

July 4, 2024

BSE Limited Phiroze Jejeebhoy Towers, Dalal Street, MUMBAI - 400 001 STOCK CODE: 500510	National Stock Exchange Of India Limited Exchange Plaza, 5th Floor Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai - 400 051 STOCK CODE: LT
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Dear Sir/Madam,

Sub: Amendment to Articles of Association of the Company

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that the shareholders of the Company at the 79th Annual General Meeting held on July 4, 2024, through a Special Resolution, approved amendment to Articles of Association (AOA) of the Company by deleting Article 107 of the AOA pertaining to qualification shares to be held by Directors, reproduced below.

“The qualification of a Director, other than a Director ex-officio or alternate Director, shall be the holding of at least one hundred Ordinary Shares of Rs. 2 each in the Company. A Director may act before acquiring his qualification shares, but must acquire the same within two months after his appointment or election. A Director ex-officio or alternate Director shall not be required to hold qualification shares in the Company.”

We enclose the copy of the amended Memorandum and Articles of Association of the Company.

Kindly take the same on record.

For Larsen & Toubro Limited

Sivaram Nair A
Company Secretary &
Compliance Officer
(M. No. - F3939)

LARSEN & TOUBRO LIMITED



**MEMORANDUM OF ASSOCIATION
AND
ARTICLES OF ASSOCIATION**

Certificate of Incorporation

No. 4768 of 1945-46

I hereby certify that **LARSEN & TOUBRO LIMITED** is this day incorporated under the Indian Companies Act, VII of 1913, and that the Company is Limited.

Given under my hand at Bombay this Seventh day of February One Thousand Nine Hundred and Forty-six.



Sd/- Behramji M. Modi
Registrar of Companies
Bombay



GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

Registrar of companies, Mumbai
Everest, 100 Marine Drive, Mumbai, Maharashtra, India, 400002

Corporate Identity Number: L99999MH1946PLC004768

SECTION 13(1) OF THE COMPANIES ACT, 2013

**Certificate of Registration of the Special Resolution Confirming Alteration of
Object Clause(s)**

The shareholders of M/s LARSEN AND TOUBRO LIMITED having passed Special Resolution in the Annual/Extra Ordinary General Meeting held on 01-08-2019 altered the provisions of its Memorandum of Association with respect to its objects and complied with the Section 13(1) of the Companies Act, 2013.

I hereby certify that the said Special Resolution together with the copy of the Memorandum of Association as altered has this day been registered.

Given under my hand at Mumbai this Sixteenth day of August Two thousand nineteen.



URMILA PUNJA PARMAR

Registrar of Companies
RoC - Mumbai

Mailing Address as per record available in Registrar of Companies office:

LARSEN AND TOUBRO LIMITED

L & T HOUSEBALLARD ESTATE, MUMBAI, Maharashtra, India, 400001



MEMORANDUM OF ASSOCIATION OF LARSEN & TOUBRO LIMITED

- I. The Name of the Company is LARSEN & TOUBRO LIMITED.
- II. The Registered Office of the Company will be situate in the Province of Bombay.
- III. The object for which the Company is established are:
 - (a) To acquire and take over as a going concern the business of engineers, manufactures, merchants and agents now carried on at Bombay and elsewhere in India under the style of firm or Larsen & Toubro and all or any of the assets and liabilities of that business in connection therewith, and with a view thereto to enter into the agreement referred to in Clause 3 of the Company's Articles of Association, and to carry the same into effect with or without modification.
 - (b) To carry on business as civil, mechanical, electrical, chemical and agricultural engineers, as manufacturers, and as importers and exporters, commission agents (and merchants and as agents for ships and ship-owners and as agents) for foreign manufactures and merchants.
 - (c) To obtain exploit sole or other agencies for, and sell, buy and deal in all kinds of machinery, tools, implements and equipment, tractors, bulldozers, engines, locomotives, wagons, rolling stock, motor and steam vehicles, conveyances, of all kinds, bicycles, refrigerating and air conditioning plants, and to repair and maintain the same, whether belonging to this Company or not.
 - (1) To carry on business of punching and programming services termed 'software' by methods of system analysis or other similar methods and by the use and employment of computer and other electronic devices involving technical data compilation and processing and sale thereof in India or elsewhere.
 - (2) To carry on in India or elsewhere any other engineering and/or contracting business, and in particular to arrange, procure, give on hire or loan for consideration or otherwise, the services of skilled and unskilled personnel for construction services.
 - (3) To undertake the activity of constructing whole or part of plants or industrial complexes on a turnkey basis, contracting on Build-operate-transfer or on any other basis and also to construct and operate plants for specified periods of time or indefinitely.
 - d) To obtain managing agencies of limited liability companies whether incorporated in British India or elsewhere and to carry on business as managing agents of such companies.
 - dd) (1) To design, develop, manufacture, operate, assemble, buy, sell, distribute, import, export, alter, remodel, lease, install, repair, service, provide consulting services and otherwise to deal or trade in all classes and types of telecommunication, computing, storage and related apparatus, instruments, machinery, fixtures, devices, and contrivances and parts thereof including, but not limited to telecommunications electronic test and measurement equipment, analytical equipment, data processing equipment, storage equipment, artificial intelligence of any description, electronic calculators, equipment services, electrical and electronic components of every description, computer networking products and services, computer software, firmware and programmers, electronic and mechanical computer of any kind and their peripherals, equipment and terminals and workstations (including intelligent terminals), speech and other signal processing equipment and services, test equipment and parts, assemblies and sub-assemblies related to all of the above used in connection therewith and to deal in all other machines, machinery, appliances, apparatus, devices, materials, substances, articles or things of a character similar or analogous to the foregoing or any of them or connected therewith. To employ the abovementioned mechanisms, solutions, technology, processes or devices towards any trade or business as may be carried out by the Company, or to enhance/augment/develop any branch or aspect of any existing trade or business carried out by the Company.

- (2) To operate data centres, including data processing and storage centres or providing management information, analysis, development accounting and business information, and providing data to corporate, institutions, individuals in India and abroad to carry on the business of gathering, compiling, processing, analysing, distributing, selling, publishing data and information and services and providing access to information regarding business and commercial operations and to provide data networks and related services, including but not limited to cloud services, managed services, business process outsourcing services, customer care centres, Security Operations Centres (SOC), Network Operations Centre (NOC), Remote IT Operations Centre (RIOC), customer relationship management, back office processing, data entry, IT services, multimedia services, internet based services, data centre management and consulting, interface services applications including all types of end to end integrated solutions involving website designing, web based and web enabled services and applications, information systems, developing, designing, marketing of communication platforms, with features and functionality including those related to social, commerce, messaging, education, academics, communication and other online solutions/ services and consultancy/advisory services/training/impart knowledge through either computer aided or telephone or internet/media portal/gateways or any other mode in any and all fields and disciplines in India and/or anywhere in the world and to carry on the business of providing Infrastructure Management Services (IMS), applications management services, cyber security services, Infrastructure as a Service (IaaS), Platform as a Service (PaaS), Software as a Service (SaaS) and Application Service Provider (ASP) services or commercial usage to corporates, institutions, individuals, or other legal entity whether in India and abroad and developing and selling Cloud, IaaS, PaaS and SaaS products and enter into MOUs with hyper-scalers, cloud service providers and other SaaS organisations for development of own products including but not limited to cloud products and various services for the purpose of sale/resale.
- (3) To build and operate third party multi tenanted data centre buildings – delivering rack space and associated utility infrastructure with or without added managed services to customers for the purpose of data hosting, hosting servers/storage/software applications/websites, ERP systems, SaaS applications, etc.
- (4) To provide managed services either on dedicated or shared service model based on either time or any other method of charges whether skillset based or not and whether including tools or not to customers to manage various hardware/software/applications/websites/telecom links (peer to peer, internet leased line, data recovery etc.) and provide other services including networking services and for that purpose obtain licenses and seek consideration from customers either as a bundle of service or based on actual consumption and create virtualised environment within the Data Centres and at other places for providing services to customers, sell Virtual machines of various configurations along with associated services, tools and tackles, licenses, software and platforms etc. to enable fulfilment of customer requirements.
- e) To undertake and execute any contracts for works involving the supply or use of any materials, machinery, skilled or unskilled labour and to carry out any ancillary or other works comprised in such contracts.
- ee) To carry on business of, designing, engineering, developing, converting, manufacturing, integrating, constructing, importing, exporting, trading, acting as agents / dealers, selling or otherwise disposing of, distributing, installing, commissioning, Through Life Support, of all kinds of defence, space and aerospace platforms, embedded software, solutions, systems, arms, sensors, goods, equipment, sub-systems, parts and components, consumables thereof, and / or infrastructure in connection therewith including upgradation, refit, retrofitment, refurbishment and renovation thereof and any other hardware or software in connection with above; providing all ancillary and / or related life cycle services in connection therewith, including but not limited to, supervision, operation & maintenance, warranty services; to carry out all activities for or in connection therewith or related thereto;
- f) To carry on the business of iron foundries, mechanical engineers, and manufacturers of agricultural implements and other machinery, tool-makers brass-foundries, metal-workers, boiler-makers, millwrights, machinists, iron and steel converters, smiths, wood-workers, builders, painters, metallurgists, electrical engineers, water supply engineers, gasmakers, farmers, printers, carriers and merchants, and to buy, sell, manufacture, repair, convert, alter, let on hire, and deal in machinery, implements, rolling-stock, and hardware of all kinds, and to carry on any other business (manufacturing or otherwise) which may seem

to the Company capable of being conveniently carried on in connection with the above, or otherwise calculated, directly or indirectly, to enhance the value of any of the Company's property and rights for the time being.

- (ff) To carry on the business of manufacturers, processors, fabricators, drawers, rollers, re-rollers and founders of ferrous and non-ferrous metals, steels of all kinds, shafting bars, rods, plates, squares from iron, scrap iron, sponge iron, pig iron, billets, billet ingots, furnaces and furnace equipments, forgings, tubes, boilers, gas turbines, pipes, metal hinges, sheets, strips, blooms, rounds, circles and angles, fish plates, wheels, fittings and castings of all kinds connected therewith.
- g) To enter into any arrangements with any Governments or authorities, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects, or any of them, and to obtain from such government or authority, any rights, privileges, and concessions which the Company may think it desirable to obtain, and to carry out, exercise, and comply with any such arrangements, rights privileges and concessions.
- h) To carry on the business of shipowners, carriers by land, water and air, shipbuilders, ship repairers, shipbrokers, warehousemen, warfingers, bargeowners, lightermen, forwarding agents, freightbrokers and refrigerating storekeepers, and to purchase, charter, hire, build, take in exchange or otherwise acquire and hold steam and other ships or vessels and to maintain, repair, improve, alter, sell, exchange, or let out, to hire or charter, or otherwise deal with and dispose of any ship or vessels aforesaid or employ ships in the conveyance of passengers, mails troops, munitions of war, live stock, corn and other produce and treasure and merchandise of all kinds, between such ports in any part of the world as may seem expedient, and to acquire any postal subsidies and to maintain, operate, run, work, and act as ship managers for ships and vessels of any persons or company or any authority, government or otherwise.
- (i) To carry on business as general merchants and commission agents and to buy, sell, deal in, export and import to and from any part of the world any and every kinds of goods manufactured or otherwise, ores, minerals, agricultural and natural products of all kinds.
- (j) To buy, sell, deal in, export and import cotton, jute, wool, hemp, flax, linen, silk and other fibrous substances and cloth and yarn and other goods and fabrics manufactured therefrom, hides, skins, leather and leather goods of all kinds, oil seeds, edible and non-edible oils, rice, wheat, cereals, pulses, grains, seeds, coal, coke, patent fuel, mineral substances of all kinds, pulp and paper.
- (k) To buy, sell, deal in, export and import steel, iron, hardware, iron-mongery, turnery, tools, metals and metalware of all kinds, utensils, ornaments, stationery, fancy goods, articles and commodities of personal and household use and consumption and generally all manufactured goods, materials and products, glassware, crockery, electrical goods and apparatus of all kinds, timber, bricks, stone, cement, marble, tiles, plumber's materials (pipes, bath tubs, basins, sanitary fittings), building materials of all kinds, stoves, cookers, lanterns, lamps, watches, clocks, binoculars, microscopes, surgical instruments and appliances, ophthalmic goods, lenses, cameras, photographic materials of all kinds, X-Ray apparatus, radios, wireless sets and musical instruments and to manufacture, articles and commodities of personal and household use and consumptions, glassware and electrical goods.
 - (1) To carry on all or any of the business of manufacturers of, dealers and workers in and sellers of cement, lime, plasters, whiting, clay, granule, sand, minerals, earth, coke, fuel, artificial stone and builders' requisites and convenience of all kinds, quarry owners and builders.
 - (2) To carry on business as manufacturers and sellers of any products or things which may be manufactured out of or with cement or in which the use of cement may be made.
 - (3) To acquire upon such terms as the Directors think fit any land or any estate or interest in land from which may be extracted clay, or any other substance required in the business and manufacture of cement.
 - (4) To carry on the business of miners, metallurgists, builders, contractors and engineers in connection with its business.
 - (5) To carry on the business of the manufacturers of and dealers in chemicals and chemical products connected with fertilizers and allied chemicals.

- (6) To carry on the business of manufacturers of and dealers in all kinds and classes of paper, board and pulp including writing paper, printing paper, absorbent paper, newsprint paper, wrapping paper, tissue paper, cover paper, blotting paper, filter paper, antique paper, ivory-finish paper, coated paper, art paper, bank or bond paper, badami, brown or buff paper, bible paper, cartridge paper, cloth-lined paper, azure-laid and woven paper, cream-laid, greaseproof paper, gummed paper, handmade paper, parchment paper, drawing paper, kraft paper, manilla paper, envelope paper, tracing paper, vellum paper, waterproof paper, carbon paper, sensitised paper, chemically treated paper, litmus paper, photographic paper, glass paper, emery paper, paste board, card board, straw board, pulp board, leather board, mill board, corrugated board, duplex and triplex boards, hard-boards, plywood-boards, post cards, visiting cards, etc., soda pulp, mechanical pulp, sulphate pulp, semi-chemical pulp etc., and all kinds of articles in the manufacture of which in any form paper, board or pulp is used and also to deal in or manufacture any other articles or things of a character similar or analogous to the foregoing or any of them or connected therewith.
 - (7) To carry on the business of tanners and manufacturers of, dealers in, importers and exporters of all kinds of leather, leather goods, leather cloth, leather fibres, synthetic leather, rubber, synthetic rubber, plastic and similar goods, travelling trunks, travelling bags, skins, furs, boots, shoes, clogs, all kinds of foot-wares, laces, buckles, leggings, boot-polish, hosiery and such other businesses and processes as are customarily carried on in connection therewith or are naturally incidental thereto.
 - (8) To establish, conduct, acquire, or carry on business as importers, exporters and dealers of or otherwise, of all kinds of marine products including fish, shrimps, frogs, lobsters, crabs, oysters and all other types of animals living in water or water vegetation which may be useful to human life or otherwise for any other purpose.
 - (9) To acquire, establish, conduct and carry on business of importers, exporters and dealers of or otherwise, of all kinds of meat, poultry, fat, tallow, grease and other animal products (whether sea animals or land animals), milk, cream, butter, cheese, eggs, sausages or any other commodities, articles, goods or things usually or which may be conveniently dealt with in the course of carrying on any of the business abovementioned.
 - (10) To carry on business as exporters, dealers, manufacturers or agents in respect of goods, merchandise and services of all kinds and as an export house.
- (I) (1) To organize and carry on business in collaboration with or jointly with the Government, local authority, statutory corporation of exploration and development of petroleum and natural gas resources and to take on lease, purchase or otherwise acquire oil wells, oil fields, gas wells and gas fields on shore or off shore, river beds, ocean and sea beds.
 - (2) To commercially exploit and turn to account and advantage oil wells, oil fields, gas wells, gas fields and other sources of oil and natural gas.
 - (3) To manufacture, produce, buy, sell dispose of and deal in crude oil, gas, coke, tar and all other residual products resulting from the manufacture of oil, gas or other hydrocarbons and to erect refineries, mills, machineries, laboratories, workshops and other buildings, works and appliances required for the same.
 - (4) To carry on in India or elsewhere in collaboration or otherwise the business of constructing, buying, selling, letting on hire, hire purchase or on easy payment system of survey ships, underwater, exploratory equipment, rigs, offshore platforms, ships, tankers, floating pipelines, tugs, barges, bath scopes, tankers, equipment vessels for the drilling exploration and commercial production of oil and natural gas and parts and accessories thereof in connection with (I) (1) to (3).
 - (5) To carry on the business of producers, refiners, storers, suppliers and distributors of petroleum and petroleum products including the business of extracting, pumping, drawing, transporting, purifying and dealing in petroleum and mineral oils.
 - (6) To purchase or otherwise acquire, manufacture, extract, refine, purify, treat, reduce, distil, blend, smelt, compress, store, hold, bottle, transport, use, experiment with, market, supply, distribute, exchange, sell and otherwise dispose of import, export, trade, act as agents/ dealers of all kinds of petroleum and petroleum products, mineral oils, oil, gas and other substances, lubricating

base oils and carbon black, feed stocks, asphalt, ozokerite, sulphur, clays, bitumen, bituminous substances, carbon, carbon black, hydrocarbon, phosphates, nitrates coal, ores, minerals and in general subsoil products and subsurface deposits of every nature and description and the products or the by-products which may be derived, produced, prepared, developed, compounded, made or manufactured therefrom and substances obtained by mixing any of the foregoing with other substances.

