or authority, supreme, municipal, local or otherwise whether in India or elsewhere.

2. To invest money (not amounting to banking business) on personal security or on the security of leasehold and freehold land, shares, securities, stock, merchandise and other properties and assets and generally to lend and advance money to such persons, firms, or Companies and upon such terms and subjects to such conditions as may seem expedient and to invest in and otherwise deal in gold, silver, and other precious metals and all articles and merchandise of all kinds either ready or for forward delivery and to carry on and transact every kind of guarantee and indemnity business and to undertake obligations of every kind and description and also to undertake trust of all kind.”

8. The share capital structure of the Transferee Company as on 24th May, 2011 was as under:-

A.	Authorized Share Capital	Amount in Rs.
	12,618,000 Equity Shares of Rs. 10/- each	126,180,000
	Total	126,180,000

B.	Issued, Subscribed and paid up Share Capital	
	12,617,402 Equity Shares of Rs. 10/- each	126,174,020
	Total	126,174,020

The equity shares of the Transferee Company are, at present, not listed on any stock exchange.

BACKGROUND AND RATIONALE TO THE SCHEME

9. The Company is engaged in primarily the following distinct and diverse business activities, namely:
- (a) Fertilizer business which comprises of manufacturing and sale of fertilizers;
 - (b) Pesticide business which comprises of procuring and marketing of pesticides; and
 - (c) Other businesses which comprise businesses undertaken through subsidiaries and joint-ventures namely manufacturing and trading in furniture, real estate development, providing engineering consultancy services, manufacture of cement, transportation and storage of petroleum products, etc.

The Company has grown to a very sizeable organisation and has evolved into a well diversified and progressive industrial group.

Each of the respective businesses of the Company are distinct and diverse in their characteristics, growth trajectories, risk profile, maturity stage, requirement of funds and require entirely different approaches.

In order to effectively and efficiently cater to the independent growth plans (both through organic and inorganic means), of each of the respective businesses, and in order to diversify, continuous funding support through equity and debt is imperative.

The Transferee Company is a direct and indirect wholly owned subsidiary of the Company, and is presently engaged in the business of inter alia making strategic investments into and holding securities of other entities and operating fertilizer plants.

With the intent of adopting a linear structure in the businesses of the Company, the Board of Directors of the Company have decided to demerge the Fertilizer Undertaking of the Company into the Transferee Company, in compliance with provisions of Sections 391-395 and other relevant provisions of the Act.

The benefits likely to arise from the proposed arrangement and demerger are as follows:

- (i) The arrangement and demerger will be in the larger interest of the shareholders, creditors and employees of the Company as it will enable them to fulfill their objectives more efficiently by separately holding investments which best suit their investment strategies and risk profiles.
 - (ii) The Scheme gives flexibility to shareholders of the Company to continue or divest in the Company and/or in the Transferee Company.
 - (iii) The demerger of the Fertilizer Undertaking into the Transferee Company will provide as a measure of corporate restructuring and will help to develop potential for further growth and diversification to have better synergy and optimization of resources as well as to facilitate fund raising and development of the Fertilizer Undertaking.
 - (iv) The demerger will enable the better and more efficient management, control and running of the Fertilizer Undertaking by the Transferee Company.
 - (v) The Scheme shall not in any manner be prejudicial to the interests of concerned shareholders or creditors or general public at large.
10. The arrangement contemplated in the Scheme will help avoid duplication of resources, systems, skills and process, reduce overall cost, improve synergies, enable the achievement of economies of scale, reduce administrative costs entailed by the conduct of businesses through separate entities, provide enhanced flexibility in funding of expansion plans, promote management efficiency and optimize the resources of the Company and the Transferee Company.
11. The Scheme was placed before the Board of Directors of the Company on 24th May, 2011 at which time the reports on the recommendation of the share entitlement ratio for the demerger of the Fertilizer Undertaking of the Company to the Transferee Company prepared by Bansi S. Mehta & Co., Chartered Accountants dated 21st May, 2011 ("Report on fair Ratio of Allotment") was tabled before the Board of Directors of the Company. ICICI Securities Limited, a merchant banker registered with the Securities and Exchange Board of India, was engaged by the Company to provide a fairness opinion in relation to the Report on fair Ratio of Allotment. Pursuant to such engagement, ICICI Securities Limited has issued an opinion dated 21st May, 2011 ("Fairness Opinion") which states that, and based upon the Report on fair Ratio of Allotment and subject to various assumptions, limitations and considerations set forth in such written opinion, the share entitlement ratio for the demerger of the Fertilizer Undertaking of the Company to the Transferee Company is fair and reasonable. The Report on fair Ratio of Allotment and the Fairness Opinion are available for inspection and shareholders should read the aforesaid report and Fairness Opinion in their entirety for information regarding the assumptions made and factors considered in rendering the same.

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12. The Board of Directors of the Company has, based on and relying upon the Report on fair ratio of Allotment and the Fairness Opinion, and on the basis of its independent evaluation and judgment, come to the conclusion that the proposed fair ratio of allotment for the demerger of the Fertilizer Undertaking of the Company to the Transferee Company is fair and reasonable and has decided to incorporate the same in the Scheme, and approved the Scheme at its meeting held on 24th May, 2011.

SALIENT FEATURES OF THE SCHEME

13. The salient features of the Scheme in relation to the Company are set out below.

- A. The Scheme envisages:
- (i) the transfer by way of a demerger of the Fertilizer Undertaking of the Company to the Transferee Company, and the consequent issue of equity shares (as defined under the Scheme) by the Transferee Company to the shareholders of the Company;
 - (ii) various other matters consequential or otherwise integrally connected therewith;
Pursuant to section 391 to 395 and other relevant provisions of the Act (as defined hereunder) in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961, including section 2(19AA) thereof.
- B. The “Appointed Date” under the Scheme is 1st July, 2011. The “Effective Date” under the Scheme has been defined to mean date on which the certified copy of the order sanctioning the Scheme is filed by the Company and the Transferee Company with the Registrar of Companies, Goa. The Scheme provides that though it shall become effective from the Effective Date, the provisions of the Scheme shall be applicable and come into operation from the Appointed Date.
- C. “Fertilizer Undertaking” has been defined to mean business of manufacture and sale of fertilizers undertaken by the Company on a going concern basis.
- D. Part III of the Scheme provides that upon the Scheme coming into effect and with effect from the Appointed Date, the Fertilizer Undertaking shall be demerged and be transferred and vested in the Transferee Company. Part III of the Scheme further provides, upon effectiveness of the Scheme:-
- (i) for the transfer of any and all assets including the movable and incorporeal assets of the Company relating to the Fertilizer Undertaking to the Transferee Company
 - (ii) for the transfer of all contracts, deeds, agreements etc. of the Company in relation to the Fertilizer Undertaking in the Transferee Company and for the transfer of all liabilities, debts, obligations etc. of the Company in relation to the Fertilizer Undertaking to the Transferee Company;
 - (iii) for the transfer of all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Fertilizer Undertaking from the Company to the Transferee Company;
 - (iv) that all legal and other proceedings by or against the Company in relation to the Fertilizer Undertaking shall be continued and enforced by or against the Transferee Company;
 - (v) the manner in which the Company shall be deemed to have been carrying on all business and activities relating to the Fertilizer Undertaking for and on account of, and in trust for, the Transferee Company;
 - (vi) that all staff, workmen and other employees of the Company engaged in the Fertilizer Undertaking shall become the permanent employees of the Transferee Company on terms and conditions not less favourable than those on which they are engaged by the Company;
 - (vii) provisions for the Residual Undertaking to continue in the Company;
 - (viii) that in consideration for the demerger of the Fertilizer Undertaking to the Transferee Company, the Transferee Company shall issue and allot to each member of the Company as on the Record Date (as defined under Clause 4.2 of the Scheme) 1 equity share of the Transferee Company of face value of Rs. 10/- (Rupees Ten Only) each for every one equity share of face value of Rs. 10/- (Rupees Ten Only) each held by a shareholder in the Company;
 - (ix) provisions for the increase and alteration to the authorized share capital of the Transferee Company; and
 - (x) the accounting treatment for the demerger in the books of the Company.