- (7) To carry on the business of processing, converting, manufacturing, formulating, using, buying, dealing, acquiring, storing, packaging, selling, transporting, distributing, importing, exporting and disposing of all types, kinds and description of petrochemicals, plastics, synthetic rubbers, nylon their fibres, polyester fibres and films, and all other petrochemical products and polymers in all their forms namely resins, fibres, sheets, mouldings, castings, cellophane, colours, paints, varnishes, disinfectants, insecticides, fungicides, deodorants, as well as biochemical, pharmaceutical, medicinal, photographic and other preparations.
- (8) To carry on the business of processing, converting, manufacturing, formulating, using, buying, dealing, acquiring, storing, packaging, selling, transporting, distributing, importing, exporting and disposing all types, kinds and description of chemicals, heavy chemicals of all grades and synthetic chemicals together by-products, derivatives and mixtures thereof.
- (9) To manufacture, synthesize, produce, prepare, extract, convert process, manipulate, improve, treat, preserve, render merchantable, export, import, buy, sell, transport, refine, handle, store and carry on the business of and deal in chlorine, caustic chlorine, caustic soda, soda ash, calcium chloride, calcium chlorate, calcium hypochlorate, sodium chlorate, sodium chloride, sodium hypochlorates, other chlorides, hydroxides, chlorates, hypochlorates and other inorganic and organic chemicals, analytical chemicals and petrochemical products, other derivatives, by-products compounds, and chemical auxiliaries of all kinds.
- (m) To buy, sell, deal in, export and import all kinds of pharmaceutical drugs, and medicines, glycerine, chemical, industrial and other preparations, bleaching, dyeing and tanning materials, fertilizers, oils, paints, pigments, varnishes, colours and dyes, brushes, proprietary and patent articles, mineral waters, wines, cordials, liquors, beers, soups, broths and other restorative or food and provisions of all kinds, tobacco, cigars, cigarettes, cosmetics, soaps, powders and perfumes.
- (mm) To carry on the business of manufacturers, producers, growers, fabricators, processors, refiners, stockiest, agents, importers, exporters, traders, wholesalers, distributors, concessionaires or dealers of drugs, medicines, spirits, mixtures, powders, tablets, pills, capsules, injections, oils, compounds, tinctures, globules, creams, scents, lotions, toilet goods and all kinds of pharmaceutical, cosmetic and medicinal preparations used in Homeopathic, Allopathic, Ayurvedic, Unani, Bio-Chemicals, Nature-cure or any other medicinal system or branch of medicine or as beauty aid or personal hygiene, bandages, guaze, crutches and various types of anatomical, orthopedic or surgical instruments, by-products and connected products.
- (n) To carry on any other trade or business whatsoever as can in the opinion of the Company be advantageously or conveniently carried on by the Company by way of extension or in connection with any of the Company's business or as calculated directly or indirectly to develop any branch of the Company's business or to increase the value of or turn to account any of the Company's assets, property, or rights.
- (o) To acquire and take over the whole or part of the business, property, goodwill and liabilities of any person, firm or company carrying on or about to carry on any business which this Company is authorised to carry on or possessed of any property or rights suitable for the purpose of this Company.
- (p) Upon any issue of shares, debentures or other securities of the Company, to employ any person, firm or company as brokers, commission agents and underwriters and to provide for the remuneration of such persons, firm or company for their services by payment in cash or by the issue of shares, debentures or other securities of the Company, or by the granting of options to take the same or in any other manner allowed by law.
- (q) To act as trustees for the holders of or otherwise in relation to any debentures, bonds or debenture stock issued or to be issued by any company and generally to undertake and execute any trusts, the undertaking whereof may seem calculated directly or indirectly to benefit the Company.

- (r) To establish agents in India and elsewhere for sales and purchases and to regulate and discontinue the same.
- (s) To take or otherwise acquire or hold shares in any other company, having objects altogether or in parts similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.
- (t) To purchase, take on lease or in exchange, hire or otherwise acquire any real and personal property and rights or privileges which the Company may think necessary or convenient for the purposes of its business and in particular any land, building, easements, machinery, plant and stock-in-trade.
- (u) To sell, improve, manage, develop, exchange lease, mortgages, enfranchise, dispose of, turn to account, or otherwise deal with all or any part of the property and rights of the Company.
- (v) To acquire and deal with the property following:
 - (1) The business property and liabilities of any company firm or person carrying on any business within the objects of this Company.
 - (2) Lands, buildings, easements or other interest in real estate.
 - (3) Plant, machinery, personal estate and effects.
 - (4) Patents, patent rights or inventions, copyrights, design, trade marks or secret processes and agencies, prospecting or other licenses, concessions and grants to work the same.
- (w) To perform or to do all or any of the following operations, acts or things:
 - (1) To pay all costs, charges, and expenses for the promotion and establishments of the Company.
 - (2) To sell, let, dispose of, or grant rights over all or any property of the Company.
 - (3) To erect buildings, plant and machinery for the purposes of the Company.
 - (4) To grant licenses to use patents or secret processes of the Company.
 - (5) To manufacture plant, machinery, tools, goods or things for any of the purposes of the business of the Company.
 - (6) To borrow money or receive money on deposit either without security or secured by debentures, debenture stock (perpetual or terminable), mortgage or other security charged on the undertaking or on all or any of the assets of the Company including uncalled capital.
 - (7) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, letters of credit, circular notes, warrants, debentures, and other negotiable transferable instruments.
 - (8) To lend money to such persons and on such terms as may seem expedient with or without security and in particular to customers and others having dealings with the Company and to give any guarantee or indemnity as may seem expedient.
 - (9) To enter into any partnership or into any arrangement for sharing profits, union of interests, co-operation joint adventure, reciprocal concession, or otherwise with any person, firm or company carrying on or engaged in or about to carry on or to engage in any business or transaction which this Company is authorised to carry on engaged in or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company, and to act as the agents of any such person, firm or company, and to lend money to, guarantee the contracts of, or otherwise assist any such person, firm or company, and to take or otherwise acquire and hold share and securities of any such company and to sell, hold, re-issue with or without guarantee or otherwise deal with the same.
 - (10) To promote companies and invest in the shares thereof.
 - (11) To sell the undertaking and all or any of the property of the Company for cash or for stock, shares, or securities of any other company or for other consideration,
 - (12) To provide for the welfare of persons employed or formerly employed by the Company or any predecessors in business of the Company and the wives, widows and families of such persons by grants of money or other aid or otherwise as the Company shall think fit.

- (13) To subscribe to or otherwise aid benevolent, charitable, national or other institutions or objects of a public character or which have any moral or other claim to support or aid by the Company by reason of the locality of its operations or otherwise.
- (14) To distribute in specie assets of the Company properly amongst the members.
- (15) To promote any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company and invest in the shares thereof of the moneys of this Company.
- (16) To undertake, carry out, promote and sponsor rural development including any programme for promoting the social and economic welfare of, or the uplift of the public in any rural area and to incur any expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner. Without prejudice to the generality of the foregoing, "programme of rural development" shall also include any programme for promoting the social and economic welfare of the uplift of the public in any rural area which the Directors consider likely to promote and assist rural development, and the words "rural area" shall include such areas as may be regarded as rural areas under Section 35CC of the Income Tax Act, 1961, or any other law relating to rural development for the time being in force or as may be regarded by the Directors as rural areas and the Directors may at their discretion in order to implement any of the above-mentioned objects or purposes transfer without consideration or at such fair or concessional values as the Directors may think fit and divest the ownership or any property of the Company to or in favour of any public or local body or authority or Central or State Government or any public institutions or trusts or funds or organisation(s) or person(s) as the Directors may approve.
- (17) To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of national economy and for discharging what the Directors may consider to be social and moral responsibilities of the Company to the public or any section of the public as also any activity which the Directors consider likely to promote national welfare or social, economic or moral uplift of the public or any section of the public and in such manner and by such means as the Directors may think fit and the Directors may without prejudice to the generality of the foregoing, undertake, carry out, promote and sponsor any activity for publication of any books, literature, newspapers, etc., or for organising lectures or seminars likely to advance these objects or for giving merit awards, for giving scholarships, loans, or any other assistance to deserving students or other scholars or person to enable them to prosecute their studies or academic pursuant or researches and for establishing, conducting or assisting any institution, fund, trust, etc. having any one of the aforesaid objects as one of its objects, by giving donations or otherwise in any other manner and the Directors may at their discretion in order to implement any of the above mentioned objects or purposes transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to or in favour of any public or local body or authority or Central or State Government or any public institutions or trusts of funds or organization(s) or person(s) as the Directors may approve.
- (18)
 - (a) To carry on the business of generation, transmission and distribution of electric power in all its branches and in particular to construct, lay down, establish, operate, fix and carry out thermal, hydraulic and nuclear power plants and stations, gas turbines and turbines of all types, cables, wires, lines, accumulators, lamps and works, and to generate, acquire by purchase in bulk, accumulate, distribute and supply electricity.
 - (b) To carry on the business of manufacturers of and dealers in apparatus, plants, machinery and equipments of all kinds required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity.
 - (c) To acquire concessions or licences for the construction and maintenance of electric installations for the production, transmission or use of electric power.
 - (d) To construct, erect, operate, maintain and/or assist in the designing, development, manufacture, commissioning and maintenance of solar photovoltaic equipment, facilities and ancillaries including but not limited to polysilicon, Ingot, Wafers, cells and modules in all forms of energy business with cutting edge technology, to develop integrated energy park

for manufacturing of power electronic products and other ancillaries used in energy and project implementation and undertake the business of designers, innovators, manufacturers, assemblers, integrators, processors, producers, suppliers, installers, repairers, purchasers, marketers, sellers, importers, exporters, makers, fabricators, recyclers, operators and dealers in all cells and battery packs including but not limited to, stationary batteries, starting batteries, storage batteries, traction batteries, liquid metal batteries, metal hydride batteries, lithium ion batteries, solid state batteries, zinc hybrid batteries, sodium sulphur batteries, flow batteries, alkaline batteries, dry batteries, button batteries, solar power batteries, mini batteries, emergency lights, dry cells and other batteries and any other battery technology used in or required for utility, residential, industrial, transport, commercial and consumptive purpose, their manufacturing equipment, components, parts, ingredients, substances, systems, consumable accessories or fittings including but not limited to battery plates, anode, cathode, polymer electrolyte membrane, cases, wires, knobs, accessories, distilled water, armature and armature winding, electrical wires and accessories, electrical motors, generators, accumulators, battery chargers, relays, transformers, auto transformers, electrical switches, plugs, sockets, circuit breakers, actuators, connectors, measuring instruments, multi meters and multi testers, electrical connectors and automobile parts.

- (19) To construct, execute, carry out, equip, improve, alter, develop, decorate, maintain, furnish, administer, operate, manage, own or control on toll basis or otherwise public and private works, conveniences and utilities of all kinds including railways, rope-ways, roads, toll roads bridges, toll bridges, docks, harbours canals, tunnels, toll tunnels, reservoirs, marine-works, powerhouses, irrigations, reclamations, improvements, sewage, drainage, sanitation, water works, waste gas, telephonic, telegraphic and power supply works, hotels, shops, water, sewage and effluent treatment plants, hydraulic works, and all other works of convenience and public utility.
- (20) To carry on the business of farming, horticulture, floriculture, sericulture, dairies, cultivators of all kinds of foodgrains, seed, fruits, proprietors of orchards, and to carry on the business of manufacturers, millers, grinders, rollers, processors, cold storers, canners, and preservers, dealers of foodgrains and other agricultural, dairy, horticulture and poultry products, fruits, vegetables, herbs, flowers, drinks, alcoholic or otherwise, juices, fluids, gas and other fresh and preservable products, and to extract by-products and derivatives and food preparations of every kind and description, preserved, hydrated, canned or converted agricultural products and to set up and run machinery for processing and preserving the same.
- (21) To act and render services of all kinds and nature as consultants, experts and consulting engineers in all their branches and to acquire or sell or transfer technical and managerial information, knowhow, processing, manufacturing, operations and commercial data, layouts, blue prints, erections and operations of any plant or process of manufacture and to acquire and grant or licence other rights and benefits and to prepare and submit schemes for setting up industries of all sizes and types.
- (22) (a) To carry on the business of leasing and hire purchase finance and/or providing deferred payments facilities and to provide on lease, hire purchase or on deferred payment basis all types of industrial and office plant, equipment, machinery, vehicles, buildings, undertaking, and other moveable and immoveable properties.
- (b) To carry on business of running and/or taking on lease industrial and other undertakings from government, semi-government corporations, companies and person, whether public or private for furtherance of the business activities of the Company.
- (c) To finance loans or advance moneys for taking on lease equipments of all kinds.
- (23) (a) To purchase, take on lease or in exchange or otherwise acquire any lands or buildings and any estate or interest in and any rights connected with any such lands and buildings and to develop and turn to account any land acquired by the company or in which the company is interested.

- (b) To lend money upon such terms and conditions to persons undertaking to build or improve any property in which the company is interested and to tenants, builders and contractors in furtherance of the objects of the company.
- (c) To develop, built, rebuilt, pull down, demolish, erect, enlarge, purchase, own, contract, take or give on lease or licence or hire or hirepurchase including sub-lease, sub-licence, sub-hire and realise rents, licence fees and charges for the same and to hold, exchange, improve, alter, repair, replace, acquire, divide, consolidate, appropriate, decorate, furnish, sell, mortgage and otherwise deal in and/or dispose of, buildings, office complexes, group housing schemes, shops, townships, hotels, theatres or any other estate or immovable property.
- (x) To do all or any of any of the above things and all such other things as are incidental or may be thought conducive to the attainment of the above objects or any of them in any part of India, Burma, Ceylon or elsewhere in the world and as Principals, Agents, Contractors, Trustees or otherwise and by/or through Trustees, Agents or otherwise and either alone or in conjunction with others and so that the word "Company" in this Memorandum when applied otherwise than to this Company shall be deemed to include any authority, partnership or other body of persons (whether incorporated or not incorporated), and whether domiciled in India or elsewhere, and the intention is that the objects set forth in each of the several paragraphs of this Clause shall have the widest possible construction and shall be in no wise limited or restricted by reference to or inference from the terms of any other paragraphs of this Clause or the name of the Company.

IV. The liability of the members is limited

"V. The Authorised Capital of the Company is Rs. 8037,00,00,000/- (Rupees Eight Thousand and Thirty Seven Crore) divided into 4018,50,00,000 (Four Thousand Eighteen Crore Fifty Lakh) Equity Shares of Rs. 2/- each with power to the Company to increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights, or to any conditions or restrictions or as redeemable preference shares and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained, but, upon any increase in capital, new shares with preferential, deferred, qualified or special rights, privileges or conditions attached thereto, may not be issued so as to prejudice the then existing preferential shares, redeemable or otherwise."

Note:

Sub-Clause c(3), (ff), (h), (k), (l) (5 to 9), (mm), (w) (18a to c), 19, 20, 21, (22 a to c) and (23 a to c) of Clause III were inserted by a special resolution passed at the 44th Annual General Meeting held on 27th July, 1989 and confirmed by the Company Law Board, Western Region Bench, Bombay vide petition No. 224 (17) CLB-WR of 1989 and order dated 29th November, 1989.

Pursuant to the Scheme of Arrangement dated 19th December, 2003 for demerger of Cement Business of the Company sanctioned by the Hon'ble High Court of Bombay on 22nd April, 2004, the capital clause (Clause V) of the Memorandum of Association of the Company is replaced upon the coming into effect of the Scheme on 14th May, 2004.

Pursuant to the Scheme of Amalgamation of L&T Shipbuilding Limited with Larsen & Toubro Limited sanctioned by the Hon'ble National Company Law Tribunals Chennai and Mumbai on 2nd April 2020 and 24th April 2020 respectively, the capital clause (Clause V) of the Memorandum of Association of the Company is replaced upon the coming into effect of the Scheme on 18th May 2020. The authorised share capital of the Company increased from Rs. 325,00,00,000/- (Rupees Three Hundred and Twenty Five Crore) to Rs. 5025,00,00,000 (Rupees Five Thousand and Twenty Five Crore).

Pursuant to the Scheme of Amalgamation of L&T Hydrocarbon Engineering Limited with Larsen & Toubro Limited sanctioned by the Hon'ble National Company Law Tribunal, Mumbai on 28th January 2022, the capital clause (Clause V) of the Memorandum of Association of the Company is replaced upon the coming into effect of the Scheme on 7th February 2022. The authorised share capital of the Company increased from Rs. 5025,00,00,000 (Rupees Five Thousand and Twenty Five Crore) to Rs. 8037,00,00,000/- (Rupees Eight Thousand and Thirty Seven Crore).

We the several persons whose names and addresses are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names.

Name, address, and description of subscriber	No. of shares taken by each subscriber
H. Holck-Larsen, Mafatlal Park, Warden Road Bombay Chemical Engineer	1900 (One thousand nine hundred)
S.K. Toubro 42, Pali Hill, Bandra Bombay Civil Engineer	1900 (One thousand nine hundred)
M.V. Desai "Normandie", Carmichael Road, Bombay Bar-at-Law	100 (One hundred)
Visonji Ruttonsey "Friends Home", Marine Drive Bombay Landlord	950 (Nine hundred fifty)

Dated the Seventh day of February, 1946

Witness to the above signatures:

T. Frandsen

**ARTICLES OF ASSOCIATION
OF
LARSEN & TOUBRO LIMITED**

PRELIMINARY

1. In these articles, unless there is something in the subject-matter or context inconsistent therewith,
“The Company” means the above named Company.
“The Act” means The Companies Act, 2013 and Rules thereunder or any statutory modification or re-enactment thereof for the time being in force.
“The Office” means the Registered Office for the time being of the Company.
“The Register” means the Register of Members to be kept pursuant to the Act.
“Month” means calendar month.
“Dividend” includes bonus.
“Paid-up” includes credited as paid-up.
“In writing” or “written” mean and include words printed, lithographed, represented or reproduced in any mode in a visible form.
“Secretary” includes any person appointed to perform the duties of Secretary temporarily.
“Special Resolution” and “Ordinary Resolution” have the meanings assigned thereto respectively by the Act. Words importing the singular number only include the plural number and *vice versa*.
Words importing the masculine gender only include the feminine gender.
Words denoting persons include corporations.
2. The Regulations contained in Table F (in the first Schedule of the Act) shall not apply to the Company.
3. The Company shall forthwith enter into an agreement with Messrs. Henning Holck-Larsen and Soren Kristian Toubro for the purchase of their existing partnership business carried on under the name and style of Larsen & Toubro with all its assets, liabilities, managing agency agreements, sole and other agencies and other arrangements and agreements which have been entered into by the said Messrs. Henning Holck-Larsen and Soren Kristian Toubro in their capacity as partners in the said partnership business and the goodwill attached to the said partnership business in terms of the draft agreement which has for the purpose of identification been initialled by Mr. Henning Holck-Larsen and the Directors shall carry the same into effect, with or without modification as they shall think fit.

The Company shall forthwith enter into an Agreement with Messrs. L & T (Management) Private Limited appointing the latter as Managing Agents of the Company for a period of 20 years upon the terms as to remuneration and conditions contained in the draft Managing Agency Agreement, which, for the purpose of identification, has been initialled by Mr. H. Holck-Larsen and the Directors shall carry the same into effect with or without modification as they think fit.

The Company is formed on the basis that the said Agreements shall be entered into with or without modifications as aforesaid and no objection shall be taken to the agreements nor shall any Promoter or Director be liable to account to the Company for any profit or benefit derived by him under the said Agreements by reason of any Promoter or Director of the Company being interested in the said Agreements or by reason of the terms thereof having been fixed in the manner therein provided or of the Board of Directors not in the circumstances being an independent Board, but every member of the Company, present and future, shall be deemed to have notice of the provisions of the said Agreements including any such modifications aforesaid and to have assented to all the terms thereof. And every member of the Company, present and future, is to be deemed to join the Company on this basis.

CAPITAL

4. The authorised Capital of the Company is Rs. 8037,00,00,000/- (Rupees Eight Thousand and Thirty Seven Crore) divided into 4018,50,00,000 (Four Thousand Eighteen Crore Fifty Lakh) Equity Shares of Rs. 2/- each.
 - (A) Deleted
 - (B) Deleted
 - (C) Deleted
 - (D) Deleted

5. None of the funds of the Company shall be directly or indirectly, employed by the Company in the purchase of, or lent on the security of shares of the Company except so far as may now or hereafter be permitted by the Act,

5A. Buy Back of Shares*

Notwithstanding anything contained in these articles, the Company is hereby authorized to buy-back such of its own shares or securities as it may consider necessary, subject to such limits, upon such terms and conditions, and in accordance with the provisions of the Act or any Statutory Modification thereto and such other regulations and guidelines as applicable in this regard.

SHARES

6. Subject to the provisions of these Articles, the shares shall be under the control of the Directors who (subject to the provisions of the Act) may allot or otherwise dispose of the same to such persons, on such terms and conditions and at such times as the Directors think fit. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.
7. The Company shall have power to issue Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise such power in any manner they think fit, and provide for the redemption of such shares on such terms including the right to redeem at a premium or otherwise as they think fit.
8. As regards all allotments from time to time made, the Directors shall duly comply with the Act by filing with and producing to the Registrar of Companies the documents required by the Act.
9. The Company may, subject to the provisions of the Act, at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debentures stock of the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures or debenture stock of the Company, but so that, if the commission shall be paid or payable out of Capital, the statutory conditions and requirements shall be observed and complied with, and the commission shall be as may be prescribed under the Act on the shares, debentures, or debenture stock in each case subscribed or to be subscribed. The commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company.
10. Deleted.
11. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share and shall for the purpose of these Articles be deemed to be duly payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like and all other relevant provisions of these Articles shall apply as if such instalment were a call duly made and notified as hereby provided.
12. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share.
13. Save as herein otherwise provided, the company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by statute required, be bound to recognise any equitable, contingent, future or other claim to or interest in such share on the part of any other person.

* Insertion of new clause pursuant to the Special Resolution passed at the 60th Annual General Meeting held on August 26, 2005.

CERTIFICATES

14. The Certificates of title to shares shall be issued under the seal of the Company, and signed by two Directors.
15. Every member shall be entitled, free of charge, to one certificate in such form as the Directors shall prescribe or approve, for all the shares registered in his name, If any member shall require additional certificates, he shall pay such sum as may be decided by the Directors for each such additional certificate. Provided that in the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor, and delivery of a certificate for a share to one of several jointholders shall be sufficient delivery to all. Every certificate of shares shall specify the number and denoting numbers of the shares in respect of which it was issued and the amount paid up thereon.
16. If any certificate be worn out or defaced, then, upon production thereof to the Directors, they may order the same to be cancelled, and may issue a new certificate in lieu thereof, and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Directors and on such indemnity as the Directors deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.
17. For every certificate issued under the last preceding Articles there shall be paid to the Company such sum as may be decided by the Directors, with the exception of worn out certificates which will be replaced free of charge.
18. Whereunder the powers in that behalf herein contained any shares are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

LIEN

19. The Company shall have a *lien* on every share, not being a fully paid share, for all moneys called or payable at a fixed time in respect of that share; but the Company shall have no general *lien* on such partly paid up shares. The Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article.
20. The Director may sell the shares subject to any such lien at such time or times and in such manner as they think fit, but no sale shall be made before such fixed time as aforesaid and until a demand and notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default shall have been served on such member or the person (if any) entitled by transmission to the shares and default in payment shall have been made by him or them for seven days after such notice.
21. The net proceeds of any such sale shall be applied in or towards satisfaction of the said debts of the member and the balances (if any) shall be paid to the member or the person (if any) entitled by transmission to the shares at the date of sale.
22. Upon any such sale as aforesaid, the Directors may appoint some person to execute an instrument of transfer of the shares sold and enter the purchaser's name in the Register as holder of the shares, and the purchaser shall not be bound to see the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

CALLS

23. The Directors may from time to time, subject to the provisions of the Act, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the condition of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalments.
24. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
25. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

26. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the instalment shall be due shall pay interest for the same at the rate of nine per cent per annum from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Directors may determine but the Directors shall be at liberty to waive payment of such interest wholly or in part.
27. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his share, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.
28. On the trial or hearing of any action for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member sued is entered in the Register as the holder or one of the holders of the shares in respect of which such debt accrued, that the Resolution making the call is duly recorded in the Minute Book, and that notice of such call was duly given to the member sued in pursuance of these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
29. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the moneys so paid in advance, or so much thereof as from time to time exceeds the amount of the call then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the member paying such sum in advance and the Directors agree upon provided that such rate shall not exceed nine per cent per annum. Money so paid in excess of the amount of calls shall not confer a right to dividends or to participate in the profits of the Company.
30. No member shall be entitled to receive any dividend or to exercise any privilege as a member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person together with interest and expenses (if any).

FORFEITURE

31. If any member fails to pay the whole or any part of any call or instalment on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
32. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that, in the event of non-payment at, or before the time, and at the place appointed, the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.
33. If the requisitions of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may, at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a Resolution of the Directors to that effect. Such forfeitures shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
34. When any share shall have been so forfeited, notice of the Resolution shall be given to the members in whose name it stood immediately prior to the forfeitures, and an entry of the forfeiture with the date thereof shall forthwith be made in the Register.
35. Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot and otherwise dispose of the same in such manner and on such terms as they think fit.
36. The Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.
37. Any member whose shares have been forfeited shall notwithstanding be liable to pay and shall forthwith pay to the Company all call, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at nine per cent per annum, and the Directors may enforce the payment thereof if they think fit.

38. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incident to the share, except only such of those rights as by these Articles are expressly saved, or as are by legislative enactment given or imposed in the case of past members.
39. Upon any sale after forfeiture in purported exercise of the powers hereinbefore given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold or may authorise some person to transfer the same to the purchaser and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION OF SHARES

40. The instrument of Transfer shall be in writing and all the provisions of the Act and any modification thereof for the time being shall be complied with in respect of all transfers of shares and registration thereof.
41. Every instrument of transfer must be duly stamped and left at the Office, accompanied by the certificate of the shares to be transferred together with such other evidence (if any) as the Directors may require to prove the title of the intending transferor or his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.
42. The instrument of transfer of any share shall be signed both by the transferor and transferee, and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address.
43. (a) Subject to the provisions of the Act, the Directors may at their own absolute and uncontrolled discretion and without assigning any reason decline to register or sanction any transfer of shares.
(b) If the Directors refuse to register a transfer of any shares, they shall within two months after the date on which the transfer was lodged with the Company sent to the transferee and the transferor notice of the refusal.

Provided that Registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.

44. No transfer shall be made to an infant, insolvent or person of unsound mind, or to a firm or partnership in the name of the firm.
45. No fees shall be levied by the Company in respect of transfer or transmission of any share of the Company. Notwithstanding the provisions of Articles 15 and 17 above the Directors may generally or in any particular case waive payment of the fee chargeable to a member in respect of any additional Certificate or a new Certificate as may be required to be issued thereunder.
46. The Directors, may, on giving seven days' previous notice by advertisement in some newspaper circulating in the district in which the Registered Office is situate, close the Transfer Books and Register of Members during such time as the Directors think fit, not exceeding in the whole forty-five days in each calendar year, but not exceeding thirty days at a time.
47. Except as otherwise provided in this Article the executors or administrators of a deceased member of the holder of Succession Certificate or other legal representation in respect of such shares, being the sole holder of a share, shall be the only person recognized by the Company as having any title to the share, and in the case of a share registered in the names of two or more holders, the survivors or survivor, or the executors or administrators of the deceased survivor or the holder of Succession Certificate or other legal representation in respect of such shares, shall be the only persons recognised by the Company as having any title to the share. The Company shall not be bound to recognise such executors or administrators unless they shall have obtained probate or letters of administration from a duly constituted Court in India having effect in Bombay. Provided nevertheless that in any case where the Directors in their absolute discretion think fit it shall be lawful for the Directors to recognise the title of any person claiming to be entitled to the share whether in a

representative capacity or not and to dispense with production of probate or letters of administration on the production of such other evidence of title as the Directors may require, and upon such terms as to indemnity or otherwise as they may think fit. But nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

(A.) Any person becoming entitled to shares in consequence of the death or bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these Articles, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Directors think sufficient, may, with the consent of the Directors (which they shall not be under any obligation to give) and upon giving such indemnity (if any) as the Directors may require, be registered as a member in respect of such shares, or may, subject to the Regulations as to transfers hereinbefore contained, transfer such shares. This Article is hereinafter referred to as "The Transmission Article."

48. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or moneys as hereinafter provided, be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share.
49. The Directors shall have the same right to refuse to register a person entitled by transmission to any shares, or his nominee, as if he were the transferee named in an ordinary transfer presented for registration.
50. Particulars of all transfers of shares shall be entered in a book and kept by the Company subject to the control and supervision of the Directors.

CONVERSION OF SHARES INTO STOCK

51. The Directors, with the sanction of a Resolution of the Company in Ordinary General Meeting may convert any paid-up shares into stock and may re-convert any stock into paid-up shares of any denomination. When any shares have been converted into stock, the several holders of such stock may, henceforth, transfer their respective interests therein, or any part of such interests, in the same manner and subject to the same Regulations as and subject to which fully paid-up shares in the Company's Capital may be transferred, or as near thereto as circumstances will admit. But the Directors may from time to time, if they fit, fix the minimum amount of stock transferable, and direct that fractions of a rupee shall not be dealt with, but with power, nevertheless, at their discretion to waive such rules in any particular case.
52. The stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and voting at Meeting of the Company, and for other purposes, as would have been conferred by shares of equal amount in the Capital of the Company of the same class as the shares from which such stock was converted, but so that none of such privileges or advantages, except the participation in profits of the Company, or in the assets of the Company on a winding-up shall be conferred by any such aliquot part of stock as would not, if existing in shares, have conferred such privileges or advantages. No such conversion shall effect or prejudice a preference or other special privilege attached to the shares so converted. Save as aforesaid, all the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to shares.

INCREASE AND REDUCTION OF CAPITAL

53. The Company in General Meeting may from time to time by Special Resolution increase its Capital by such sum to be divided into shares of such amounts as the Resolution shall prescribe.
54. Subject to the provisions of the Act the new shares may be issued upon such terms and conditions and with such rights and privileges annexed thereto as the Resolution creating the same shall direct, and if no direction be given, as the Directors shall determine and in particular such shares may (subject to any special rights for the time being attached to any existing class of shares) be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special or without any right of voting.
55. Subject to any direction to the contrary that may be given by the Meeting that sanctions the increase of Capital, all new shares shall be offered to the members holding Equity Shares in proportion as nearly as circumstances admit to the capital paid upon these shares and such offer shall be made by notice specifying the number of shares, to which the member is entitled, and limiting a time within which the offer, if not accepted, will be deemed to be declined and after the expiration of such time, or on receipt of an intimation

from the member to whom such notice is given, that he declines to accept the shares offered, the Directors may dispose of the same in such manner as they think most beneficial to the Company.

56. Except so far as otherwise provide by the conditions of issue or by these Articles, any Capital raised by the creation of new shares shall be considered part of the original Capital and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, transfer and transmission, forfeiture, *lien* and otherwise.
57. The Company may (subject to the provisions of the Act) from time to time by Special Resolution reduce its Capital in any way and in particular (without prejudice to the generality of the power) by paying-off Capital or cancelling Capital which has been lost or is unrepresented by available assets or reducing the liability on the shares or otherwise as may seem expedient, and Capital May be paid-off upon the footing that it may be called up again or otherwise; and paid-up Capital may be cancelled as aforesaid without reducing the nominal amount of the shares by the like amount to the intent that the unpaid and callable Capital shall be increased by the like amount.

SUB-DIVISION AND CONSOLIDATION OF SHARES

58. Subject to the provisions of the Act, the Company in General Meeting may from time to time by Ordinary Resolution:
- (a) consolidate and divide all or any of its shares into shares of larger amount;
 - (b) sub-divide all or any of its shares into shares of smaller amount; or
 - (c) cancel shares which have not been taken or agreed to be taken by any person.
59. Subject to the provisions of the Act the Resolution whereby any shares are sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantages as regards dividend, capital, voting, or otherwise over or as compared with the others subject, nevertheless to the provisions of the Act.

MODIFICATION OF RIGHTS

60. Whenever the Capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of the Act be modified, affected, abrogated or dealt with either with the consent in writing of the holders of a three-fourth of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of such holders (but not otherwise) and all the provisions hereinafter contained as to General Meetings shall, *mutatis mutandis* apply to every such Meeting, but so that the quorum thereof shall be members holding or representing by proxy three-fourth of the nominal amount of the issued shares of the class. This Article is not to derogate from any power the Company would have had if this Article were omitted.

BORROWING POWERS

61. The Directors shall not, except with the consent of the Company in General Meeting, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose.
62. Subject to the provisions of the Act the Directors may raise or secure the payment or re-payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by the issue of debentures or debenture stock of the Company charged upon all or any part of the property of the Company both present and future, including its uncalled Capital for the time being.
63. Debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
64. Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise. Provided that debentures with a right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meetings.

65. The Directors shall cause a proper Register to be kept in accordance with the Act of all mortgages and charges specifically affecting the property of the Company, and shall duly comply with the requirements of the Act, in regard to the registration of mortgages and charges and modifications thereof therein specified and otherwise and shall also duly comply with the requirements of the Act as to keeping a copy of every instrument creating any mortgage or charge at the Office. The Directors shall also comply as to giving intimation to the Registrar of Companies of the payment or satisfaction of mortgages and charges.
66. Every Register of holders of debentures of the Company may be closed for any period not exceeding in the whole thirty days in any year. Subject as aforesaid every such Register shall be open to the inspection of the registered holder of any such debentures and of any member; but the Company may in General Meeting impose any reasonable restrictions so that at least two hours in each day when such Register is open are appointed for inspection.
67. The Company shall comply with the provisions of the Act, as to allowing inspection of copies kept at the office in pursuance of the Act, and as to allowing inspection of the Register of Mortgages to be kept at the Office in Pursuance of the Act.
68. The Company shall comply with the provisions of the Act, as to supplying copies of any Register of holders of debentures or of any trust deed for securing any issue of debentures.
69. Deleted

GENERAL MEETINGS

70. The first General Meeting shall be held within eighteen months from the date of its incorporation and thereafter an Annual General Meeting shall be held within 9 months after the expiry of the financial year (not being more than 15 months after the holding of the last preceding General Meeting) and at such time and place as may be determined by the Directors.
71. The General Meeting referred to in the last preceding Article shall be called Annual General Meeting; all other Meetings of the Company shall be called Extraordinary General Meetings.
72. Subject to the provisions of Act the Directors may, whenever they think fit, and they shall on the requisition of the holders of not less than one-tenth of the paid-up Equity Capital of the Company upon which all calls or other sums then due have been paid forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:
 - (a) The requisition must state the objects of the Meeting and must be signed by the requisitionists and deposited at the Office and may consist of several documents in like form each signed by one or more requisitionists.
 - (b) If the Directors of the Company do not proceed within twenty-one days from the date of the requisition being so deposited to cause a Meeting to be called, not later than 45 days from the date of the deposit of the requisition, the requisitionists or a majority of them in value may themselves call the Meeting but in either case any Meeting so called shall be held within three months from the date of deposit of the requisition.
 - (c) Any Meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which Meetings are to be called by Directors.
73. Deleted.
74. Subject to the provisions of the Act a General Meeting of the Company may be called by giving not less than twenty-one clear days' notice in writing specifying the place, the day and hour of Meetings, and in the case of special business, the nature of the special business to be transacted at the Meeting, shall be given to the persons entitled to receive notice of the Meeting in manner hereinafter mentioned, provided that with the consent of all the members entitled to receive notice of a particular Meeting that Meeting may be convened by such shorter notice and in such manner as those members may think fit.
75. The accidental omission to give any such notice to or the non-receipt of any such notice by any of the members shall not invalidate any proceedings at any such Meeting.
76. All business shall be deemed Special that is transacted at an Extraordinary General Meeting, and also all business that is transacted at an Annual General Meeting with the exception of sanctioning a dividend, the

consideration of the Accounts, Balance Sheet and the Annual Reports of the Directors and Auditors, the election of Directors in the place of those retiring by rotation, and the appointment of Auditors and the fixing of their remuneration.