- E. Part V of the Scheme also provides for the accounting treatment in the books of accounts of the Company pursuant to the arrangement as provided for in the Scheme.

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

14. The rights and interests of the members and the creditors of the Company and the Transferee Company will not be prejudicially affected by the Scheme.

The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited have accorded their 'No Objection' to the Scheme vide letters dated 21st June 2011 and 10th June 2011 respectively.

15. No investigation proceedings have been instituted or are pending in relation to the Company under Sections 235 and 250A of the Act.
16. The directors of the Company and the Transferee Company (together, the "Companies") may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the 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.
17. The details of the shareholding of the present directors of the Company, in the Company and their share holding in the Transferee Company as on 31st May 2011 is as set out below:

Sr. No.	Names	Designation	No. of shares held in the Company	No. of Shares held in the Transferee Company
1	Mr. Saroj Kumar Poddar	Chairman	79406	NIL
2	Mr. H. S. Bawa	Executive Vice Chairman	NIL	NIL
3	Mr. Suresh Krishnan	Managing Director	NIL	NIL
4	Mr. Arun Duggal	Director	NIL	NIL
5	Mr. D. B. Engineer	Director	NIL	NIL
6	Mr. J. N. Godbole	Director	NIL	NIL
7	Mr. Shyam Bhartia	Director	NIL	NIL
8	Mr. Marco Wadia	Director	2795	NIL
9	Mrs. Jyotsna Poddar	Director	71621	NIL
10	Mr. S. P. Tyagi	Director	NIL	NIL
11	Mr. Akshay Poddar	Alternate Director to Mr. Shyam Bhartia	NIL	NIL

18. The details of the shareholdings of the present directors of the Transferee Company, in the Transferee Company and their share holding in the Company as on 31st May 2011 is as set out below:

Sr. No.	Name	Designation	No. of Shares held in the Transferee Company	No. of shares held in the Company
1	Mr. Saroj Kumar Poddar	Director	NIL	79406
2	Mr. H. S. Bawa	Director	NIL	NIL
3	Mr. Suresh Krishnan	Director	NIL	NIL
4	Mr. Marco Wadia	Director	NIL	2795
5	Mr. J. N. Godbole	Director	NIL	NIL

19. The shareholding pattern of the Company as on 31st May 2011, as well as the shareholding pattern of the Transferee Company expected after the implementation of the Scheme are as set out below:

The pre Scheme shareholding pattern of Zuari Industries Limited (Transferor company) is as follows:

Category of Shareholder		Pre scheme	
		No. of Equity Shares	As a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group		
	Individuals/ Hindu Undivided Family	181027	0.61
	Bodies Corporate	9458596	32.13
	Foreign Bodies Corporate	479750	1.63
	Total shareholding of Promoter and Promoter Group (A)	10119373	34.37
(B)	Public shareholding		
	1 Institutions		
	Mutual Funds/ UTI	3943685	13.4
	Financial Institutions/ Banks	4790	0.01
	Insurance Companies	2436503	8.28
	Foreign Institutional Investors	2355695	8
	Foreign Bank	217	0
	Sub- Total	8740890	29.69
	2 Non-Institutions		
	Bodies Corporate	906349	3.08
	Individual shareholders holding nominal share capital upto Rs.1 Lakh	2590471	8.8
	Any Other (specify)		
	Clearing Members	14787	0.05
	Non Resident Indians	54807	0.19
	Overseas Corporate Bodies	7012450	23.82
	Trusts	1477	0.01
	Sub-Total	10580341	35.94
	Total Public Shareholding (B)	19321231	65.63
	TOTAL (A) + (B)	29440604	100
(C)	Shares held by custodians and against which Depository Receipts have been issued		
	TOTAL (A) + (B) + (C)	29440604	100

The post Scheme (expected) shareholding pattern of the Transferee company upon sanction of the Scheme by the Hon'ble High Court of Bombay at Goa and on filing of the certified copy of such order with the Registrar of Companies.

Category of Shareholder		Post scheme	
		No. of Equity Shares	As a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group		
	Individuals/ Hindu Undivided Family	181027	0.43
	Bodies Corporate (including ZIL and its subsidiary)	22075998	52.49
	Foreign Bodies Corporate	479750	1.14
	Total shareholding of Promoter and Promoter Group (A)	22736775	54.06
(B)	Public shareholding		
	1 Institutions		
	Mutual Funds/ UTI	3943685	9.38
	Financial Institutions/ Banks	4790	0.01
	Insurance Companies	2436503	5.79
	Foreign Institutional Investors	2355695	5.6

Category of Shareholder			Post scheme	
			No. of Equity Shares	As a % of (A+B+C)
		Foreign Bank	217	0
		Sub- Total	8740890	20.78
	2	Non-Institutions		
		Bodies Corporate	906349	2.16
		Individual shareholders holding nominal share capital upto Rs.1 Lakh	2590471	6.16
		Any Other (specify)		
		Clearing Members	14787	0.04
		Non Resident Indians	54807	0.13
		Overseas Corporate Bodies	7012450	16.67
		Trusts	1477	0
		Sub-Total	10580341	25.16
		Total Public Shareholding (B)	19321231	45.94
		TOTAL (A) + (B)	42058006	100.00
(C)		Shares held by custodians and against which Depository Receipts have been issued		
		TOTAL (A) + (B) + (C)	42058006	100.00

20. An equity shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. The instrument appointing the proxy should however be deposited at the registered office of the Company not later than 48 (forty eight) hours prior to the commencement of the meeting.
21. Corporate equity shareholders intending to send their authorised representatives to attend the meeting are requested to lodge a certified true copy of the resolution of their board of directors or other governing body of the body corporate not later than 48 (forty eight) hours before commencement of the meeting, authorising such person to attend and vote on its behalf at the meeting.
22. The following documents will be open for inspection by the shareholders of the Company upto one day prior to the date of the Meeting at its registered office between 10:00 a.m. and 1:00 p.m. on all working days (Monday to Friday).
- Certified copy of the Order of the Hon'ble High Court of Judicature of Bombay at Goa dated 7th July, 2011 in the above Company Application directing the convening of the meeting of the equity shareholders of the Company;
 - Copy of the Company Application No. 19 of 2011;
 - Copies of the Memorandum and Articles of Association of the Companies;
 - Audited Balance sheet / Annual Report of the Companies for the financial year ended 31st March, 2011;
 - Copies of the no objection letters dated 21st June 2011 and 10th June 2011 from the BSE and the NSE, respectively;
 - A copy of the Report on fair ratio of allotment issued by Banshi S. Mehta & Co., Chartered Accountants dated 21st May 2011;
 - A copy of the Fairness Opinion dated 21st May 2011 issued by ICICI Securities Limited; and
 - The Scheme of Arrangement and demerger.
23. This statement may be treated as the statement under Section 393 of the Act. A copy of the Scheme and this statement may also be obtained by the equity shareholders of the Company up to one day prior to the date of the meeting at the registered office of the Company and/ or at the Office of the Advocate for the Applicant Company, Mr. Devidas Pangam at Navelkar Arcade, Dr. Atmaram Borkar Road, Panaji, Goa- 403 001.

Dated this 14th day of July, 2011.