77. Every notice of an Annual or Extraordinary General Meeting shall be signed by the Managing Agents of the Company or by the Secretary or by such other officer as the Directors may appoint, except in case of a Meeting convened by members in accordance with these Articles, in which case the notice may be signed by the members convening the same.

PROCEEDINGS AT GENERAL MEETINGS

78. The business of an Annual General Meeting shall be to transact all business referred to in Article 76, all other business which under these Articles ought to be transacted at an Annual General Meeting, and all other business whether ordinary or special of which special notice shall have been given in the notice upon which the Meeting was convened.
79. Thirty Members present personally and entitled to vote shall be a quorum for all purposes at any General Meeting.
80. No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the business.
81. The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting, or if there be no such Chairman or if at any Meeting he shall not be present within fifteen minutes after the time appointed for holding such Meeting, the Directors present shall elect one of their number to be the Chairman of the Meeting, and if all Directors present decline to take the Chair, or no Director is present, then the members present shall choose one of their number to be the Chairman of the Meeting.
82. No business shall be discussed at any General Meeting, except the election of a Chairman, whilst the chair is vacant.
83. If within half an hour from the time appointed for the General Meeting a quorum is not present, the Meeting if convened upon such requisition as aforesaid shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned Meeting a quorum is not present, those members who are present shall be a quorum and may transact the business for which the Meeting was called.
84. Every question submitted to a Meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the Chairman shall, both on a show of hands and at the poll, have a casting vote in addition to the vote or votes to which he may be entitled as a member.
85. Subject to the provisions of the Act at any General Meeting a Resolution put to the vote of the Meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than Five lakh rupees or such other sum as may be prescribed by the Act has been paid up and unless a poll is so demanded, a declaration by the Chairman that a Resolution has, on a show of hands, been carried, or carried unanimously or by a particular majority, or lost, and an entry to that effect in the Book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that Resolution.
86. If a poll is demanded as aforesaid, it shall be taken at such place in Bombay and at such time not being later than forty-eight hours from the time when the demand was made as the Chairman may direct.
87. The Chairman of a General Meeting may, with the consent of the Meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.
88. Any poll duly demanded on the election of a Chairman of a Meeting or any question of adjournment shall be taken at the Meeting and without adjournment.
89. The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which a poll has been demanded.

VOTES OF MEMBERS

90. On a show of hands every member not disqualified by these Articles who (being an individual) is present in person or (being a corporation) is present by a representative or proxy shall have one vote. Upon a poll every member who is present in person or by a representative or by proxy shall be entitled to one vote for each share held by him.
91. Subject to the provisions of these Articles and the provisions of the Act votes may be given either personally or by proxy.
92. A corporation, whether a company within the meaning of the Act or not, which is a member of this Company may by resolution of its Directors authorise any of its officials or any other person to act as its representative at any Meeting of this Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he were an individual member of this Company, and at any Meeting of this Company the production of a copy of such resolution certified by one Director or the Secretary of such corporation as being a true copy of the resolution shall be accepted by this Company as sufficient evidence of the validity of the said representative's appointment and his right to vote. A representative so appointed shall not be deemed to be a proxy.
93. Any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of shares, provided that seventy-two hours at least before the time of holding the Meeting or adjourned Meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such Meeting in respect thereof. Several executors or administrators of a deceased member in whose name shares stand shall, for the purposes of this Article, be deemed joint-holders of such shares.
94. Where there are joint registered holders of any share any one of such person may vote at any Meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint-holder be present at any Meeting personally or by a proxy, that one of the said persons so present whose name stands first on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose sole name any shares stand for the purposes of this Article be deemed joint-holders thereof and their seniority determined by the order in which their names are entered in the Register.
95. Save as herein expressly provided no person other than a member duly registered and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares shall be entitled to vote on any question either personally or by proxy in respect of his shares or to be reckoned in the quorum at any General Meeting.
96. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a Corporation, under its common seal or under the hand of an officer or attorney so authorised. A proxy need not be a member.
97. An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purposes of every Meeting of the Company and every adjournment of any such Meeting.
98. The instrument appointing a proxy of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office not less than forty-eight hours before the time for holding the Meeting at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated valid. No proxy shall be used at an adjourned Meeting which could not have been used at the original Meeting.
99. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, revocation or transfer shall have been received at the Office before the Meeting; Provided nevertheless that the Chairman of the Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
100. If any instrument appointing a proxy be confined to the object of appointing a proxy solely for the purposes of these Articles, it shall remain, for such time as the Directors may determine, in the custody of the Company,

if such instrument, however, embraces other objects, a copy of such instrument, examined with the original, shall be delivered to the Company to remain in their custody.

101. An instrument appointing a permanent proxy may be registered with the Company once and for all and need not be again registered before each successive Meeting.
102. Every instrument appointing a proxy, whether for a specified Meeting or otherwise, shall as nearly as circumstances will admit be in the form or to the effect following :-

LARSEN & TOUBRO LIMITED

I, the undersigned
of being a member of Larsen & Toubro Limited, hereby appoint
of (or failing him
of..... or failing him
of) as my proxy to vote for and on my behalf at the Annual (or Extraordinary) General Meeting of the Company to be held on theday of19..... and at any adjournment thereof.

As witness my hand thisday of 19

Signed by the said

in the presence of

DIRECTORS

103. The number of Directors shall not be less than three and unless and until otherwise determined by a General Meeting, shall not be more than twenty four including all the Directors appointed under Article 104. The first Directors shall be (1) Mr. Henning Holck-Larsen, (2) Mr. Soren Kristian Toubro, (3) Mr. Mangaldas Vithaldas Desai, (4) Mr. Visonji Ruttonsej.

104. Deleted

104. (A) Notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Financing Corporation or Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Finance Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee Furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint time to time any person or persons as a Director or Directors, whole-time or non-whole-time, (which Director or Directors is / are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s.

At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any monies remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall *ipso facto* vacate such office immediately the monies owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.

The Nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India, the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

In the event of the Nominee Director/s being appointed as Whole-time Director/s such Nominee Director/s shall exercise such powers and have such rights as are usually exercised or available to a Whole-time Director in the management of the affairs of the Company. Such Whole-time Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation.

- (B) Notwithstanding anything to the contrary contained in these Articles, so long as any series of Debentures issued / to be issued by the Company are outstanding, the debenture holders or the Trustees for the debenture holders, as the case may be shall have a right to appoint from time to time a Nominee Director on the Board of the Company in respect of such outstanding series and to remove from such office any such person so appointed and to appoint another person in his place. The Board of Directors of the Company shall have no power to remove from office such Nominee Director. The said Nominee Director shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation of Directors. Subject as aforesaid, the said Nominee Director shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
105. The Company in General Meeting, and subject to the provisions of the Act, the Directors shall have power at any time and from time to time to appoint any qualified person to be a Director, either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed above. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company, but shall be then eligible for re-election.
106. Subject to the provisions of the Act the Company may from time to time in General Meeting subject to the provisions of these Articles and to any undertaking by the Company to the contrary, increase or reduce the number of Directors and may make any appointments necessary for effecting such increase. The Company may also alter the qualification of Directors, Provided however that this Article shall not be construed as authorizing the removal of a Director otherwise than as provided in Article 118.
107. [Deleted]*

108. At the first Annual General Meeting of the Company the whole of the Directors shall retire from office, and at the Annual General Meeting in every subsequent year one-third of the Directors for the time being or, if their number is not three nor multiple of three, then the number nearest to one-third shall retire from the office, but shall be eligible for re-election. A Director retiring at a Meeting shall retain office until the close of the Meeting. The Director ex-officio or alternate Director shall not be taken into account in determining the rotation of retirement or the number of Directors to retire.

Provided that the Independent Directors of the Company shall not be liable to be retire by rotation.

109. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office.

110. If at any Meeting at which an election of Directors ought to take place, the places of the vacating Directors are not filled up, the Meeting shall, unless it shall be determined at any such Meeting to reduce the number of Directors, stand adjourned to the same day in the next week at the same time and place, and if at the adjourned Meeting the places of the vacating Directors are not filled up, the vacating Directors or such of them as have not had their places filled up shall be deemed to be re-elected at such adjourned Meeting.

(A) A retiring Director shall be eligible for re-election.

(B) No person, not being a retiring Director, shall unless recommended by the Directors for election, be eligible for election to the office of Director at any General Meeting, unless he or some other member intending to propose him, has at least fourteen clear days before the meeting, left at the office a notice in writing duly signed, signifying his candidature for the office, or the intention of such member to propose him, along with a deposit of five hundred rupees which shall be refunded to such persons or, as the case may be, to such member, if the person succeeds in getting elected as a Director.

111. The Board of Directors of the Company may appoint an Alternate Director to act for a Director (hereinafter called "the original Director") during his absence for a period of not less than three months from India and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director shall be entitled to notice of meeting of the Directors and to attend and vote thereat accordingly. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to India. If the term of office of the original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the original Director and not to the Alternate Director.

112. Subject to the provisions of the Act, each Director shall be paid out of the funds of the Company as remuneration for his services the maximum remuneration of a Director as may be approved by the Directors within the limits prescribed by the Act or Central Government from time to time, for each Meeting of the Board of Directors or of its Committee attended by him and each Director shall be entitled to be paid his reasonable travelling expenses incurred by him while employed in the business of the Company. The Board may allow and pay to any Director who is not a bonafide resident of the place where the meeting of the members of the Company or of the Board of Directors or of its Committee is held and who shall come to such place for the purposes of attending a meeting, such sum as the Board may consider fair compensation for traveling, hotel and other expenses properly incurred by him for attending and returning from such meetings in addition to fee for attending such meetings as above specified. The expression travelling expenses means and shall always be deemed to include expenditure incurred for travelling, boarding and lodging and other incidental expenses.

113. The continuing Directors may act notwithstanding any vacancy in their body, but so that if their number falls below the minimum above fixed, the Directors shall not, except for the purpose of filling up vacancies of Director, and summoning a General Meeting, act so long as the number is below the minimum.

114. Subject to the provisions of the Act in respect of an office of profit, a Director may hold any other office under the Company, except that of Auditor, in conjunction with the office of Director, and on such terms as to remuneration and otherwise as the Directors may arrange.

115. Subject to the provisions of the Act the Office of Director shall *ipso facto* be vacated:
- (a) If he becomes bankrupt or be adjudged insolvent or suspends payment or compounds with his creditors.
 - (b) If he is found lunatic or becomes of unsound mind.
 - (c) If he commits any offence punishable under the Indian Penal Code and being under the provisions of the Criminal Procedure Code non-bailable.
 - (d) If he fails to pay calls made on him in respect of shares held by him within six months of the date of such calls being made.
 - (e) If he is removed from office under Article 111 or 118 hereof.
 - (f) If he or any firm of which he is a partner or any private company of which he is a Director or member accepts a loan or guarantee from the Company in contravention of the Act.
 - (g) If he or any firm of which he is a partner or any private company of which he is a Director without the sanction of the Company in General Meeting accepts or holds any office of profit under the Company, other than that of a Managing Director or Manager or Legal or Technical Adviser or a Banker.
 - (h) If he ceases to hold the required number of shares to qualify him for office or does not acquire the same within two months of his appointment or election.
 - (i) If he acts in contravention of the Act, as regards entering into certain contracts.
 - (j) If by notice in writing he resigns his office.
116. Subject to the provisions of the Act, no Director shall be disqualified by his office from contracting with the Company, either as a vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be concerned or interested be avoided, nor shall any Director so contracting or being so concerned or interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest must be disclosed by him at the Meeting of the Directors at which the contract or arrangement is determined only if his interest then exist or in any other case at the first Meeting of the Directors after the acquisition of his interest and that save as regards the two contracts referred to in Article 3 no Director shall as a Director vote in respect of any contract or arrangement in which he is so interested as aforesaid nor except in respect of the said two contracts shall his presence count for the purpose of forming a quorum at the time of any such vote and except in respect of the said two contracts if he does vote, his vote shall not be counted but, this provision shall not apply to any contract by or on behalf of the Company to give to the Directors or any of them any indemnity against loss which they or any of them may suffer by reason of becoming sureties or surety for the Company. A general notice that a Director is a member of any particular firm or company or Director of any particular company and is to be regarded as interested in any subsequent transaction with such firm or company shall as regards any such transaction be sufficient disclosure under this Article, and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such firm or company.
117. Deleted
118. Subject to the provisions of the Act, the Company may by Ordinary Resolution remove any Director whose period of office is liable to "determination" at any time by retirement of Directors in rotation, before the expiration of his period of office, and may by an Ordinary Resolution appoint another person in his stead. The person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. A Director so removed shall not be re-appointed a Director by the Directors.
119. A Director of this Company may be or become a Director of any company promoted by this Company or in which it may be interested as a vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as Director or member of such company.

PROCEEDINGS OF DIRECTORS

120. Subject to the provisions of the Act the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit and may determine the quorum

necessary for the transaction of business. Until otherwise determined and subject to the provisions of Article 124 and of the Act two Directors personally present shall be a quorum.

121. The Managing Agents, the Chairman or any Director may and Secretary at the direction of the Chairman or of any Director or of the Managing Agents, shall at any time, convene a Meeting of the Directors.
122. Questions arising at any Meeting of the Directors shall be decided by a majority of votes and in the case of an equality of votes the Chairman shall have a second or casting vote.
123. If at any Meeting of the Directors the Chairman of the Directors is not present at the time appointed for holding the same, the Directors present shall choose one of their number then present to be the Chairman of the Meeting.
124. A Meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company for the time being vested in or exercisable by the Directors generally. Provided nevertheless that when all the Directors present at any meeting except a number less than requisite to form a quorum or except one Director are or is disqualified from voting on any Resolution by the provisions of Articles 116 or of the Act, such lesser number of Directors or Sole Director as the case may be, shall be entitled to consider and pass such Resolution and shall for this purpose be deemed to be a valid and effective quorum. Provided however that the aforesaid *proviso* shall not be applicable when any contract or arrangement is entered into by or on behalf of the Company with a Director or with any firm of which a Director is a member or with any private company of which a Director is a Director or member for:
 - (1) the underwriting or subscription of shares or debentures of the Company;
 - (2) the purchase or sale of the shares or debentures of any other company;
 - (3) the sale of any products manufactured by the Company;
 - (4) The purchase of raw materials or stores to be used in the manufacture of products of the Company.
125. Subject to the provisions of the Act the Directors may delegate any of their powers to Committees consisting of such member or members of their body as they think fit, and they may from time to time revoke or discharge any such Committee, either wholly or in part and either as to persons or purposes; any Committee so formed shall in exercise of the powers, so delegated, conform to any Resolutions that may from time to time be imposed upon it by the Directors. All acts done by any such Committee, in conformity with such Regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
126. The Meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the Meetings and proceedings of the Directors so far as the same are applicable thereto, and are not superseded by any Regulations made by the Directors under the last preceding Article.
127. All acts done by any Meetings of the Directors, by a Committee of Directors or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or person acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
128. Subject to the provisions of the Act a Resolution in writing signed by all the Directors and alternate Directors (if any) for the time being in India and not being less than two-thirds of the total number of Directors shall be as valid and effectual as if it had been passed by a Meeting of the Directors duly called and constituted.
129. If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his headquarters for any of the purposes of the Company or in giving special attendance to the business of the Company as a member of a Committee of Directors, the Company may remunerate the Director so doing by a fixed sum as may be determined by the Directors, and such remuneration may be either in addition to or in substitution for his remuneration above provided. A Director shall be entitled to be repaid any travelling, hotel or other expenses incurred in connection with the business of the Company.

MINUTES

130. The Directors shall cause Minutes to be duly entered in separate Minutes Books provided for the purposes of recording:

- (a) the names of the Directors and alternate Directors present at each Meeting of the Directors and of any Committee of Directors, all appointments of Officers and Committees of Directors, all orders made by the Directors and Committees of Directors, and all Resolutions and proceedings of the Directors and Committees of Directors.
- (b) all Resolutions and proceedings of General Meetings of the Shareholders.

And any such Minutes of any Meetings of the Directors or of any Committee or of the Company, if purporting to be signed by the Chairman of such Meeting or by the Chairman of the next succeeding Meeting, shall be receivable as *prima facie* evidence of the matters stated in such Minutes.

131. The Directors shall maintain a Register of Contracts in accordance with the Act, in which should be entered particulars of all Contracts or arrangements made by the Company in which a Director is directly or indirectly concerned or interested.

POWERS OF DIRECTORS

132. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in forming and registering the Company and, subject to their control and supervisions by the Managing Agents. The Directors may exercise all such powers and do all such acts or things as may be exercised or done by the Company, and are not hereby or by the Act expressly directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and of these Articles and to any Regulations from time to time made by the Company in General Meeting provided that no Regulations so made shall invalidate any prior act of the Directors which would have been valid if such Regulations had not been made.

133. Subject to the restrictions contained in the Act and without prejudice to the general powers conferred by the last preceding Article and the other powers conferred by these Articles, it is hereby expressly declared that the Directors shall have the following powers; that is to say, power :

- (a) To acquire by purchase, lease, or in exchange, or otherwise, land, buildings, hereditaments, rights, agencies, privileges, or other property for the purposes of the Company, to erect and maintain warehouses, workshops and other buildings; to purchase machinery and stores; to sell all or any portion of the machinery or stores and replace the same as may be thought most advisable; to sell, dispose of or transfer any property moveable or immoveable of the Company for such consideration as the Directors may think fit; to lease out the property of the Company in part or in whole for such rent and subject to such conditions as may be thought desirable; and to do and perform generally all such other acts and things as may be incidental or conducive to the attainment of all or any of the above objects or as may be considered by the Directors to be for the interest of the Company.
- (b) At their discretion to pay for any property, rights, agencies or privileges acquired by or services rendered to the Company either wholly or partially in cash or in shares, bonds, debentures, or other securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon; any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled Capital or not so charged.
- (c) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage, charge, hypothecation or pledge, of all or any of the property of the Company, and/or its uncalled Capital for the time being or in such other manner as they may think fit.
- (d) Subject to these Articles to appoint and at their discretion remove or suspend such managers, secretaries, officers, clerks, agents, and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments and to require security in such instances and to such amount as they think fit.
- (e) Subject to the provisions of the Act to appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes, and to execute and do all such deeds, document and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.

- (f) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts and of any claim or demands by or against the Company.
- (g) To refer any claims or demands by or against the Company to arbitration and observe and perform the awards.
- (h) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (i) To determine who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptance, endorsements, cheques, releases, contracts and documents.
- (j) Subject to the provisions of the Act to invest and deal with any of the moneys of the Company not immediately required for the purposes thereof in or upon such investments of securities (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realize such investments.
- (k) Subject to the provisions of the Act to execute in the name and on behalf of the Company in favour of any Director or other persons who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed on.
- (l) To give any person employed by the Company a commission on the profits of any particular business or transaction and such commission shall be treated as part of the working expenses of the Company.
- (m) Before recommending any dividend to set aside, out of the profits of the Company, such sums as they think proper as Reserve Fund or Funds to meet contingencies or for equalising dividends or for special dividends or for repairing, improving and maintaining any of the property of the Company or for such other purposes as the Directors shall in their absolute discretion think conducive to the interest of the Company; and to divide the Reserve Fund or Funds into such special Funds as they think fit with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division of a Reserve Fund and with full power to employ the assets constituting the Reserve Fund or funds in the business of the Company and that without being bound to keep the same separate from the other assets and if they think fit to abolish such Reserve Fund or Funds. And also carry forward to the account of the succeeding year or years any profit or balance of profit which they shall not think fit to divide or place to Reserves.
- (n) From time to time made, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants.
- (o) To effect all kinds of insurance which in the opinion of the Directors ought to be effected for the benefit of the Company and in particular to insure the property of the Company against loss or damage by fire or otherwise, and also to insure against any standing charges and to insure any anticipated profits of the Company or of any transaction or transactions entered into by the Company, and to sell, assign, surrender or discontinue any policies of assurances effected in pursuance of this power.
- (p) To incur from time to time such expenses and to lay out such sum or sums of money as the Directors may deem expedient, for the purpose of working the workshops or manufactories, or for improving the business of the Company, from time to time to erect and fix new machinery or plant, on or in any of the lands, buildings and premises for the time being the property or in the possession of the Company; and from time to time to remove all or any of the machinery, plant and stores of the Company being in or upon any of the lands, buildings, and premises of the Company, to other lands, buildings, or premises wheresoever situate of the Company.
- (q) To enter into all such negotiations and contracts, and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for, or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.
- (r) To open and operate upon and overdraw bank accounts, to sign, make, issue, negotiate, discount, endorse, accept or otherwise deal in all manner of negotiable instruments including cheques, promissory notes, hundies, bills of exchange and bearer bonds, arrange for credits in cash or in kind, specifying the Bank of Banks with whom the cash credit account is to be opened and the limit of such accounts.

134. A receipt signed by any of the Managing Directors, or by a person authorized by a Resolution of Directors to give receipt for any moneys, funds, or property, lent or payable or belonging to the Company, shall be an effectual discharge on behalf of and against the Company for the moneys, funds, or property which in such receipt shall be acknowledged to be received, and the person paying any such moneys shall not be bound to see to the application thereof, or be answerable for the misapplication thereof.

MANAGING AGENTS

135. Deleted

136. (A) Deleted

MANAGING DIRECTORS / WHOLE-TIME DIRECTORS

136. (B) Subject to the provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be Managing Director / Whole-time Director or Managing Directors / Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. The Directors may whenever they appoint more than one Managing Director, designate one or more of them as "Joint Managing Director" or "Joint Managing Directors" or "Deputy Managing Director" or "Deputy Managing Directors" and accordingly the expression "Managing Director" shall also include and be deemed to include "Joint Managing Director" or "Deputy Managing Director" as the case may be.
- (C) Subject to the provisions of the Act and of these Articles a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation under Articles 108 but he shall subject to the provisions to any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company and he shall *ipso facto* and immediately cease to be a Managing Director if he ceases to hold the office of the Director from any cause. Provided that if at any time the number of Directors (including Managing Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being then such Managing Director or Managing Directors as the Board of Directors shall from time to time select shall be liable to retirement by rotation in accordance with Article 108 to the intent that the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being. A Managing Director who is re-elected as a Director immediately on retirement by rotation, shall continue to hold his office of Managing Director and such re-election as Director shall not be deemed to constitute a break in his appointment as Managing Director.
- (D) A Whole-time Director who is re-elected as a Director immediately on retirement by rotation, shall continue to hold his office of Whole-time Director and such re-election as Director shall not be deemed to constitute a break in his appointments as Whole-time Director.
- (E) Subject to the provisions of the Act, the remuneration of a Managing Director or Whole-time Director shall (subject to the provisions of any contract between him and the Company) from time to time be fixed by the Company in General Meeting or so far as the Act may allow by the Director and may be by way of fixed salary or commission on profits of the Company or by participation in any such profits or provisions of perquisites, benefits, amenities or allowances or by any or all of those modes.
- (F) Subject to the superintendence, control and direction of the Board of Directors the day-to-day management of the Company shall be in the hands of the Managing Directors and/or Whole-time Directors. The Directors may from time to time entrust to and confer upon a Managing Director and Whole-time Director for the time being save as hereafter in this article provided such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such powers with a power to sub-delegate for such time, and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf; and may from time to time revoke, withdraw, alter or vary all or any of such powers. Provided however that the Directors shall not entrust to and confer upon a Managing Director or Whole-time Director and a Managing Director or Whole-time Director shall not have or be entitled to exercise the power:
- (i) to make call on shareholders in respect of the money unpaid on their shares;

- (ii) to issue debentures;
- (iii) to borrow monies otherwise than on debentures, to invest the funds of the Company and to make loans except in accordance with and subject to the terms of the resolution of the Board delegating such powers, under the Act.

THE SEAL

137. The Directors shall provide a common Seal for the purpose of the Company and may from time to time destroy the same and substitute a new Seal in lieu thereof, and shall provide for the safe custody of the Seal for the time being, Under such regulations as the Directors may prescribe, and it shall not be affixed to any document except by the authority of the Directors previously given and in the presence of at least two Directors or of one Director and the Secretary or other person as the board may appoint shall attest every document to which the Seal is so affixed in their presence.

ANNUAL RETURNS

138. The Company shall make the requisite Annual Returns of members, etc., in accordance with the Act.

DIVIDENDS

139. Subject as aforesaid, the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be divisible among the members in proportion to the Capital paid up on the shares held by them respectively.
140. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may fix the time for payment. The profits of the Company made during the financial year, or other period comprised in the accounts submitted to the Annual General Meeting in each year and available for dividend, with any profits carried forward from past years, shall be applicable to the payment of such dividend as may be declared by the Company in General Meeting for such period on the capital paid up on the ordinary shares.
141. Any General Meeting sanctioning or declaring a dividend on ordinary shares in terms of these Articles may direct payment of such dividend, wholly or in part, by the distribution of specific assets, and in particular of paid-up shares, debentures, or debenture-stock of the Company or of any other Company, or in any one or more of such ways, and the Directors shall give effect to such Resolution, and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividend as may seem expedient to the Directors. Where requisite, a proper contract shall be filled in accordance with the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointments shall be effective.
142. No larger dividend shall be declared than is recommended by Directors, but the Company in General Meeting may declare a smaller dividend.
143. No dividend shall be payable except out of the profits of the Company for the year or any other undistributed profits, and no dividend shall carry interest as against the Company.
144. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.
145. The Directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.
146. Any General Meeting declaring a dividend may make a call on the members of such amount as the Meeting fixes but so that the call on such members shall not exceed the dividend payable to him and so that the call be made payable at the time as the dividend and the dividend may if so arranged between the Company and the member be set off against the call. The making of a call under this Article shall be deemed ordinary business of any Ordinary Meeting which declares a dividend.
147. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
148. The Directors may retain the dividends payable upon shares in respect of which any person is under the

Transmission Article entitled to become a member or which any person under the Article is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same.

149. The Directors may, if they think fit, deduct from the dividend payable to any members, all such sums of money as may be actually due from him on account of calls either solely or jointly, to the Company, without prejudice to the right of the Company to sue for the balance of such moneys, or to forfeit or sell any shares as hereinbefore provided.
150. Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends and payments on account of dividend or other moneys payable in respect of such share.
151. Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled, or in the case of joint-holders to the registered address of any one of them named in the Register and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.
152. No unclaimed dividend shall be forfeited by the Board and all dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

CAPITALISATION OF PROFITS AND RESERVES

153. The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalize any undivided profits of the Company not required for paying the fixed dividends on any Preference Shares (Including profits carried and standing to the credit of any reserve or reserves or other special accounts and profits arising from the realization of any capital assets or the issue of shares at a premium) and accordingly that the Directors be authorized and directed to appropriate profits resolved to be capitalized to the members who would have been entitled to receive the same had such sums been distributed by way of dividend in accordance with their rights, and to apply such profits on their behalf on the footing that they become entitled thereto as Capital either in or towards paying up the amounts, if any, for the time being unpaid on any shares by such members respectively, or in paying up in full un-issued shares, debentures or securities of the Company of a nominal amount equal to such profits, such shares, debentures or securities to be allotted and distributed, credited, as fully paid up, to and amongst such members in the proportion aforesaid, or partly in one way and partly in the other. Whenever such Resolution as aforesaid shall have been passed, the Directors shall make all appropriations, and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares, debentures or securities, if any and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares, debentures or securities becoming distributable in fractions and also to authorize any person to enter on behalf of all the members into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.
 - (A) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may by resolution of the Company be applied in paying up in full or in part any new shares or any shares then remaining unissued, to be issued to such members of the Company or other persons as the Directors may resolve upon an amount equal to the nominal amount of the shares so issued.

BOOKS AND DOCUMENTS

154. The Directors shall cause true account to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditures take place, of all sales and purchases of goods by the Company and of the assets, credits and liabilities of the Company.
155. Subject to the provisions of the Act the Books of Account shall be kept at the Office or at such other place as the Directors think fit.
156. The Directors shall from time to time determine whether and to what extent and at what times and places

and under what conditions and regulations, the accounts and books and documents of the Company or any of them shall be open to the inspection of the members, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorized by the Directors or by a Resolution of the Company in General Meeting.

ACCOUNTS AND BALANCE SHEETS

157. The Directors shall, as required by the Act, cause to be prepared and laid before the Company in Annual General Meeting to be held as provided by Article 70 hereof such Profit and Loss Account, Balance Sheet and Directors' and Auditors' Reports as are referred to in those provisions.
158. Subject to the provisions of the Act a copy of the Balance Sheet and Profit and Loss Account duly audited together with a copy of the Auditors' Report and a copy of the Directors' Report with respect to the state of the Company's affairs shall be sent to every member, in the way in which notices are required to be served under these Articles, at least twenty-one days before the Meeting at which the documents are to be laid before the members of the Company, and copies shall be deposited at the Registered Office of the Company for the inspection of the members of the Company during a period of at least twenty-one days before that Meeting.
159. The Profit and Loss Account shall, in addition to the matters referred to in the Act, show, arranged under most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment, salary and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account, so that a just balance of profit and loss may be laid before the Meeting and, in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated, with the addition unless the Company in General Meeting shall otherwise determine, of the reason why only a portion of such expenditure is charged against the income of the year.

AUDIT

160. Every Balance Sheet and Profit and Loss Account or Income and Expenditure Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned. The first Auditors of the Company may be appointed by the Directors before the Statutory Meeting.
161. Subject to the provisions of the Act the Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office until the next Annual General Meeting and the following provisions shall have effect, that is to say:
 - (a) If an appointment of Auditors is not made at any Annual General Meeting the Central Government may on the application of any member of the Company appoint an Auditor for the current year and fix the remuneration to be paid to him by the Company for his services.
 - (b) A Director or Officer of the Company and a partner of such Director or Officer and any person indebted to the Company shall not be capable of being appointed Auditor of the Company.
 - (c) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless notice of an intention to nominate that person to the office of Auditor has been given by a member to the Company not less than twenty-one days before the Meeting and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members either by advertisement or in any other mode allowed by the Articles not less than seven days before the Annual General Meeting.

Provided that if after notice of the intention to nominate an Auditor has been so given an Annual General Meeting is called for a date twenty-one days or less after the notice has been given, the notice though not given within the time required by this provision shall be deemed to have been properly given for the purpose thereof and the notice to be sent or given within the time required by this provision, be sent or given at the same time as the notice of the Annual General Meeting.
 - (d) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act.
162. The remuneration of the Auditors shall be fixed by the Company in General Meeting, except that the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Directors.

163. (1) Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanations as may be necessary for the performance of the duties of the Auditors.
- (2) Subject to the provisions of the Act the Auditors shall make a Report to the members of the Company on the accounts examined by them and on every Balance Sheet and Profit and Loss Account or Income and Expenditure Account laid before the Company in General Meeting during their tenure of office and the Report shall state:
- (a) Whether or not they have obtained all the information and explanations they have required; and
 - (b) Whether or not, in their opinion, the Balance Sheet and the Profit and Loss Account or Income and Expenditure Account referred to in the Report are drawn up in conformity with law; and
 - (c) Whether or not such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of their information and the explanations given to them, and as shown by the Books of the Company; and
 - (d) Whether in their opinion Books of Accounts have been kept by the Company as required by the Act.
164. Every Account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered within three months next after the approval thereof. Whenever any such error is discovered within that period, the Account shall forthwith be corrected and henceforth shall be conclusive.

NOTICES

165. (a) A notice may be given by the Company to any member either personally or by sending it by post to him to his registered address, or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the giving of notices to him.
- (b) Subject to the provisions of the Act where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice and unless the contrary is proved, to have been effected at the time at which the letter would be delivered in the ordinary course of post.
166. If a member has no registered address in India and has not supplied to the Company an address within India for the giving of notice to him, a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the Registered Office of the Company shall be deemed to be duly given to him on the days on which the advertisement appears.
167. A notice may be given by the Company to the joint-holders of a share by giving the notice to the joint-holder named first in the Register in respect of the share.
168. A notice may be given by the Company to the persons entitled to a share by transmission by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such as address has been so supplied) by giving notice in any manner in which the same might have given if the death or insolvency had not occurred.
169. Notice of every General Meeting shall be given in some manner hereinbefore authorised to (a) every member of the Company except those members who (having no registered address within India) have not supplied to the Company an address within India for the giving of notices to them and also to (b) every person entitled to a share in consequence of the death or insolvency of a member, who, but for his death or insolvency, would be entitled to receive notice of the Meeting. No other person other than Auditors shall be entitled to receive notices of General Meetings. In particular a holder of a share warrant shall not be entitled to receive notices of the Company.
170. The signature to any notice to be given by the Company may be written or printed.

SECURITY CLAUSES

171. Every Director, Manager, Auditor, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors before entering

upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may necessary in order to comply with any of the provisions in these Articles contained.

172. No Members, not being a Director, shall be entitled except to the extent expressly permitted by the Act or these Articles to enter upon the property of the Company or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, it will be inexpedient in the interest of the members of the Company to communicate to the public.

WINDING-UP

173. The assets of the Company in winding up available for distribution among the members shall be applied, first, in repaying to the holders of the said preference shares the amount paid up thereon and the arrears of dividend, if any, down to the commencement of the winding up, whether earned or declared or not; and the surplus or loss shall be divided among the holders of ordinary shares in proportion to the capital subscribed.

RECONSTRUCTION

174. On any sale of the undertaking of the Company, the Directors or the Liquidators on a winding-up may, if authorised by an Extraordinary Resolution, and after paying off the holders of preference shares, accept fully paid or partly paid-up shares, debentures or securities of any other Company, whether incorporated in India or in any other place whatsoever, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Directors (if the profits of the Company permit) or the Liquidators (on winding up) may distribute such shares, or securities, or any other property of the Company amongst the holders of ordinary shares without realisation, or vest the same in trustees for them, and any Extraordinary Resolution may provide for the distribution or appropriation of the cash, shares, or other securities, benefits or property, otherwise than in accordance with the strict rights of the holders of ordinary shares and for the valuation of any such securities or property at such price and in such manner as the Meeting may approve, and all holders of ordinary shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under the Act as are incapable of being varied or excluded by these Articles.