Shri. J. N. Godbole
(Chairman Appointed for the Meeting)

Registered office :

Jai Kisaan Bhawan, Zuarinagar, Goa- 403726

**SCHEME OF ARRANGEMENT AND DEMERGER
BETWEEN
ZUARI INDUSTRIES LIMITED AND ITS SHAREHOLDERS AND CREDITORS
AND
ZUARI HOLDINGS LIMITED AND ITS SHAREHOLDERS AND CREDITORS
PART - I**

1. INTRODUCTION AND DEFINITIONS

1.1 Introduction

1.1.1 ZUARI INDUSTRIES LIMITED (the “**Transferor Company**”) is an existing company within the meaning of the Act (as defined below), having its registered office at Jai Kisaan Bhawan, Zuarinagar , Goa 403 726. The Transferor Company was incorporated on 12th May 1967 under the name of Zuari Agro Chemicals Limited and subsequently the name was changed to Zuari Industries Limited vide a fresh Certificate of Incorporation Consequent on Change of Name issued by the Registrar of Companies, Goa, Daman and Diu with effect from 12th February 1998.

1.1.2 The Transferor Company is listed on the National Stock Exchange of India Limited (“NSE”) and the Bombay Stock Exchange Limited (“BSE”).

1.1.3 Currently, the Transferor Company is engaged in primarily the following distinct and diverse business activities, namely:

- (a) Fertilizer business which comprises of manufacturing and sale of fertilizers;
- (b) Pesticide business which comprises of procuring and marketing of pesticides; and
- (c) Other businesses which comprise businesses undertaken through subsidiaries and joint-ventures namely manufacturing and trading in furniture, real estate development, providing engineering consultancy services, manufacture of cement, transportation and storage of petroleum products, etc.

1.1.4 The shareholding pattern of the Transferor Company, as on 24th May, 2011, is provided under **Schedule I** hereto.

1.1.5 Zuari Holdings Limited (the “**Transferee Company**”) is a company incorporated under the Act, having its registered office at Jai Kisaan Bhawan, Zuarinagar , Goa 403 726 . The Transferee Company is engaged in the business of inter alia making strategic investments into and holding securities of other entities and operating fertilizer plants. The Transferee Company is directly and indirectly wholly owned and controlled by the Transferor Company. The shareholding pattern of the Transferee Company, as on 24 May 2011, is provided under **Schedule II** hereto.

1.1.6 Rationale of the Scheme

- (a) The Transferor Company today is engaged in various businesses such as fertilizers, pesticides, furniture, real estate, engineering etc carried out through business divisions and direct and indirect subsidiaries/ joint-ventures. Each of the respective businesses of the Transferor Company is distinct and diverse in their characteristics, growth trajectories, risk profile, maturity stage, requirement of funds and require entirely different approaches. In order to effectively and efficiently cater to the independent growth plans (both through organic and inorganic means), for each of the respective businesses, and to diversify, continuous funding support through equity and debt is imperative.
- (b) With the intent of adopting a linear structure in the businesses of the Transferor Company, it has been decided to demerge the Fertilizer Undertaking (as defined below) of the Transferor Company into the Transferee Company in compliance with provisions of Sections 391-394 and other relevant provisions of the Act.
- (c) The transfer and vesting of the Fertilizer Undertaking in the Transferee Company shall be in the larger interest of the shareholders, creditors and employees of the Transferor Company.

- (d) The demerger of the Fertilizer Undertaking into the Transferee Company will provide as a measure of corporate restructuring and to develop potential for further growth and diversification to have better synergy and optimization of resources as well as to facilitate fund raising and development of Fertilizer Undertaking.
- (e) The demerger will enable the better and more efficient management, control and running of the Fertilizer Undertaking by the Transferee Company.
- (f) The demerger is in the interest of shareholders of the Transferor Company and will enable them to fulfill their objectives more efficiently by separately holding investments which best suit their investment strategies and risk profiles. The Scheme gives flexibility to shareholders of the Transferor Company to continue or divest in the Transferor Company and/or the Transferee Company.
- (g) The Scheme shall not in any manner be prejudicial to the interests of concerned shareholders or creditors or general public at large.

1.1.7 The shareholding pattern of the Transferee Company pursuant to the proposed demerger of the Fertilizer Undertaking shall comprise of the existing shareholders of the Transferor Company and the existing shareholders of the Transferee Company. The Transferee Company shall issue new shares to the existing shareholders of the Transferor Company, in proportion to their shareholding in the Transferor Company, while the existing shareholding of the existing shareholders of the Transferee Company shall stand diluted to such extent in the overall percentage shareholding of the Transferee Company.

1.1.8 Pursuant to the proposed demerger, the names of the Transferor Company and the Transferee Company shall stand inter-changed to Zuari Holdings Limited and Zuari Industries Limited respectively such that "Zuari Industries Limited" shall be substituted for "Zuari Holdings Limited" and "Zuari Holdings Limited" shall be substituted for "Zuari Industries Limited" wherever they appear in their respective Memorandum and Articles of Association.

1.1.9 The demerger of the Fertilizer Undertaking in accordance with this Scheme shall take effect from the Appointed Date.

1.2 Definitions & Interpretations

In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning as mentioned hereinbelow:

"Act" means the Companies Act, 1956 (Act No. 1 of 1956), the rules and regulations made thereunder and will include any statutory modification or re-enactment thereof.

"Appointed Date" means 01 July 2011.

"BSE" has the meaning assigned to it in Clause 1.1.2 hereof.

"Board of Directors" in relation to the Transferor Company and/or the Transferee Company, as the case may be, means its respective board of directors and shall, unless repugnant to the context or otherwise, include a committee of directors or any person authorized by the Board of Directors or such committee of directors.

"Effective Date" means the date on which the event specified in Clause 6.12 of Part V of the Scheme has occurred and the Scheme made effective with effect from the Appointed Date. Any references in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall mean the Effective Date.

"Fertilizer Undertaking" means the business of manufacture and sale of fertilizers undertaken by the Transferor Company, on a going concern basis, as on the Appointed Date. Without prejudice and limitation to the generality of the above, the Fertilizer Undertaking shall mean and include:

- (a) all assets whether movable or immovable, tangible or intangible, including all rights, title, interest, covenant, undertakings, including continuing rights, title and interest in connection with the land and the buildings thereon whether, corporeal or incorporeal, leasehold or otherwise, plant and machinery, fixed or moveable, and whether leased or otherwise, including inventory and work in progress appertaining or relatable to the Fertilizer Undertaking;
- (b) Fertiliser Companies' Government of India Special Bonds, loans and advances, including accrued interest thereon, of the Transferor Company appertaining to the Fertilizer Undertaking, including deposits/ advances paid towards acquisition of the immovable property of the Fertilizer Undertaking;

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- (c) any and all permits, rights, entitlements, allotments, approvals, consents, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, registrations, trade names, trademarks, service marks, copyrights, domain names, easements, goodwill, brand, licenses, tenancies, offices, sales tax credits, subsidies, privileges and benefits of all contracts, agreements, and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever pertaining to the Fertilizer Undertaking;
 - (d) any and all earnest monies and/or security deposits, payment against warrants or other entitlements in connection with or relating to the said Fertilizer Undertaking;
 - (e) All books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Fertilizer Undertaking;
 - (f) all staff, workmen and other employees of the Transferor Company on the Appointed Date as are engaged in or in relation to the Fertilizer Undertaking; and
 - (g) any and all debts, borrowings, guarantees, assurances, commitments, obligations and liabilities, whether fixed, contingent or absolute, asserted or unasserted, present or future, whether secured or unsecured, pertaining to the Fertilizer Undertaking including the following:
 - a. specific loans and borrowings (if any), term loans from banks and financial institutions (if any), bank overdrafts (if any), working capital loans & liabilities, whether secured or unsecured, amount due to small scale industrial undertakings raised incurred and utilized solely for the activities or operation of the business of manufacture and supply of fertilizer; and
 - b. Liabilities other than those referred to above, being the amounts of general or multipurpose borrowings of the Transferor Company if any, allocated to the business of manufacture and supply of fertilizer in the same proportion in which the value of the assets (ignoring the re-valued amount) transferred under this Scheme to Transferee Company bear to the total value of the assets of the Transferor Company immediately before giving effect to this Scheme.