INDEMNITY

175. Subject to the provisions of the Act every Director, Manager, Auditor and other Officer or Servant of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the Funds of the Company to pay all costs, losses and expenses which any such Director, Manager, Auditor or other Officer or Servant may incur or become liable to by reason of any contract entered into, or act or thing done by him as such Director, Manager, Auditor or other Officer or Servant or in any way in the discharge of his duties including travelling expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Manager, Auditor or other Officer in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or he is acquitted, or in connection with any application under the Act in which relief is granted by the Court, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.
176. Subject to the provisions of the Act, no Director, Manager or other Officer of the Company shall be liable for the acts, receipts, neglect or defaults of any other Director or Officer joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through Directors for on behalf of the Company or for the insufficiency or deficiency of title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited or for any loss

occasioned by any error of judgment or oversight on his part, or for any other damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own dishonesty.

GENERAL

177. Copies of these Articles shall be furnished by the Directors to every member who shall require the same on payment of Re. 1 for each copy or such lesser sum as the Directors may from time to time prescribe.

Name	Address	Description of Subscribers
H. Holck-Larsen	Mafatlal Park, Warden Road, Bombay	Chemical Engineer
S. K. Toubro	42, Pali Hill, Bandra, Bombay	Civil Engineer
M. V. Desai	"Normandie", Carmichael Road, Bombay	Civil Engineer
Visonji Ruttonsey	"Friends Home", Marine Drive, Bombay	Landlord

Dated the Seventh day of February, 1946

Witness to the above signatures:

T. Frandsen

1. Special Resolution passed at the Thirteenth Annual General Meeting of the Company held on 6th August, 1958.

ADOPTION OF NEW ARTICLES :

"RESOLVED that the Articles of Association contained in the document submitted to this Meeting and for the purpose of identification subscribed by the Chairman thereof be approved and are hereby adopted as the Articles of Association of this Company in substitution for and to the exclusion of the Company's existing Articles of Association".

2. Special Resolution passed at the Extra-Ordinary General Meeting of the Company held on 7th May, 1959.

INCREASE OF THE AUTHORISED CAPITAL:

"RESOLVED that the authorised capital of the Company be increased from Rs. 1,00,00,000 to Rs. 2,00,00,000 by the creation of 10,00,000 new Equity Shares of Rs. 10/- each, ranking as regard dividend, capital, voting rights and in all other respects *pari passu* with the existing 8,00,000 Equity Shares of Rs. 10/- each."

"RESOLVED that the Memorandum of Association of the Company be altered in the manner following:

In the existing Clause V substitute for the following words:

"The Capital of the Company is Rupees One Crore divided into twenty thousand Preference Shares of Rupees one hundred and eight hundred, thousand Ordinary Shares of Rupees Ten each".

the following words:

"The Capital of the Company is Rupees Two Crores divided into twenty thousand Preference Shares of Rupees One hundred each and One million and eight hundred thousand Equity Shares of Rupees Ten each."

"RESOLVED that the Articles of Association of the Company be altered in the manner following:

Delete the existing Article 4 and substitute the following instead:

"The present Authorized Capital of the Company is Rupees Two Crores divided into twenty thousand Preference Shares of Rupees One hundred each and one million and eight hundred thousand Equity Shares of Rupees Ten each."

3. Special Resolutions passed at the Eighteenth Annual General Meeting of the Company held on 9th September, 1963.

(a) AMENDMENT OF ARTICLES FOR INCREASE IN THE SITTING FEE :

"RESOLVED that subject to the consent of the Central Government being obtained the existing Article 112 of the Articles of Association of the Company be amended by deleting the words "Rupees One Hundred" appearing in the third line and substituting the following words "Rupees Two Hundred and Fifty or such other sum as the Government may approve."

(b) INCREASE OF THE AUTHORIZED CAPITAL:

“RESOLVED that the authorized capital of the Company be increased from Rs. 2,00,00,000 to Rs. 3,00,00,000 by the creation of 10,00,000 new Equity Shares of Rs.10/- each, and that the Clause V of the Memorandum of Association and the Clause 4 of the Articles of Association of the Company be altered appropriately.”

4. Special Resolution passed at the Nineteenth Annual General Meeting of the Company held on 10th September, 1964.

TRANSFER FEE:

“RESOLVED that the existing Article 45 of the Articles of Association of the Company be deleted and the following text inserted therefor in the Articles of Association of the Company.”

45. No fees shall be levied by the Company in respect of transfer or transmission of any share of the Company. Notwithstanding the provisions of Articles 15 and 17 above the Directors may generally or in any particular case waive payment of the fee chargeable to a member in respect of any additional Certificate or a new Certificate as may be required to be issued thereunder.
5. Resolution passed by the Board of Directors of Larsen & Toubro Limited at the Meeting held on 11-9-1964.

FEE FOR ISSUE OF SHARE CERTIFICATES:

“RESOLVED to waive the fees chargeable for the issue of Share Certificates under Articles 15 and 17 of the Articles of Association of the Company”.

6. Special Resolution passed at the Extra-Ordinary General Meeting of the Company held on 21st January, 1965.

INCREASE IN THE AUTHORISED CAPITAL:

“RESOLVED that the Authorised Capital of the Company be increased from Rs. 3,00,00,000 to Rs. 5,00,00,000 by the creation of 20,00,000 Equity Shares of Rs.10/- each and that the Memorandum and Articles of Association of the Company be altered as under:

- (i) Delete the first 3 lines in the existing Clause V of the Memorandum of Association beginning with “The Capital of the Company” and ending with “Rupees Ten each”, and insert the following text therefor:
- “The Capital of the Company is Rupees Five Crores divided into twenty thousand Preference Shares of Rupees One hundred each and forty-eight lakhs Equity Shares of Rupees Ten each”.
- (ii) Delete the existing Article 4 of the Articles of Association and insert the following text therefor:
- “The present Authorized Capital of the Company is Rupees Five Crores divided into twenty thousand Preference Shares of Rupees One hundred each and forty-eight lakhs Equity Shares of Rupees Ten each.”

7. Special Resolution passed at the Extraordinary General Meeting of the Company held on 25th March, 1968.

AMENDMENT OF ARTICLES OF ASSOCIATION

“RESOLVED that subject to the approval of the Central Government wherever required under the provisions of the Companies Act, 1956 the Articles of Association of the Company be altered in the manner following :

- I. After Article 104, the following new Article be inserted:

104A Notwithstanding anything to the contrary contained in these Articles and subject to the provisions of the Companies Act, 1956 so long as any moneys remain due and owing by the Company to The Industrial Credit and Investment Corporation of India Limited in respect of any loan granted by the said Corporation to the Company or if so required by the terms of underwriting of a public issue of shares or of debentures of the Company by The Industrial Credit and Investment Corporation of India Limited the said corporation shall have the right at any time and from time to time to appoint its nominee as a Director (hereinafter referred to as “ICICI Director”) on the Board of the Company and to remove from such office any person so appointed and to appoint any other person in his place. The said “ICICI Director” shall not be required to hold any share qualification in the Company, nor shall be liable to retirement by rotation of Directors, Subject as aforesaid, the said “ICICI Director” shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.”

II. After Article 136 the following Heading and new Articles be added:

MANAGING DIRECTORS / WHOLE-TIME DIRECTORS

- 136B. Subject to the provisions of Sections 197A, 267, 268, 269, 309, 310, 311, 314, 316 and 317 and other applicable provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be Managing Director/Whole-time Director or Managing Directors/Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. The Directors may whenever they appoint more than one Managing Director, designate one or more of them as “Joint Managing Directors” or “Deputy Managing Director” or “Deputy Managing Directors” and accordingly, the expression “Managing Director” shall also include and be deemed to include “Joint Managing Director” or “Deputy Managing Director” as the case may be.
- 136C. Subject to the provisions of the Act and of these Articles a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation under Article 108 but he shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company and he shall *ipso facto* and immediately cease to be a Managing Director if he ceases to hold the office of Director from any cause. Provided that if at any time the number of Directors (including Managing Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being then such Managing Director or Managing Directors as the Board of Directors shall from time to time select shall be liable to retirement by rotation in accordance with Article 108 to the intent that the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being. A Managing Director who is re-appointed as a Director immediately on retirement by rotation, shall continue to hold his office of Managing Director and such re-appointment as Director shall not be deemed to constitute a break in his appointment as Managing Director.
- 136D. A Whole-time Director who is re-appointed as Director immediately on retirement by rotation, shall continue to hold his office of Whole-time Director and such re-appointment as Director shall not be deemed to constitute a break in his appointment as Whole-time Director.
- 136E. Subject to the provisions of Section 198, 309, 310, 311 and 314 of the Act, the remuneration of a Managing Director or Whole-time Director shall (subject to the provisions of any contract between him and the Company) from time to time be fixed by the Company in General Meeting or so far as the Act may allow by the Directors and may be by way of fixed salary or commission on profits of the Company or by participation in any such profits or provisions of perquisites, benefits, amenities or allowances or by any or all of those modes.
- 136F. Subject to the superintendence, control and direction of the Board of Directors the day to day management of the Company shall be in the hands of the Managing Directors and/or Whole-time Directors. The Directors may from time to time entrust to and confer upon a Managing Director and Whole-time Director for the time being save as hereafter in this Article provided such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such powers for such time, and to be exercised for objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient, and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf; and may from time to time revoke, withdraw, alter or vary all or any of such powers. Provided however that the Directors shall not entrust to and confer upon a Managing Director or Whole-time Director and a Managing Director or Whole-time Director shall not have or be entitled to exercise the power.
- (i) to make calls on shareholders in respect of the money unpaid on their shares;
 - (ii) to issue debentures;
 - (iii) to borrow monies otherwise than on debentures, to invest the funds of the Company and to make loans except in accordance with and subject to the terms of the resolution of the Board delegating such powers, under Section 292 of the Act.

III. In Article 103 substitute the word 'fifteen' for the word 'twelve'.

IV. Delete the existing Article 81 and insert the following new Article in its place as Article 81.

"The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting, or if there be no such Chairman, or if at any Meeting he shall not be present within fifteen minutes after the time appointed for holding such Meeting, the Directors present shall elect one of their number to be the Chairman of the Meeting and if all Directors present decline to take the Chair, or no Director is present, then the members present shall choose one of their number to be the Chairman of the Meeting."

8. Special Resolution passed at the Extra-Ordinary General Meeting of the Company held on 17th March, 1971.

INCREASE IN THE AUTHORISED CAPITAL:

"RESOLVED THAT the Authorised Capital of the Company be increased from Rs. 5,00,00,000/- to Rs. 10,00,00,000/- by the creation of:

37,00,000 Equity Shares of Rs.10/- each and

1,30,000 Unclassified Shares of Rs.100/- each

and that the Memorandum & Articles of Association of the Company be altered in the manner following :

(i) Delete the first 3 lines of the existing Clause V of the Memorandum of Association beginning with "The Capital of the Company" and ending with "Rupees Ten each" and insert the following text therefor:

'The Capital of the Company is Rupees Ten Crores divided into twenty thousand Preference Shares of Rupees One Hundred each, eighty-five lakhs Equity Shares of Rupees Ten each, and one lakh and thirty thousand Unclassified Shares of Rupees One Hundred each';

(ii) Delete the Article 4 of the Articles of Association and insert the following text therefor:

"The present Authorised Capital of the Company is Rupees Ten Crores divided into twenty thousand Preference Shares of Rupees One Hundred each, eighty-five lakhs Equity Shares of Rupees Ten each, and one lakh and thirty thousand Unclassified Shares of Rupees One Hundred each"

9. Special Resolution passed at the Twenty-sixth Annual General Meeting of the Company held on 9th September, 1971.

(a) CLASSIFICATION OF SHARES:

"RESOLVED THAT out of 1,30,000 Unclassified Shares of Rs. 100/- each 96,000 shares be sub-divided into 1,93,200 shares of Rs. 50/- each and be classified as 9.5% Cumulative Redeemable 'A' Preference Shares and that the Memorandum & Articles of Association of the Company be altered in the manner following:

(i) Delete the first four lines in the existing Clause V of the Memorandum of Association beginning with "The Capital of the Company" and ending with "one lakh and thirty thousand Unclassified Shares of Rupees One Hundred each" and insert the following text therefor:

"The Capital of the Company is 'Rupees Ten Crores divided into twenty thousand Preference Shares of Rupees One Hundred each, one lakh ninety-three thousand and two hundred Cumulative Redeemable 'A' Preference Shares of Rupees fifty each, eighty-five lakhs Equity Shares of Rupees Ten each and thirty-three thousand and four hundred Unclassified Shares of Rupees One Hundred each."

(ii) Delete the Article 4 of the Articles of Association and insert the following text therefor:

"The present Authorised Capital of the Company is Rupees Ten Crores divided into twenty thousand Preference Shares of Rupees One Hundred each, one lakh ninety-three thousand and two hundred Cumulative Redeemable 'A' Preference Shares of Rupees Fifty each, eighty-five lakhs Equity Shares of Rupees Ten each and thirty-three thousand and four hundred Unclassified Shares of Rupees One Hundred each".

(b) AMENDMENT OF ARTICLES OF ASSOCIATION:

"RESOLVED THAT the Articles of Association of the Company be and are hereby altered in the manner following:

(1) In the Articles 4(A), 4(B) and 90 add the words 'of Rupees One Hundred each' after the words 'Preference Shares' wherever these words appear in the said Articles.

(2) After the existing Article 4(B) add the following Articles to be numbered as 4(C) & 4(D):

- 4(C) (i) The holders of Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each shall be entitled to be paid out of the profits which the Directors shall determine to distribute by way of dividend a fixed cumulative preference dividend at the rate of 9.5 per cent per annum, subject to deduction of tax as may be required under the provisions of the Income-tax Act or the Finance Act or any other Act or Rules or Regulations for the time being in force and at such rates as may be prescribed thereby or thereunder or by any competent authority but without any deduction in respect of the Company's own tax on the capital for the time being paid up thereon.
- (ii) The Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each shall rank for dividend next after the 20,000 Preference Shares of Rs. 100/- each and in priority to the Equity Shares for the time being of the Company.
- (iii) The holders of the Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each shall have right next after the 20,000 Preference Shares of Rs. 100/- each and in priority to all the Equity Shares for the time being of the Company on a winding up, to be paid all arrears of preferential dividend, whether earned or declared or not, down to the commencement of winding up and also to be repaid the amount of capital paid up or credited as paid up on the said Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each held by them but shall not be entitled to any other rights in the profits or assets of the Company.

Subject as aforesaid and to the rights of holders of any other shares entitled by the terms of issue of preferential repayment over the Equity Shares in the event of winding up of the Company, holders of Equity Shares shall be entitled to be repaid the amount of capital paid up or credited as paid up on such shares, and all surplus assets thereafter shall belong to the Equity Shares in proportion to the capital paid up or credited as paid upon such shares at the commencement of winding up.

4(D) Subject to the provisions of Section 80 of the Act, Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each shall be issued upon the terms that, they are at the option of the Company liable to be redeemed at par on 1st October, 1983 provided that the Company may by giving not less than 6 months' prior notice in writing to the holders of Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each at any time and from time to time after 1st October, 1981 but not later than 1st October, 1983 redeem the whole or any part of such Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each at par. The Company shall cause a notice to be given, fixing the place for payment of the redemption moneys and delivery of the certificates relating to the shares to be redeemed and on the date fixed for redemption each shareholder whose shares are to be redeemed shall deliver to the Company the Certificate for such shares in order that the same may be cancelled and from such date no dividend shall be payable in respect of such shares. If any share drawn for redemption comprises a part only of the shares represented by any certificate, a new certificate shall be issued for the undrawn balance of such shares.

PROVIDED THAT the date of redemption i.e. 1st October, 1983 and 1st October, 1981 may be revised to a later date, so as to provide for redemption after the period of 10 years but before the expiry of the period of 12 years from the appointed date mentioned in the Scheme of Amalgamation proposed between the Canara Bank Limited and the Company as may be finally agreed between them.

(3) At the end of the existing Article 90 add the following text:

'PROVIDED FURTHER THAT the holders of Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each shall have no right to be present at or to vote either in person or by proxy at any General Meeting by virtue or in respect of their holdings of Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each unless a Resolution is proposed affecting the rights or privileges of the holders of Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each or unless the fixed preferential dividend at the rate of 9.5 per cent per annum subject to deduction of tax is not paid and is in arrears for a period of not less than two years preceding the date of commencement of the Meeting or unless a resolution for winding up or for the repayment or reduction of share capital is proposed in which case holders of Cumulative Redeemable 'A' Preference Shares of Rs. 50/- each shall have five votes for each Cumulative Redeemable 'A' Preference Share of Rs. 50/- held'.

- (4) In the Article 140, substitute the word 'thirdly' for the word 'secondly' and add the following text after the paragraph beginning with the word 'first' and ending with the words 'such period':

"Secondly. To the payment of cumulative Preferential dividend at the rate of 9.5 per cent per annum, subject to tax on the capital paid up on the Cumulative Redeemable 'A' Preference Shares".

10. Special Resolution passed at the Extra-Ordinary General Meeting of the Company held on 18th December, 1973.

AMENDMENT OF ARTICLES OF ASSOCIATION:

"RESOLVED THAT subject to the approval of the Central Government, the Articles of Association of the Company be altered by substituting the word 'seventeen' for the word 'fifteen' in Article 103 thereof".

11. Special Resolution passed at Annual General Meeting of the Company held on 20th August, 1976.

INCREASE IN THE AUTHORISED CAPITAL:

"RESOLVED THAT the 33,400 unclassified shares of Rs. 100/- each be sub-divided into 3,34,000 shares of Rs. 10/- each and classified as Equity Shares and that the Authorised Capital of the Company be increased from Rs. 10,00,00,000/- to Rs. 15,00,00,000/- by the creation of 50,00,000 Equity Shares of Rs. 10/- each and the Memorandum & Articles of Association of the Company be altered in the manner following:

- (i) Delete the first 6 lines of the existing Clause V of the Memorandum of Association beginning with 'The Capital of the Company' and ending with 'Rupees one hundred each' and insert the following text therefor:

'The Capital of the Company is Rupees Fifteen Crores divided into twenty thousand Preference Shares of Rupees One hundred each, one lakh ninety-three thousand and two hundred Cumulative Redeemable 'A' Preference Shares of Rupees fifty each and one crore thirty-eight lakhs and thirty-four thousand Equity Shares of Rs. 10/- each.'

- (ii) Delete the Article 4 of the Articles of Association and insert the following text therefor:

"The present Authorised Capital of the Company is Rupees Fifteen Crores divided into twenty thousand Preference Shares of Rupees one hundred each, one lakh ninety-three thousand and two hundred Cumulative Redeemable 'A' Preference Shares of Rupees fifty each and one crore thirty-eight lakhs and thirty-four thousand Equity Shares of Rs. 10/- each".

12. Special Resolutions passed at Annual General Meeting of the Company held on 15th September, 1978.

(a) AMENDMENT OF ARTICLES OF ASSOCIATION:

"RESOLVED THAT the Articles of Association of the Company be and are hereby altered in the manner following:

- (i) Delete the existing Article 111 of the Articles of Association and substitute in its place the following as Article 111 viz.

111. "The Board of Directors of the Company may appoint an Alternate Director to act for a Director (hereinafter called "the original Director)" during his absence for a period of not less than three months from the State of Maharashtra and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to the State of Maharashtra. If the term of office of the original Director is determined before he so returns to the State of Maharashtra, any provision in the Act or in these Articles for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the original Director and not to the Alternate Director."

- (ii) Delete the existing Article 112 and substitute in its place the following as Article 112 viz.

112. "Subject to the provisions of Sections 309 of the Act each Director shall be paid out of the funds of the Company as remuneration for his services Rs. 250 for each Meeting of the Board of Directors or of its Committee attended by him and each Director shall be entitled to be paid his reasonable travelling expenses incurred by him while employed in the business of the Company. The Board may allow and pay to any Director who is not a bona fide resident of the place where the meeting of the members of

the Company or of the Board of Directors or of its Committee is held and who shall come to such place for the purposes of attending a meeting, such sum as the Board may consider fair compensation for travelling, hotel and other expenses properly incurred by him for attending and returning from such meetings in addition to fee for attending such meetings as above specified. The expression travelling expenses means and shall always be deemed to include expenditure incurred for travelling, boarding and lodging and other incidental expenses.”

(b) INCREASE IN THE AUTHORISED CAPITAL :

“RESOLVED THAT the Authorised Capital of the Company be increased from Rs. 15,00,00,000 to Rs. 25,00,00,000 by the creation of:

50,00,000 Equity Shares of Rs. 10 each and

5,00,000 Unclassified Shares of Rs. 100 each

and that the Memorandum & Articles of Association of the Company be altered in the manner following:

(i) Delete the first 6 lines of the existing Clause V of the Memorandum of Association beginning with ‘The Capital of The Company’ and ending with ‘Rs. 10 each’ and insert the following text therefor:

V. ‘The Capital of the Company is Rupees Twenty five Crores divided into twenty thousand Preference Shares of Rupees one hundred each, one lakh ninety-three thousand and two hundred Cumulative Redeemable ‘A’ Preference Shares of Rupees fifty each, one crore eighty-eight lakhs and thirty-four thousand Equity Shares of Rupees ten each and five lakhs unclassified shares of Rupees one hundred each’.

(ii) Delete the Article 4 of the Articles of Association and insert the following text therefor:

4. The present Authorised Capital of the Company is Rupees Twenty-five crores divided into twenty thousand Preference Shares of Rupees one hundred each, one lakh ninety-three thousand and two hundred Cumulative Redeemable ‘A’ Preference Shares of Rupees fifty each, one crore eighty-eight lakhs and thirty-four thousand Equity Shares of Rupees ten each and five-lakhs unclassified shares of Rupees one hundred each.’

13. Special Resolution passed at the 36th Annual General Meeting of the Company held on 28th August, 1981.

(a) INCREASE IN THE AUTHORISED CAPITAL :

“RESOLVED THAT the Authorised Capital of the Company be increased from Rs. 25,00,00,000 to Rs. 35,00,00,000 by the creation of 1,00,00,000 Equity Shares of Rs. 10/- each and that the Memorandum and Articles of Association of the Company be altered in the manner following:

(i) Delete the words beginning with ‘The Capital of the Company’ and ending with Unclassified Shares of Rupees one hundred each, in the existing Clause V of the Memorandum of Association and insert the following text therefor:

‘The Capital of the Company is Rupees Thirty-five Crores divided into twenty thousand Preference Shares of Rupees One Hundred each, one lakh ninety-three thousand and two hundred Cumulative Redeemable ‘A’ Preference Shares of Rupees fifty each, two crores eighty-eight lacs and thirty-four thousand Equity Shares of Rupees ten each and five lacs unclassified shares of Rupees one hundred each’.

(ii) Delete the Article 4 of the Articles of Association and insert the following text therefor:

“The present Authorised Capital of the Company is Rupees Thirty-five crores divided into twenty thousand Preference Shares of Rupees one hundred each, one lac ninety-three thousand two hundred Cumulative Redeemable ‘A’ Preference Shares of Rupees fifty each, two crores eighty-eight lacs and thirty-four thousand Equity Shares of Rupees ten each and five lacs unclassified shares of Rupees one hundred each.”

(b) AMENDMENT OF ARTICLES OF ASSOCIATION:

“RESOLVED THAT, subject to the approval of the Central Government, the Articles of Association of the Company be and are hereby altered in the manner following:

Delete the existing Article 104A of the Articles of Association and substitute in its place the following as Article 104 A, viz.,

104A. Notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Financing Corporation or Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Finance Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors, whole-time or non-whole-time, (which Director or Directors, is / are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s.

At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any monies remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall *ipso facto* vacate such office immediately the monies owing by the Company to the Corporation are paid off or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.

The Nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such nominee Director/s.

PROVIDED THAT if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

PROVIDED FURTHER THAT if such Nominee Director/s is an officer of the Reserve Bank of India, the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to the IDBI.

In the event of the Nominee Director/s being appointed as Whole-time Director/s, such Nominee Director/s shall exercise such powers and have such rights as are usually exercised or available to a Whole-time Director in the Management of the affairs of the Company. Such Whole-time Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation."

(c) AMENDMENT OF ARTICLES OF ASSOCIATION:

“RESOLVED THAT subject to the approval of the Central Government, the Articles of Association of the Company be and are hereby altered in the manner following:

Delete the figure ‘250’ appearing in the third line of existing Article 112 and substitute the figure ‘500’ in its place’.”

Approval by the Central Government – letter No. 4/208/CL IX/85 dated 13th May, 1985 from the Ministry of Industry & Company Affairs (Department of Company Affairs).

14. Special Resolution passed at the 38th Annual General Meeting of the Company held on 4th March, 1983.

INCREASE IN THE AUTHORISED CAPITAL:

“RESOLVED THAT the Authorised Capital of the Company be increased from Rs. 35,00,00,000 to Rs. 45,00,00,000 by the creation 1,00,00,000 Equity Shares of Rs. 10/- each and that the Memorandum & Articles of Association of the Company be altered in the manner following:

- (i) Delete the words beginning with ‘The Capital of the Company’ and ending with ‘Unclassified Shares of Rupees one hundred each’ in the existing Clause V of the Memorandum of Association and insert the following text therefor:

‘The Capital of the Company is Rupees Forty-five crores divided into twenty thousand Preference Shares of Rupees one hundred each, one lac ninety-three thousand and two hundred Cumulative Redeemable ‘A’ Preference Shares of Rupees fifty each, three crores eighty-eight lacs and thirty-four thousand Equity Shares of Rupees ten each and five lacs unclassified shares of Rupees one hundred each.’

- (ii) Delete the Article 4 of the Articles of Association and insert the following text therefor:

‘The Authorised Capital of the Company is Rupees Forty-five Crores divided into twenty thousand Preference Shares of Rupees one hundred each, one lac ninety-three thousand two hundred Cumulative Redeemable ‘A’ Preference Shares of Rupees fifty each, three crores eighty-eight lacs and thirty-four thousand Equity Shares of Rs. ten each and five lacs unclassified shares of Rupees one hundred each’.”

15. Special Resolution passed at the 39th Annual General Meeting of the Company held on 29th June, 1984.

AMENDMENT OF ARTICLES OF ASSOCIATION:

“RESOLVED THAT –

- (i) subject to the approval of the Central Government, the Articles of Association of the Company be and are hereby altered in the manner following:

After the existing Article 104A add the following Article to be numbered as 104-B:

104B. Notwithstanding anything to the contrary contained in these Articles, so long as any series of Debentures issued/to be issued by the Company are outstanding, the debentureholders or the Trustees for the debentureholders, as the case may be, shall have a right to appoint from time to time a Nominee Director on the Board of the Company in respect of such outstanding series and to remove from such office any such person so appointed and to appoint another person in his place. The Board of Directors of the Company shall have no power to remove from office such Nominee Director. The said Nominee Director shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation of Directors. Subject as aforesaid, the said Nominee Director shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

- (ii) the Articles of Association of the Company be and are hereby altered in the manner following:

In Article 136-F, add the words “With a power to sub-delegate” after the word “powers” appearing in the seventh line of the said Article.”

16. Special Resolution passed at the Forty-first Annual General Meeting of the Company held on 27-3-1986.

INCREASE IN THE AUTHORISED CAPITAL OF THE COMPANY:

“RESOLVED THAT the Authorised Capital of the Company be increased and altered from Rupees Forty-five Crores divided into twenty thousand Preference Shares of Rupees one hundred each, one lakh ninety-three

thousand two hundred Cumulative Redeemable 'A' Preference Shares of Rupees fifty each, three crores eighty-eight lacs and thirty-four thousand Equity Shares of Rupees ten each and five lacs unclassified shares of Rupees one hundred each as mentioned in Memorandum and Articles of Association of the Company to Rupees seventy-five crores, divided into two thousand Preference Shares of Rupees one hundred each and seven crores forty-nine lakhs and eighty thousand Equity Shares of Rupees ten each and accordingly, the Memorandum and Articles of Association of the Company be amended as follows:

- (i) Delete the words beginning with 'The Capital of the Company' and ending with unclassified shares of Rupees one hundred each' in the existing Clause V of the Memorandum of Association and insert the following text therefor:

'The Capital of the Company is Rupees Seventy-five Crores divided into two thousand Preference Shares of Rupees one hundred each and seven crores forty-nine lakhs and eighty thousand Equity Shares of Rupees ten each.'

- (ii) Delete the Article 4 of the Articles of Association and insert the following text therefor:

'The Authorised Capital of the Company is Rupees seventy-five crores divided into two thousand Preference Shares of Rupees one hundred each and seven crores forty-nine lakhs and eighty thousand Equity Shares of Rupees ten each.'

17. Special Resolution passed at the Extraordinary General Meeting held on 10th October, 1988.

"RESOLVED THAT the Articles of Association of the Company be and is hereby altered in the manner following:

- (a) Delete the word beginning with 'any five members' and ending with in respect of the Resolution in Article 85 and substitute the following in its place.

by the Chairman or by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

- (b) Add the following words at the end of Articles 110B:

'along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director.'

- (c) Delete the word and figure 'Rs. 500' appearing in Article 112 and substitute the following in its place:

'the maximum remuneration of a Director as may be prescribed by the Act or Central Government from time to time'."

18. Special Resolution passed at the Forty-fourth Annual General Meeting of the Company held on 27th July, 1989.

(a) INCREASE IN THE AUTHORISED CAPITAL OF THE COMPANY:

"RESOLVED THAT the Authorised Capital of the Company be increased and altered from Rupees seventy-five crores divided into two thousand Preference Shares of Rupees one hundred each and seven crores forty-nine lakhs and eighty thousand Equity Shares of Rupees ten each as mentioned in the Memorandum and Articles of Association of the Company to Rupees eighty crores, divided into eight crores Equity Shares of Rupees ten each, and accordingly, the Memorandum and Articles of Association of the Company be altered as follows:

- (i) Delete the words beginning with "the Capital of the Company' and ending with 'Equity Shares of Rupees ten each' in the existing Clause V of the Memorandum of Association and insert the following text therefor:

'The Capital of the Company is Rupees eighty crores divided into eight crores Equity Shares of Rupees ten each.'

- (ii) Delete the Article 4 of the Articles of Association and insert the following text therefor:

'The Authorised Capital of the Company is Rupees eighty crores divided into eight crores Equity Shares of Rupees ten each.'

(b) AMENDMENT IN THE ARTICLES OF ASSOCIATION OF THE COMPANY:

“RESOLVED THAT, subject to the approval of the Central Government, the Articles of Association of the Company be altered by substituting the word “eighteen” for the word “seventeen” in Article 103 thereof’.

19. Special Resolution passed at the Extraordinary General Meeting of the Company held on 21st August, 1989.

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be and is hereby deleted with effect from 30th April, 1990 and the following Article be substituted in its place and stead as new Article 4; provided however that the resolution shall not take effect or be operative till 30th April, 1990.”

4. “The Authorised Capital of the Company is Rs 1,15,00,00,000 (Rupees One Hundred Fifteen Crores) divided into 11,50,00,000 (Eleven Crores Fifty Lacs) Equity Shares of Rs. 10 each.”

20. Special Resolution passed at the 45th Annual General Meeting of the Company held on 19th September 1990.

(1) “RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act 1956, the Articles of Association of the Company be altered in the manner following:

- a) The following proviso be added at the end of Article 6, namely,

“Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.”

- b) The Words “confer a right to dividends or to participate in the profits of the Company” be substituted for the words “rank for dividends” occurring at the end of Article 29.

- c) Article 40 be revised by substituting the following clause in its place:

The instrument of Transfer shall be in writing and all the provisions of Section 108 of the Companies Act 1956 and any modification thereof for the time being shall be complied with in respect of all transfers of shares and registration thereof.

- d) The words “and occupation” occurring at the end of Article 42 be deleted.

- e) The following proviso be added at the end of Article 43, namely,

“Provided that Registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company or any account whatsoever except a lien on the shares”.

- f) The words “as nearly as circumstances admit to the capital paid upon these shares” be substituted for the words “to the existing shares held by them” occurring in Article 55.

- g) The words “No unclaimed dividend shall be forfeited by the Board and” be inserted at the beginning of Article 152.

(2) “RESOLVED That pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be and is hereby deleted with effect from 30th April, 1991 and the following Article be substituted in its place and stead as new Article 4 and so that this resolution shall not take effect or be operative till the said date.”

4. “The Authorised Capital of the Company is Rs. 1,60,00,00,000/- (Rupees One Hundred and Sixty Crores) divided into 16,00,00,000 (Sixteen Crores) Equity Shares of Rs. 10/- each.”

21. Special Resolution passed at the 46th Annual General Meeting of the Company held on 20th September, 1991.

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be and is hereby deleted with effect from 31st March, 1992 and the following Article be substituted in its place and stead as new Article 4 and so that this resolution shall not take effect or be operative till the said date.”

- 4 “The Authorised Capital of the Company is Rs. 2,20,00,00,000/- (Rupees Two Hundred and Twenty Crores) divided into 22,00,00,000 (Twenty Two crores) Equity Shares of Rs. 10/- each.”.

22. Special Resolution passed at the 49th Annual General Meeting of the Company held on 22nd July, 1994.
- “RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be and is hereby substituted by the following:
- “The Authorised Capital of the Company is Rs. 2,60,00,00,000/- (Rupees Two Hundred and Sixty Crores) divided into 26,00,00,000 (Twenty Six Crores) Equity Shares of Rs. 10/- each.”
23. Special Resolution passed at the 51st Annual General Meeting of the Company held on 2nd August, 1996.
- (i) “RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be and is hereby substituted by the following:
4. The Authorised Capital of the Company is Rs. 3,25,00,00,000/- (Rupees Three Hundred Twenty Five Crores) divided into 32,50,00,000 (Thirty-two Crores Fifty lacs) Equity Shares of Rs. 10/- each.”
24. Pursuant to the Scheme of Arrangement dated 19th December, 2003 for demerger of Cement Business of the Company sanctioned by the Hon’ble High Court of Bombay on 22nd April, 2004, Article 4 of the Articles of Association of the Company is replaced by the following clause upon the coming into effect of the Scheme on 14th May, 2004:
4. The Authorised Capital of the Company is Rs. 3,25,00,00,000/- (Rupees Three hundred twenty five crores) divided into 162,50,00,000 (one hundred sixty-two crore fifty lacs) Equity Shares of Rs. 2/- each.”
25. Special Resolution passed at the 60th Annual General Meeting of the Company held on August 26, 2005.
- “RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association be altered in the manner and to the extent set out below:
- That after existing Article 5, the following new Article shall be inserted:
- “5A : Buy Back of Shares”
- Notwithstanding anything contained in these articles the Company is hereby authorized to buy-back such of its own shares or securities as it may consider necessary, subject to such limits upon such terms and conditions, and in accordance with the provisions of Section 77A, 77AA, and 77B of the Act or any Statutory Modification thereto and such other regulations and guidelines as applicable in this regard.”
26. Special Resolution passed by Postal Ballot
- “RESOLVED THAT pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modifications and re-enactments thereof for the time being in force) the Articles of Association of the Company be amended as follows:-
- i. Article 1: the definition of “The Act” be amended by replacing the words “The Companies Act, 1956” with “The Companies Act, 2013 and Rules thereunder”
 - ii. Article 8: the words “that section” be substituted with “the Act”.
 - iii. Article 9: the words “shall not exceed 5 percent” be substituted with “shall be as may be prescribed under the Act”
 - iv. Article 15 and 17: the words “pay the sum of Rupee one” be substituted with “pay such sum as may be decided by the Directors”
 - v. Article 79: the word “Five” be substituted with the word “Thirty”.
 - vi. Article 85: the words “fifty thousand rupees” be substituted with “Five lakh rupees or such other sum as may be prescribed by the Act”.
 - vii. Article 90: both the provisos be deleted.
 - viii. Article 104: Article excluding sub-clause A and B, be deleted.