Provided that any issue as to whether any asset or liability pertains to the Fertilizer Undertaking or not, shall be determined by the mutual agreement of the Transferor Company and the Transferee Company.

For the purpose of identification, the immovable properties of the Fertilizer Undertaking are more fully set out in **Schedule III** hereof.

“**High Court**” means the Hon’ble High Court of Bombay at Goa.

“**NSE**” has the meaning assigned to it in Clause 1.1.2 hereof.

“**Record Date**” has the meaning as assigned to it in Clause 4.2 hereof.

“**SEBI**” means the Securities and Exchange Board of India.

“**Scheme**” means this Scheme of Arrangement and Demerger in its present form, with or without modifications, as may be approved for sanction by the Hon’ble High Court.

“**Transferor Company**” has the meaning assigned to it in Clause 1.1.1 hereof.

“**Transferee Company**” has the meaning assigned to it in Clause 1.1.5 hereof.

“**ZIL (Residual) Entity**” means all businesses, assets and liabilities of the Transferor Company that shall result after the transfer and vesting of the Fertilizer Undertaking in the Transferee Company.

“**ZMS**” means Zuari Management Services Limited, which is a wholly owned subsidiary of the Transferor Company.

- 1.3 The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time. In particular, wherever reference is made to the Hon’ble High Court in this Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal or such other forum or authority, as may be vested with any of the powers of a High Court under the Act.

PART - II

2. CAPITAL STRUCTURE

2.1 The capital structure of the Transferor Company, as on 24th May, 2011 is as under:

A.	Authorized Share Capital	Amount in Rs.
	35,750,000 Equity Shares of Rs. 10/- each	357,500,000
	10,000,000 Cumulative Redeemable Preference Shares of Rs. 100/- each.	1,000,000,000
	Total	1,357,500,000

B.	Issued Share Capital	
	29,451,168 Equity Shares of Rs. 10/- each	294,512,000
	Total	294,512,000

C.	Subscribed and Paid up Share Capital	
	29,440,604 Equity Shares of Rs. 10/- each	294,406,040
	Equity Shares (forfeited shares)	5,000
	Total	294,411,040

Out of the above, 4,813,332 Equity Shares have been issued as fully paid up for consideration other than cash.

2.2 The capital structure of the Transferee Company, as on 24th May, 2011 is as under:

A.	Authorized Share Capital	Amount in Rs.
	12,618,000 Equity Shares of Rs. 10/- each	126,180,000
	Total	126,180,000

B.	Issued, Subscribed and paid up Share Capital	
	12,617,402 Equity Shares of Rs. 10/- each	126,174,020
	Total	126,174,020

PART - III

3. DEMERGER, TRANSFER AND VESTING OF THE FERTILIZER UNDERTAKING IN THE TRANSFeree COMPANY

- 3.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the Fertilizer Undertaking shall stand demerged and transferred by the Transferor Company to the Transferee Company (as a going concern) and be vested in and be managed by the Transferee Company, without any further deed or act, together with all its properties, assets, rights, benefits and interest therein, subject to existing charges, lien or lis pendens, if any thereon, in the manner described hereunder.
- 3.2 Without prejudice to the generality of the foregoing, upon the Scheme becoming effective, with effect from the Appointed Date:
- (i) any and all assets relating to the Fertilizer Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by delivery instructions in relation to dematerialized shares or transfer by vesting and recordal pursuant to this Scheme shall stand transferred to and vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement and delivery or by delivery instructions in relation to dematerialized shares or by vesting, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly. No stamp duty shall be payable on the transfer of such movable properties (including shares and other investments, which are in dematerialised form) forming part of the Fertilizer Undertaking and being vested in the Transferee Company;
 - (ii) any and all movable properties of the Transferor Company relating to the Fertilizer Undertaking, other than those specified in sub-clause (i) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons shall without any further act, instrument or deed become the property of the Transferee Company;
 - (iii) any and all debts, liabilities, contingent liabilities, duties and obligations of the Transferor Company relating to the Fertilizer Undertaking, whether secured or unsecured, whether provided for or not or disclosed in the books of accounts of the Transferor Company, shall stand transferred to and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company. The Transferee Company undertakes to meet, discharge and satisfy the same to the exclusion of the Transferor Company. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause.

Where any of the loans, liabilities and obligations attributed to the Fertilizer Undertaking on or after the Appointed Date have been discharged by the Transferor Company on behalf of the Fertilizer Undertaking after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been discharged by the Transferor Company for and on behalf of the Transferee Company;

- (iv) any and all contracts, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, undertakings, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever description and nature in relation to the Fertilizer Undertaking to which the Transferor Company is a party or to the benefit of which, the Fertilizer Undertaking may be eligible and which are subsisting or having effect immediately before the Effective Date, shall stand vested and transferred to the Transferee Company and be in full force and effect on or against or in favour of the Transferee Company and may be enforced by or against it as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto;
- (v) any and all registrations, goodwill, licenses, trademarks, trade names, service marks, patents, copy rights, domain names, brand and all such rights of whatsoever description and nature in relation to the Fertilizer Undertaking to which the Transferor Company is a party or to the benefit of which the Fertilizer Undertaking may be eligible and which are subsisting or having effect immediately before the Effective Date, shall stand vested and transferred to the Transferee Company and be and remain in full force and effect in favour of

the Transferee Company and may be enforced by or against it as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto;

- (vi) any and all statutory or regulatory licenses, no-objection certificates, permissions, approvals, consents, quotas, rights, entitlements, subsidies, exemptions, registrations, certificates, licenses including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto in relation to the Fertilizer Undertaking which are subsisting or having effect immediately before the Effective Date, shall stand vested in and be transferred to the Transferee Company, without any further act or deed done by the Transferor Company or the Transferee Company and be in full force and effect in favour of the Transferee Company. If the consent or recordal of any licensor or authority is required to give effect to the provisions of this Clause, the said licensor or authority shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company pursuant to the sanction of the Scheme by the Hon'ble High Court, and upon the Scheme becoming effective in accordance with the terms hereof.

With effect from the Appointed Date, any such statutory and regulatory no-objection certificates, licenses, permissions, consents, approvals, authorizations or registrations, as are jointly held for the Fertilizer Undertaking and ZIL Residual Entity shall be deemed to constitute separate licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights, and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate/substitute or record the separation, upon filing of this Scheme (as sanctioned by the High Court) with such authorities and licensors after this Scheme becomes effective, so as to facilitate the continuation of operations in the Transferee Company;

- (vii) all staff, workmen and other employees of the Transferor Company, engaged in or in relation to the Fertilizer Undertaking shall be engaged by the Transferee Company, without any interruption of service and on such terms and conditions, as are no less favourable than those on which they are currently engaged by the Transferor Company.

With regard to provident fund, employee state insurance contribution, gratuity fund, leave encashment, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of the Transferor Company, the Transferee Company shall, upon this Scheme becoming effective and with effect from the Appointed Date, stand substituted for the Transferor Company for all purposes whatsoever, including with regard to the obligation to make contributions to the said funds and schemes, in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing provident fund, employee state insurance contribution, gratuity fund, leave encashment, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Transferor Company for such employees of the Fertilizer Undertaking shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by the Transferee Company to the existing funds maintained by the Transferor Company.

The Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to such employees engaged in or in relation to the Fertilizer Undertaking, the past services of such employees with the Transferor Company shall also be taken into account and agrees and undertakes to pay the same as and when payable. The Transferee Company shall continue to abide by any agreement(s)/ settlement(s) entered into with any labour unions/employees by the Transferor Company in relation to the Fertilizer Undertaking;

- (viii) the Transferee Company shall bear the burden and the benefits of any legal or other proceedings relating to or in connection with the Fertilizer Undertaking, initiated by or against the Transferor Company. If any suit, appeal or other proceedings relating to the Fertilizer Undertaking, of whatsoever nature by or against the Transferor Company be pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made. The Transferee Company also undertakes to deal with all legal or other proceedings, which

may be initiated by or against the Transferor Company or the Transferee Company after the Appointed Date but relating to the Fertilizer Undertaking, in respect of the period up to the Effective Date, in its own name and account and to the extent possible, to the exclusion of the Transferor Company. The Transferee Company further undertakes to pay all amounts including interest, penalties, damages, etc., which may be called upon to be paid or secured in respect of any liability or obligation relating to the Fertilizer Undertaking for the period up to the Effective Date. Any reasonable costs incurred by the Transferor Company, in respect of the proceedings started by or against it relating to the Fertilizer Undertaking and for the period up to the Effective Date shall be reimbursed by the Transferee Company, upon submission of necessary evidence of having incurred such costs by the Transferor Company to the Transferee Company; and

- (ix) all taxes, duties, cess payable by the Transferor Company relating to the Fertilizer Undertaking including all or any advance tax payments, tax deducted at source, tax liabilities, refunds, credit, claims relating thereto shall for all purposes be treated as advance tax payments, tax deducted at source, tax liabilities or refunds/ credit/claims, as the case may be, of the Transferee Company.

- 3.3 Upon the Scheme becoming effective, the secured creditors of the Transferor Company that relates to the ZIL Residual Entity shall not be entitled to security over properties, assets, rights, benefits and interest of the Transferee Company. Further, in so far as the assets comprising the ZIL Residual Entity are concerned, the encumbrance created over such assets relating to the Fertilizer Undertaking shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and encumbrance relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Fertilizer Undertaking are concerned, the encumbrance over such assets relating to any loans, borrowings or other debts or debt securities which are not transferred to the Transferee Company pursuant to the Scheme (and which shall continue with the Transferor Company), shall without any further act, instrument or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities.
- 3.4 The Transferor Company and/or the Transferee Company, as the case may be, shall at any time after the coming into effect of this Scheme and in accordance with the provisions hereof, if so required under any law or otherwise, shall execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Fertilizer Undertaking to which the Transferor Company has been a party, in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on part of the Transferor Company.
- 3.5 In so far as the existing benefits or funds created by the Transferor Company for the employees of ZIL Residual Entity are concerned, the same shall continue and the Transferor Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held inter alia for the benefit of the employees of the ZIL Residual Entity.
- 3.6 ZIL Residual Entity and all the immovable properties, assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be continued to be owned and managed by Transferor Company. All legal, taxation or other proceedings whether civil or criminal (including before any court or statutory or quasi-judicial authority or tribunal) by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the ZIL Residual Entity shall be continued and enforced by or against the Transferor Company after the Effective Date.

3.7 Conduct of Business

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

- (a) the Transferor Company undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and assets of the Fertilizer Undertaking, for and on account of and in trust for the Transferee Company; and
- (b) the Transferor Company shall carry on the business of the Fertilizer Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto and shall not in respect of the said undertaking, undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment, either for itself or its group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal, except:

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- (i) when the same is expressly provided in this Scheme; or
 - (ii) when the same is in the ordinary course of business, as carried on by it as on the date of filing of this Scheme in the Hon'ble High Court; or
 - (iii) when a written consent of the Transferee Company has been obtained in this regard.
- (c) except by mutual consent of the Boards of Directors of the Transferor Company and the Transferee Company and subject to changes pursuant to commitments, obligations or arrangements made prior to the Appointed Date, or as part of this Scheme, pending sanction of this Scheme, the Transferor Company and the Transferee Company shall not make any change in their respective capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner effect the reorganisation of capital of the Transferor Company and the Transferee Company.
- (d) the Transferor Company shall not alter or substantially expand the business of the Fertilizer Undertaking, except with the written concurrence of the Transferee Company.
- (e) all profits accruing to the Transferor Company and all taxes thereon or losses arising or incurred by it with respect to the Fertilizer Undertaking shall, for all purposes, be treated as and deemed to be the profits, taxes or losses, as the case may be, of the Transferee Company.
- (f) Transferor Company shall not utilize the profits or income, if any, relating to the Fertilizer Undertaking for the purpose of declaring or paying any dividend or for any other purpose in respect of the period from and after the Appointed Date, without the prior written consent of Transferee Company.
- (g) All assets and properties acquired by the Transferor Company in relation to the ZIL Residual Entity on and after the Appointed Date shall belong to and continue to remain vested in the Transferor Company.

3.7.2 With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the businesses of the Fertilizer Undertaking.

3.7.3 For the purpose of giving effect to the demerger order passed under Sections 391 to 394 of the Act in respect of this Scheme by the Hon'ble High Court, the Transferee Company shall, at any time pursuant to the order on this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Fertilizer Undertaking in accordance with the provisions of Sections 391-394 of the Act. The Transferee Company shall be authorized to execute any pleadings, applications, forms etc., as are required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme.

3.7.4 The Transferee Company unconditionally and irrevocably agrees and undertakes to pay, discharge and satisfy all the liabilities and obligations of the Fertilizer Undertaking of the Transferor Company with effect from the Appointed Date, in order to give effect to the foregoing provisions.

3.8 Change of Name

3.8.1 Upon the Scheme becoming effective, with effect from the Appointed date, the names of the Transferor Company and the Transferee Company shall stand inter-changed, such that the name of the Transferor Company shall be changed to "Zuari Holdings Limited" and the name of the Transferee Company shall be changed to "Zuari Industries Limited" and which shall be substituted in place of their existing names "Zuari Industries Limited" or "Zuari Holdings Limited" as the case may be, wherever they appear in each of their Memorandum and Articles of Association. No separate approval shall be required to be obtained for change of name either from the Board of Directors or the shareholders of either the Transferor Company or the Transferee Company, since approval of this Scheme by the Board of Directors and shareholders of both, the Transferor Company and the Transferee Company shall be deemed to be the approval for change of name of both the Transferor Company and the Transferee Company. Since the proposed names of the Transferor Company and the Transferee Company are the existing names of the Transferor Company and the Transferee Company, and since the names of both the Transferor Company and the Transferee Company are being inter-changed it is not considered mandatory to seek prior approval from the Registrar of Companies, Goa for availability of the names of the Transferor Company and the Transferee Company.

3.8.2 Approval of the Scheme by the Board of Directors of both the Transferor Company and the Transferee Company shall be construed as no objection of both the Transferor Company and the Transferee Company to interchange

their names pursuant to sanction of the Scheme and shall be deemed to be the due compliance of the provision of Sections 21, 23 and other applicable provisions of the Act for registration of change of name and effect thereof provided in this Scheme.

- 3.9 This Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with conditions contained in Section 2(19AA) of the Income Tax Act, 1961. Such modification shall however not affect other parts of the Scheme.

PART-IV

4. CONSIDERATION

4.1 Increase in Authorised share capital of the Transferee Company

- 4.1.1 Upon this Scheme coming into effect and with effect from the Appointed Date, the authorized share capital of the Transferee Company of Rs.126,200,000 (Rupees Twelve Crores and Sixty-two lakhs) divided into 12,620,000 equity shares of Rs. 10 (Rupees Ten) each, in terms of Clause V of its Memorandum of Association shall stand enhanced to an amount of Rs. 420,600,000 (Rupees Forty two Crores Six Lakhs).

- 4.1.2 Accordingly, the words and figures in Clause V of the Memorandum of Association of the Transferee Company shall stand modified and be substituted to read as follows:

“The Authorized Share Capital of the Company is Rs. 420,600,000 (Rupees Forty two Crores Six Lakhs) divided into 42,060,000 equity shares of Rs. 10 (Rupees Ten) each and the Company shall have the power to issue shares at par or at a premium or at a discount and shall also have the power to increase or reduce its capital and to divide the capital for the time being into several classes and attach thereto respectively such preferential, qualified, deferred, non-voting or special rights, privileges, conditions or restrictions attached thereto and as may be permissible by law and as may be determined by or in accordance with the Articles of Association of the Company for the time being in force, and to vary, modify or abrogate such rights, privileges or conditions in such manner as may be permitted by law and as may be provided by the Articles of Association of the Company, for the time being in force.”

- 4.1.3 It is hereby clarified that for the purposes of this Clause 4.1, the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and that no further resolution under Section 16, Section 81, Section 94 or any other applicable provisions of the Act, would required to be separately passed.

4.2 Consideration

- 4.2.1 Upon this Scheme becoming Effective, the Board of Directors of the Transferor Company shall determine the record date (“**Record Date**”), which shall be later than the Effective Date, for issue and allotment of fully paid-up equity shares by the Transferee Company to the members of the Transferor Company in accordance with this Clause and on determination of the Record Date, the Transferor Company shall provide to the Transferee Company, the list of shareholders of the Transferor Company as on the Record Date who are entitled to the issue and allotment of the fully paid-up equity shares in terms of this Scheme, to enable the Transferee Company to issue and allot fully paid-up equity shares in terms of this Scheme.

- 4.2.2 Upon determination of the Record Date, the Transferee Company shall, in consideration for the transfer of the Fertilizer Undertaking, without further application, issue and allot to the equity shareholders of the Transferor Company as on the Record Date, 1 equity share of face value of Rs. 10/- (Rupees Ten each) (credited as fully paid-up) for every 1 fully paid-up equity share of Rs. 10/- (Rupees Ten each) each held by them in the Transferor Company as on the Record Date.

- 4.2.3 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors of the Transferor Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company, after the effectiveness of this Scheme.

4.2.4 In respect of entitlement of nominee shareholders of Transferor Company, the equity shares of the Transferee Company shall be issued to the beneficiary for whom such shares are held by as a nominee by the nominee shareholder.

4.3 Forfeited shares

Equity shares to be issued by the Transferee Company pursuant to Clause 4.2 above in respect of the shares of the Transferor Company, which are forfeited shall be kept in abeyance and dealt with by the Transferee Company based on information periodically provided by the Transferor Company to the Transferee Company.

4.4 All equity shares in the Transferee Company to be issued to the shareholders of the Transferor Company pursuant to this Scheme shall rank *pari passu* in all respects to the existing equity shares of the Transferee Company from the Appointed Date, including in respect of the payment of dividend.

4.5 Each equity shareholder of the Transferor Company shall have the option, to be exercised by way of giving a notice to the Transferee Company, on or before such date, as may be determined by the Board of Directors of the Transferee Company, to receive the equity shares of the Transferee Company, either in certificate form or in dematerialized form. In the event that such notice has not been received by the Transferee Company in respect of any shareholder of the Transferor Company by the specified date or in the event of such a notice being incomplete, the shareholders of the Transferor Company who hold their equity shares in dematerialized form shall be issued equity shares of the Transferee Company in dematerialized form as per the records maintained by the Depositories as on the Record Date and those who hold shares in physical form shall be issued physical certificates. Wherever applicable, the certificates shall be sent by the Transferee Company to the shareholders of the Transferor Company at their respective registered addresses, as appearing in the Register of Members maintained by the Transferor Company (or in the case of joint holders to the address that one of the joint holders whose name stands first in such register in respect of such joint holding) and the Transferee Company shall not be responsible for any loss in transit. The shareholders of the Transferor Company eligible to be issued shares in the Transferee Company in a dematerialized form shall receive dematerialized receipts of credit of new equity shares in their share accounts maintained with the depository participants reflecting the equity shares of the Transferee Company issued in accordance with Clause 4.2 above. The Transferee Company shall, if so required, be eligible to issue letters of allotment of the equity shares pending issue of share certificates or receipts for credit to the account of the shareholders with the depository participants under the depository system.

4.6 Treatment of shares held by the Transferor Company and ZMS in the Transferee Company:

The Transferor Company and ZMS shall continue to hold the initial issued and paid up equity share capital of the Transferee Company, comprising of 8,411,601 equity shares of Rs. 10 each, aggregating to Rs. 84,116,010 and 4,205,801 equity shares of Rs. 10 each, aggregating to Rs. 42,058,010 respectively, simultaneous with the issuance and allotment of the equity shares by the Transferee Company in accordance with the Clause 4.2 and to such extent the percentage shareholding of the Transferor Company and ZMS shall stand diluted in the overall percentage shareholding of the Transferee Company.

4.7 Listing of securities

The equity shares of the Transferee Company (as issued to the shareholders of the Transferor Company in accordance with the Clause 4.2) shall, subject to SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2009 (as amended), be listed and admitted to trading, with applicable lock-in conditions on the shareholding of the promoters, on the NSE and BSE, where the equity shares of the Transferor Company are listed and are admitted to trading. The shares allotted by the Transferee Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the NSE and BSE.

4.8 Pursuant to issuance of shares as aforesaid in Clause 4.2 to the shareholders of the Transferor Company and listing of said shares with stock exchanges, the promoters of the Transferor Company shall become the promoters of the Transferee Company.

4.9 For the purpose aforesaid, Transferee Company shall, if and to the extent required, apply for and obtain the consent of the Reserve Bank of India and other concerned authorities, for the issue and allotment of equity shares, to the respective non-resident shareholders of Transferor Company, if any.

4.10 The issue and allotment of the equity shares by Transferee Company to the shareholders of Transferor Company as provided in Clause 4.2 of this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by Transferee Company as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with. Transferee Company shall obtain the necessary approval from its shareholders, as required and as may be directed by the Court, in terms of this Scheme only, under and pursuant to provisions of Section 391-394 of the Act.

PART - V

5. ACCOUNTING TREATMENT

5.1 Accounting treatment in the books of Transferor Company

5.1.1 Upon the coming into effect of this Scheme, the book value of assets and liabilities transferred to the Transferee Company shall be reduced from the book value of assets and liabilities of Transferor Company.

5.1.2 The difference between the book value of assets (net of diminution/ depreciation, if any) and liabilities transferred pursuant to the Scheme shall be adjusted in the books of Transferor Company in the manner decided by Board of Directors of the Transferor Company considering the adjustment against the following, in the order specified, to the extent required:

- (a) Capital Redemption Reserve Account;
- (b) Capital Reserve Account;
- (c) General Reserve Account; and
- (d) Profit and Loss Account.

5.1.3 The reduction in reserves of Transferor Company as per Clause 5.1.2 above, if any, shall be effected as an integral part of the Scheme in accordance with the provisions of Section 85 and Section 100 to 103, and other applicable provisions of the Act. The reduction of share capital under Section 100 to 103, if any, however shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.

5.1.4 Notwithstanding the above, the Board of Directors of Transferor is authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed Accounting Standards notified by National Advisory Committee on Accounting Standards and applicable generally accepted accounting principles.

5.2 Accounting treatment in the books of Transferee Company

5.2.1 Upon the coming into effect of this scheme, with effect from the Appointed Date, all the assets and liabilities of the Fertilizer Undertaking vested in it shall be recorded by the Transferee Company, at their respective book values thereof, as appearing in the books of account of Transferor Company immediately before the Appointed Date.

5.2.2 The Transferee Company shall credit its share capital account with the aggregate face value of the equity shares issued to the shareholders of Transferor Company pursuant to Clause 4.2 of this Scheme.

5.2.3 Pursuant to demerger of Fertilizer Undertaking in accordance with this Scheme, the difference, if any, arising in the books of Transferee Company between:

The aggregate of face value of equity shares allotted by Transferee Company to the shareholders of Transferor Company pursuant to Clause 4.2 above; and the amount representing surplus of book value of assets over liabilities of the Fertilizer Undertaking recorded by Transferee Company in its books of account shall be recorded as business restructuring reserve, which may be treated as free reserves in the books of Transferee Company for all purposes in accordance with the Act.

5.2.4 In case of any differences in accounting policy between Transferor Company and Transferee Company, the impact of such differences shall be quantified and adjusted in the General Reserve Account of Transferee Company to ensure that the true financial statements of Transferee Company on the Appointed Date are on the basis of consistent accounting policy.

5.2.5 Notwithstanding the above, the Board of Directors of the Transferee Company is authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed Accounting Standards notified by National Advisory Committee on Accounting Standards and applicable Generally Accepted Accounting Principles.

PART-VI

6. GENERAL TERMS AND CONDITIONS

- 6.1 Upon this Scheme becoming effective, the accounts of the Transferor Company and the Transferee Company, as on the Appointed Date shall be reconstructed in accordance with the terms of this Scheme.
- 6.2 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications to the Hon'ble High Court under Sections 391 to 394 and other applicable provisions of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the classes of their respective shareholders and/or creditors and for sanctioning of this Scheme, with such modifications, as may be approved by the Hon'ble High Court.
- 6.3 Upon this Scheme being approved by the requisite majority of the shareholders and creditors of the Transferor Company and of the shareholders and creditors of the Transferee Company (as may be directed by the Hon'ble High Court), the Transferor Company and the Transferee Company shall, with all reasonable dispatch, apply to the Hon'ble High Court, for sanction of this Scheme under Sections 391 to 394 and other applicable provisions of the Act, and for such other order or orders, as the said Hon'ble High Court may deem fit for carrying this Scheme into effect.
- 6.4 Upon this Scheme becoming effective, the shareholders of both the Transferor Company and the Transferee Company shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.
- 6.5 All costs, expenses, charges, fees, taxes, duties, levies and all other expenses, if any, arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and incidental thereto shall be borne and paid by the Transferor Company.
- 6.6 Each of the Transferor Company and the Transferee Company (acting through their Boards of Directors) may in their full and absolute discretion, assent to any amendments, alterations or modifications to this Scheme, which the Hon'ble High Court and/or any other authorities may deem fit to direct, approve or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out this Scheme. Each of the Transferor Company and the Transferee Company (acting through their Boards of Directors) be and is hereby authorized to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of the order of the Hon'ble High Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon this Scheme at any stage prior to the Effective Date.
- 6.7 The stock exchanges at which the Transferor Company is listed, shall list the equity shares of the Transferee Company, subject to compliance with the SEBI circular dated September 3, 2009 without the Transferee Company making an initial public offer, since the requisite minimum of 25% of the Transferee Company's paid-up share capital shall comprise shares allotted to the public holders of shares in the Transferor Company. Accordingly, the Transferee Company shall take steps for listing simultaneously on all such stock exchanges within a period of 45 (forty five) days from the Effective Date or such extended period as may be approved by the SEBI.
- 6.8 The Transferee Company undertakes that there shall be no change in the shareholding pattern or control in the Transferee Company between the Record Date and the listing which may affect the status of the approvals granted by the NSE and the BSE.
- 6.9 Upon the Scheme becoming effective, the Transferee Company shall be permitted to revise its income tax returns and related TDS certificates, services tax returns, sales tax/ value added tax returns, excise returns and other tax returns, and to claim refunds and /or credits, etc. pertaining to the Fertilizer Undertaking, pursuant to the provisions of the Scheme.
- 6.10 Upon the Scheme becoming effective, the Transferor Company shall be expressly permitted to revise its income tax returns and related TDS certificates, services tax returns/ value added tax, sales tax returns, excise returns and other tax returns, and to claim refunds and /or credits, etc. pertaining to the ZIL Residual Entity pursuant to the provisions of the Scheme.
- 6.11 This Scheme is conditional upon and subject to:

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- (i) approval by the requisite majorities of the shareholders and creditors of the Transferor Company and the Transferee Company; and
 - (ii) it being sanctioned by the Hon'ble High Court and certified copy of the order of the Hon'ble High Court sanctioning this Scheme being filed with the Registrar of Companies, Goa, by the Transferor Company and the Transferee Company respectively.
- 6.12 This Scheme shall become effective on the date on which the Transferor Company and the Transferee Company file a certified copy of the order of the Hon'ble High Court sanctioning this Scheme with the Registrar of Companies, Goa ("Effective Date").
- 6.13 In the event that the Scheme is not sanctioned by the Courts or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme are not obtained or complied with or for any other reason, the Scheme cannot be implemented, as aforesaid on or before the 31st of March 2012, the Scheme shall become null and void, and each of Transferor Company and Transferee Company shall bear its own cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.
- 6.14 The non – receipt of any sanctions or approvals for a particular asset or liability forming part of any of Fertilizer Undertaking getting transferred pursuant to this Scheme, shall not affect the effectiveness of the respective section of the Scheme, if the boards of directors of Transferor Company and Transferee Company so decide. In the event of non – receipt of approval of any lender / creditor for the transfer of any liability, then at the option of the boards of directors of Transferee Company, it may issue a security / recognize a liability in favour of Transferor Company on the same terms. The transfer of such asset or liability shall become effective from the Appointed Date as and when the said requisite approvals are received or aforesaid liability being recognized / security being issued and the provisions of the Scheme shall apply appropriately to the said transfer / issue / recognition.
- 6.15 The Transferor Company and the Transferee Company shall make necessary applications before the Hon'ble High Court for sanction of this Scheme and any dispute arising out of this Scheme shall be subject to the jurisdiction of the Hon'ble High Court.
- 6.16 Upon the sanction of this Scheme and upon this Scheme becoming Effective, the following shall be deemed to have occurred on the Appointed Date and become effective and operative only in the sequence and in the order provided hereunder:
- (i) increase in the authorized share capital of the Transferee Company;
 - (ii) demerger of the Fertilizer Undertaking and transfer and vesting thereof in the Transferee Company, in accordance with Part III of this Scheme; and
 - (iii) issue of equity shares as consideration for demerger of Fertilizer Undertaking by Transferee Company to shareholders of Transferor Company.
- 6.17 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferor Company and its shareholders and/or creditors, and the terms and conditions of this Scheme, the latter shall prevail.
- 6.18 If any part of this Scheme is held invalid, ruled illegal by any Court of competent jurisdiction, or becomes unenforceable for any reason, whether under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part.
- 6.19 The transfer of properties and liabilities to and the continuance of proceedings by or against the Transferee Company as envisaged in Part III above shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Appointed Date 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 itself.
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SCHEDULE I

SHAREHOLDING OF TRANSFEROR COMPANY (AS AT 24-05-2011)

The pre Scheme shareholding pattern of the Transferor company is as follows:

Category of Shareholder		Pre scheme	
		No. of Equity Shares	As a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group		
	Individuals/ Hindu Undivided Family	181027	0.61
	Bodies Corporate	9458596	32.13
	Foreign Bodies Corporate	479750	1.63
	Total shareholding of Promoter and Promoter Group (A)	10119373	34.37
(B)	Public shareholding		
1	Institutions		
	Mutual Funds/ UTI	3943685	13.4
	Financial Institutions/ Banks	4790	0.01
	Insurance Companies	2436503	8.28
	Foreign Institutional Investors	2355695	8
	Foreign Bank	217	0
	Sub- Total	8740890	29.69
2	Non-Institutions		
	Bodies Corporate	906349	3.08
	Individual shareholders holding nominal share capital upto Rs.1 Lakh	2590471	8.8
	Any Other (specify)		
	Clearing Members	14787	0.05
	Non Resident Indians	54807	0.19
	Overseas Corporate Bodies	7012450	23.82
	Trusts	1477	0.01
	Sub-Total	10580341	35.94
	Total Public Shareholding (B)	19321231	65.63
	TOTAL (A) + (B)	29440604	100
(C)	Shares held by custodians and against which Depository Receipts have been issued		
	TOTAL (A) + (B) + (C)	29440604	100

SCHEDULE II**SHAREHOLDING OF TRANSFEREE COMPANY (AS AT 24-05-2011)**

Name of Shareholder	No of Shares held	Percentage of Shares held
Zuari Industries Limited and its nominees	8411601	66.67
Zuari Management Services Limited and its nominees	4205801	33.33
Total	12617402	100.00

SCHEDULE III**IMMOVABLE PROPERTIES OF THE FERTILIZER UNDERTAKING
(AS OF 31.03.2011)**

All that immovable property, admeasuring approximately 471.03.99 Ha. Ars. Sqmt. alongwith existing Fertilizer Plants, machinery, housing colonies and other structures erected therein, including the greenbelt; which is situated within the jurisdiction of the Village Panchayat of Sancoale and partly under the jurisdiction of Village Panchayat of Velsao-Pale and Issorcim, of South Goa District, of Goa and which property details are as below:

Sr. No.	Particluars	Survey No	Sub-div No	Chalta No	Area : Ha.Ars.Sq mt.	Remarks
1	Factory and Administration building	163	1	146	29.35.75	(Factory -360000 m2)
		157	1-A		09.02.13	
2	Colony area including green belt					
	Sancoale village	111	2	43	00.29.00	
		111	1	42	129.32.75	
		112	1	44	03.92.00	
		117	1	56	05.55.50	
		119	1	59	05.14.25	
		120	1		00.80.75	
		121	2	63	04.20.50	
		128	1	74	00.40.50	
		128	4	77	00.39.50	
		128	7	80	00.05.00	
		129	1	81	02.46.25	
		130	1	82	08.61.75	
		131	1	83	01.90.50	
	Sancoale village	132	1	84	08.43.25	
		133	1	86	09.58.75	
		146	1	121	04.24.75	

Sr. No.	Particluars	Survey No	Sub-div No	Chalta No	Area : Ha.Ars.Sq mt.	Remarks
		147	1	122	05.43.75	
		149	1	124	67.71.00	
		149	2	125	02.87.25	
		153	1-A-1		01.05.77	
		153	1-B		01.50.31	
		155	1	135	01.66.50	
		162	1	145	09.35.25	
		164	1	147	02.53.50	
		165	1	148	10.74.00	
		166	1	150	00.24.50	
		166	3	151	00.86.00	
		167	1	152	08.86.00	
		168	1	153	25.21.07	
		171			07.27.00	
		172			05.60.50	
		173	1	3	16.29.75	
		188	1		19.95.75	
		189	1	2	19.23.25	
		190			32.13.00	
	Issorcim village	2	11	21	01.61.21	
		2	12	22	02.02.50	
		2	13	23	02.24.25	
		2	14	24	00.45.00	
		2	15	25	0.2575	
		2	16	26	00.30.00	
		2	17	27	01.88.25	
				Total	471.03.99	

IN THE HIGH COURT OF JUDICATURE OF BOMBAY AT GOA

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY APPLICATION NO. 19 OF 2011

IN THE MATTER OF : The Companies Act, 1956;

AND

IN THE MATTER OF: Application under Sections 391 to 395 of the Companies Act, 1956;

AND

IN THE MATTER OF : Scheme of Arrangement and Demerger between Zuari Industries Limited and
Zuari Holdings Limited and their respective shareholders and creditors.

AND

IN THE MATTER OF:

ZUARI INDUSTRIES LIMITED, a company incorporated under the Companies Act, 1956,
having its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa- 403726.....Applicant/Transferor Company

FORM OF PROXY

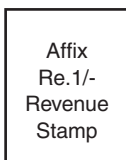
I/We, the undersigned, as Equity Shareholder(s) of Zuari Industries Limited, the Company, hereby appoint _____ of _____, and failing him/her _____, of _____, as my/our proxy, to act for me/us at meeting of the Equity Shareholders of the Company to be held at Jai Kisaan Bhawan, Zuarinagar, Goa on Wednesday the 17th Day of August 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Arrangement and Demerger between Zuari Industries Limited and Zuari Holdings Limited and their respective shareholders and creditors ("the Scheme") and at such meeting and any adjournment thereof, to vote, for me / us and in my / our name(s) For / Against the said Scheme as my/ our proxy may approve.

Dated this ____ day of _____ 2011.

* Folio No: _____

**DP ID _____ Client ID _____

No. of Shares held :



Signature across the stamp

Name :

Address :

.....

.....

* Applicable for Investor holding in Physical Form.

** Applicable for Investors holding in Demat Form.

- Notes :
- (1) Proxy need not be a member.
 - (2) The proxy must be deposited at the Registered Office of Zuari Industries Limited, at Jai Kisaan Bhawan, Zuarinagar, Goa- 403726 at least 48 hours before the time of holding the meeting.
 - (3) Strike out which is not necessary.
 - (4) All alterations made in the Form of Proxy should be initiated.
 - (5) In case of multiple proxies, the proxy later in time will be accepted.

ZUARI INDUSTRIES LIMITED

Registered Office at Jai Kisaan Bhawan, Zuarinagar, Goa- 403726.

ATTENDANCE SLIP

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

COURT CONVENED MEETING OF EQUITY SHAREHOLDERS

(Scheme of Arrangement and Demerger between Zuari Industries Limited and Zuari Holdings Limited and their respective shareholders and creditors)

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

DP Id		Client Id	
Regd. Folio No.*		No. of Shares	

Name(s) in Full**Father/Husband's Name****Address Regd. with the Company**

1. _____

2. _____

I/We hereby record my/our presence at the court convened meeting of the Equity Shareholders of Zuari Industries Limited having its Registered Office at Jai Kisaan Bhawan, Zuarinagar, Goa- 403726, convened pursuant to the order dated 7th July, 2011 of the High Court of Judicature of Bombay at Goa, at Jai Kisaan Bhawan, Zuarinagar, Goa- 403726 on Wednesday the 17th Day of August 2011 at 11.00 a.m.

Please (✓)

_____ Member

_____ Proxy

Member's Signature

Proxy's Signature

* Applicable for Investor holding Shares in Physical Form

NOTES :

1. Shareholder/Proxies are requested to bring this slip with them.
2. Shareholder 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 place.

BOOK - POST

To,

.....
.....
.....

If undelivered please return to :

ZUARI INDUSTRIES LIMITED

Registered Office : Jai Kisaan Bhawan,
Zuarinagar, Goa- 403726