- ix. Article 107: the word “₹ 10” be substituted with “₹ 2”.
- x. Article 108: be amended by adding the following proviso:
“Provided that the Independent Directors of the Company shall not be liable to retire by rotation.”
- xi. Article 111: the words “the State of Maharashtra” be substituted with the word “India”.
- xii. Article 112: after the words “.....maximum remuneration of a Director as may be” the words “approved by the Directors within the limit” be added.
- xiii. Article 137: the words “of at least two directors, and those two Directors only” be substituted with the words “of at least two directors or of one Director and the secretary or other person as the board may appoint.”
- xiv. Article 140: the words “in order of priority.....cumulative redeemable ‘A’ Preference Shares” appearing after the words “shall be applicable” be deleted.
- xv. Article 4(A), 4(B), 4(C), 4(D), 117, 135, 136 be deleted.
- xvi. References to section numbers under Companies Act, 1956 be deleted.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the Article 103 of the Articles of Association of the Company be and is hereby suitably amended to the effect that the maximum number of Directors of the Company shall not be more than twenty-four Directors.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

27. Special Resolution passed at the Annual General Meeting of the Company held on August 1, 2019:

“RESOLVED THAT pursuant to the Provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Incorporation) Rules, 2014, including any statutory modification or re-enactment thereof for the time being in force as amended from time to time, and subject to the approval of the Registrar of Companies, Maharashtra, Mumbai (“ROC”) and/or of any other statutory or regulatory authority, as may be necessary, Clause III (Objects Clause) of the Memorandum of Association of the Company, be and is hereby altered by inserting the following sub-clause (ee) after the existing sub-clause 3(e)

(ee) To carry on business of, designing, engineering, developing, converting, manufacturing, integrating, constructing, importing, exporting, trading, acting as agents / dealers, selling or otherwise disposing of, distributing, installing, commissioning, Through Life Support, of all kinds of defence, space and aerospace platforms, embedded software, solutions, systems, arms, sensors, goods, equipment, sub-systems, parts and components, consumables thereof, and / or infrastructure in connection therewith including upgradation, refit, retrofitment, refurbishment and renovation thereof and any other hardware or software in connection with above; providing all ancillary and / or related life cycle services in connection therewith, including but not limited to, supervision, operation & maintenance, warranty services; to carry out all activities for or in connection therewith or related thereto;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby severally authorized to do all such acts, deeds, matters and things as may be necessary and incidental for giving effect to this Resolution, including agreeing to any change to the aforesaid Clause 3(ee) of the Memorandum of Association of the Company, as may be required by the ROC and/or any statutory/regulatory authority.”

28. Pursuant to the Scheme of Amalgamation of L&T Shipbuilding Limited with Larsen & Toubro Limited sanctioned by the Hon’ble National Company Law Tribunals Chennai and Mumbai on 2nd April 2020 and 24th April 2020 respectively, Article 4 of the Articles of Association of the Company is replaced by the following clause upon the coming into effect of the Scheme on 18th May 2020:

4. The Authorised Capital of the Company is Rs. 5025,00,00,000/- (Rupees Five Thousand and Twenty Five Crore) divided into 2512,50,00,000 (Two Thousand Five Hundred Twelve Core and Fifty Lakh) Equity Shares of Rs. 2/- each.”

29. Pursuant to the Scheme of Amalgamation of L&T Hydrocarbon Engineering Limited with Larsen & Toubro Limited sanctioned by the Hon'ble National Company Law Tribunal, Mumbai on 28th January 2022, Article 4 of the Articles of Association of the Company is replaced by the following clause upon the coming into effect of the Scheme on 7th February 2022:

4. The Authorised Capital of the Company is Rs. 8037,00,00,000/- (Rupees Eight Thousand and Thirty Seven Crore) divided into 4018,50,00,000 (Four Thousand Eighteen Crore Fifty Lakh) Equity Shares of Rs. 2/- each.”

30. Special Resolution passed by Postal Ballot on May 17, 2022

“RESOLVED THAT pursuant to the provisions of Sections 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and the Companies (Incorporation) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, as amended from time to time and subject to the approval of the Registrar of Companies, Maharashtra, Mumbai (“ROC”) and/or of any other statutory or regulatory authority, as may be necessary, Clause III (Object Clause) of the Memorandum of Association (the “MOA”) of the Company be and is hereby altered by inserting the following clause (dd) after the existing clause III(d)

dd) (1) To design, develop, manufacture, operate, assemble, buy, sell, distribute, import, export, alter, remodel, lease, install, repair, service, provide consulting services and otherwise to deal or trade in all classes and types of telecommunication, computing, storage and related apparatus, instruments, machinery, fixtures, devices, and contrivances and parts thereof including, but not limited to telecommunications electronic test and measurement equipment, analytical equipment, data processing equipment, storage equipment, artificial intelligence of any description, electronic calculators, equipment services, electrical and electronic components of every description, computer networking products and services, computer software, firmware and programmers, electronic and mechanical computer of any kind and their peripherals, equipment and terminals and workstations (including intelligent terminals), speech and other signal processing equipment and services, test equipment and parts, assemblies and sub-assemblies related to all of the above used in connection therewith and to deal in all other machines, machinery, appliances, apparatus, devices, materials, substances, articles or things of a character similar or analogous to the foregoing or any of them or connected therewith. To employ the abovementioned mechanisms, solutions, technology, processes or devices towards any trade or business as may be carried out by the Company, or to enhance/augment/develop any branch or aspect of any existing trade or business carried out by the Company.

(2) To operate data centres, including data processing and storage centres or providing management information, analysis, development accounting and business information, and providing data to corporate, institutions, individuals in India and abroad to carry on the business of gathering, compiling, processing, analysing, distributing, selling, publishing data and information and services and providing access to information regarding business and commercial operations and to provide data networks and related services, including but not limited to cloud services, managed services, business process outsourcing services, customer care centres, Security Operations Centres (SOC), Network Operations Centre (NOC), Remote IT Operations Centre (RIOC), customer relationship management, back office processing, data entry, IT services, multimedia services, internet based services, data centre management and consulting, interface services applications including all types of end to end integrated solutions involving website designing, web based and web enabled services and applications, information systems, developing, designing, marketing of communication platforms, with features and functionality including those related to social, commerce, messaging, education, academics, communication and other online solutions/ services and consultancy/advisory services/training/impart knowledge through either computer aided or telephone or internet/media portal/gateways or any other mode in any and all fields and disciplines in India and/or anywhere in the world and to carry on the business of providing Infrastructure Management Services (IMS), applications management services, cyber security services, Infrastructure as a Service (IaaS), Platform as a Service (PaaS), Software as a Service (SaaS) and Application Service Provider (ASP) services or commercial usage to corporates, institutions, individuals, or other legal entity whether in India and abroad and developing and selling Cloud, IaaS, PaaS and SaaS products and enter into MOUs with hyper-scalers, cloud

service providers and other SaaS organisations for development of own products including but not limited to cloud products and various services for the purpose of sale/resale.

- (3) To build and operate third party multi tenanted data centre buildings – delivering rack space and associated utility infrastructure with or without added managed services to customers for the purpose of data hosting, hosting servers/storage/software applications/websites, ERP systems, SaaS applications, etc.
- (4) To provide managed services either on dedicated or shared service model based on either time or any other method of charges whether skillset based or not and whether including tools or not to customers to manage various hardware/software/applications/websites/telecom links (peer to peer, internet leased line, data recovery etc.) and provide other services including networking services and for that purpose obtain licenses and seek consideration from customers either as a bundle of service or based on actual consumption and create virtualised environment within the Data Centres and at other places for providing services to customers, sell Virtual machines of various configurations along with associated services, tools and tackles, licenses, software and platforms etc. to enable fulfilment of customer requirements.

RESOLVED FURTHER THAT the following clause (d) be inserted after the existing Clause (III)(w)(18)(c):

- (d) To construct, erect, operate, maintain and/or assist in the designing, development, manufacture, commissioning and maintenance of solar photovoltaic equipment, facilities and ancillaries including but not limited to polysilicon, Ingot, Wafers, cells and modules in all forms of energy business with cutting edge technology, to develop integrated energy park for manufacturing of power electronic products and other ancillaries used in energy and project implementation and undertake the business of designers, innovators, manufacturers, assemblers, integrators, processors, producers, suppliers, installers, repairers, purchasers, marketers, sellers, importers, exporters, makers, fabricators, recyclers, operators and dealers in all cells and battery packs including but not limited to, stationary batteries, starting batteries, storage batteries, traction batteries, liquid metal batteries, metal hydride batteries, lithium ion batteries, solid state batteries, zinc hybrid batteries, sodium sulphur batteries, flow batteries, alkaline batteries, dry batteries, button batteries, solar power batteries, mini batteries, emergency lights, dry cells and other batteries and any other battery technology used in or required for utility, residential, industrial, transport, commercial and consumptive purpose, their manufacturing equipment, components, parts, ingredients, substances, systems, consumable accessories or fittings including but not limited to battery plates, anode, cathode, polymer electrolyte membrane, cases, wires, knobs, accessories, distilled water, armature and armature winding, electrical wires and accessories, electrical motors, generators, accumulators, battery chargers, relays, transformers, auto transformers, electrical switches, plugs, sockets, circuit breakers, actuators, connectors, measuring instruments, multi meters and multi testers, electrical connectors and automobile parts.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby severally authorized to do all such acts, deeds, matters and things as may be necessary and incidental for giving effect to this Resolution, including agreeing to any change to the aforesaid Clauses of the Memorandum of Association of the Company, as may be required by the ROC and/or any statutory/regulatory authority.”

**IN THE HIGH COURT OF JUDICATURE
AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO. 120 OF 2004
CONNECTED WITH
COMPANY APPLICATION NO. 540 OF 2003**

In the matter of the Companies Act, 1956;

-And-

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

-And-

In the matter of Larsen & Toubro Limited, an existing company under the Companies Act, 1956, and having its Registered Office at L&T House, Ballard Estate, Mumbai 400 001, Maharashtra;

-And-

In the matter of the Scheme of Arrangement between Larsen & Toubro Limited and UltraTech CemCo Limited and their respective shareholders and creditors and Grasim Industries Limited as a shareholder of Larsen & Toubro Limited and L&T Employees Welfare Foundation.

Larsen & Toubro Limited]	
an existing company under the]	
Companies Act, 1956, having its]	
Registered Office at L&T House,]	
Ballard Estate, Mumbai – 400 001,]	
Maharashtra.]	---Petitioner Company

Coram: Anoop V. Mohta J.

Date: 22nd April, 2004.

UPON the Petition of Larsen & Toubro Limited, the Petitioner Company abovenamed declared on the 7th day of February, 2004 and presented to this Hon'ble Court on the 7th day of February, 2004 for sanctioning the proposed Scheme of Arrangement between Larsen & Toubro Limited, (hereinafter referred as "the Petitioner Company") and UltraTech CemCo Limited and their respective shareholders and creditors and Grasim Industries Limited as a shareholder of Larsen & Toubro Limited and L&T Employees Welfare Foundation (hereinafter referred to as the "said Scheme") and for other consequential reliefs as mentioned in the said Petition AND the said Petition being this date called on for hearing and final disposal AND UPON READING the said Petition and the Affidavit of Mr. Anil Manibhai Naik, Chairman and Managing Director of the Petitioner Company dated the 7th day of February, 2004 verifying the said Petition AND UPON READING the Affidavit of Mr. Lalit Ratadia, Joint Company Secretary dated the 17th day of March, 2004 proving publication of the notice of hearing of the Petition in the issue of "The Free Press Journal" (Mumbai edition), Marathi translation thereof in "Navshakti" and in all editions of the "Times of India" (English) all dated the 26th day of February, 2004 AND UPON READING the affidavit of Mr. Prabhakar Yelve employed in the office of advocates for the Petitioner Company dated the 20th day of February, 2004. During service of notice of hearing of the Petition upon the Regional Director, Department of Company Affairs, Maharashtra,

Mumbai AND UPON READING the Order dated the 12th day of December, 2003 read with Order dated the 18th day of December 2003 passed in Company Application No. 540 of 2003 whereby the Petitioner Company was directed to convene meetings of the Secured Creditors (including Debenture Holders), Unsecured Creditors (including Fixed deposit holders) and Equity Shareholders of the Petitioner Company for the purpose of considering and if thought fit, approving with or without modification, the arrangement embodied in the Scheme of Arrangement between the Petitioner Company and UltraTech CemCo Limited and their respective shareholders and creditors and Grasim Industries Limited as a shareholder of Larsen & Toubro Limited and L&T Employees Welfare Foundation being Exhibit 'E' to the Petition AND UPON READING the Affidavit of Shri Sharadchandra Shreepad Marathe, one of the Chairman appointed for the meeting of the Secured Creditors (including Debenture Holders), Unsecured Creditors (including Fixed deposit holders) and Equity Shareholders of the Petitioner Company dated the 22nd day of January, 2004 proving dispatch of individual notice convening meeting upon the Secured Creditors (including Debenture Holders), Unsecured Creditors (including Fixed deposit holders) and Equity Shareholders of the Petitioner Company AND UPON READING the Affidavit of Shri Sharadchandra Shreepad Marathe, one of the Chairman appointed for the meeting of the Secured Creditors (including Debenture Holders), Unsecured Creditors (including Fixed deposit holders) and Equity Shareholders of the Petitioner Company dated the 22nd day of January, 2004 proving publication of the notice convening the meeting of the Secured Creditors (including Debenture Holders), Unsecured Creditors (including Fixed deposit holders), and Equity Shareholders of the Petitioner Company in the issue of "Free Press Journal (English Edition)", "Navshakti" and all editions of "The Times of India" all dated the 5th day of January, 2004 and the Marathi translation thereof in "Navshakti" on 18th day of January 2004 AND UPON READING the Report of Shri Anil Manibhai Naik, one of the Chairman appointed by this Hon'ble Court for the meeting of the Secured Creditors (including Debenture Holders), Unsecured Creditors (including Fixed deposit holders), and Equity Shareholders of the Petitioner Company dated the 5th Day of February, 2004 as to the result of the said meetings AND UPON READING the affidavit of Shri Anil Manibhai Naik dated the 5th day of February, 2004 verifying the said Report AND IT APPEARS from the said Report that Scheme of Arrangement has been approved by majority in number of Secured Creditors (including Debenture Holders), Unsecured Creditors (including Fixed deposit holders) and Equity Shareholders representing more than three fourth in value of the Secured Creditors (including Debenture Holders), Unsecured Creditors (including Fixed deposit holders) and Equity Shareholders present and voting at the said meeting AND UPON READING the Affidavit of Shri Chakradhara Paik, Regional Director, Western Region, Department of Company Affairs, dated the 24th day of March, 2004 stating the Bombay Stock Exchange has recommended that shares of the Resulting Company may be listed and traded on the Stock Exchange before the opening of the 'Open Offer' proposed to be made by M/s. Grasim Industries Limited, hence Scheme may be considered by this Hon'ble Court subject to the above recommendation of BSE and requested to consider the objection raised by Mr. Rasik S. Poladia AND UPON READING the affidavit of Mr. Vishweshwar Madhavrao Raste, objector dated the 12th day of March 2004 AND UPON READING the Affidavit of Mr. Jagdish Pandurang Nayak, the whole-time Director of the Petitioner Company dated the 22nd day of March, 2004 in reply to the affidavit of Mr. V. M. Raste dated the 12th day of March, 2004 AND UPON READING the application of Mr. V. Ranganathan and Mr. R. Sekhar, the objectors dated the 16th day of February, 2004 AND UPON READING the Affidavit of Mr. Jagdish Pandurang Nayak, the whole-time Director of the Petitioner Company dated the 22nd day of March, 2004 in reply to the application dated the 16th day of February, 2004 of Mr. V. Ranganathan and Mr. R. Sekhar, AND UPON READING the Affidavit of Mr. Rasik S. Poladia, one of the shareholders dated the 15th day of March 2004, opposing the proposed Scheme AND UPON READING the Affidavit of Mr. Jagdish Pandurang Nayak, the whole-time director of the Petitioner Company dated the 22nd day of March, 2004 in reply to the Affidavit dated the 15th day of March, 2004 of Mr. Rasik S, Poladia AND UPON READING the additional affidavit of Mr. Rasik S. Poladia dated the 16th day of March, 2004 opposing this Scheme AND UPON READING the Affidavit of Mr. Jagdish Pandurang Nayak dated the 22nd day of March, 2004 in reply to the additional Affidavit dated the 16th day of March, 2004 of Mr. Rasik S. Poladia, AND UPON READING the Affidavit of Mr. R. Sekhar dated the 30th day of March, 2004 AND UPON READING the affidavit of Mr. V. Ranganathan dated the 31st day of March, 2004 AND UPON READING the affidavit of Mr. Rasik S. Poladia, the Intervenor in rejoinder dated the 2nd day of April, 2004 which was not taken on record save and except that Exhibit 'A' and 'C' annexed to the said Affidavit are conceded to be taken on record AND UPON READING the Affidavit of Mr. V. M. Raste dated the 5th day of April, 2004 seeking adjournment till 8th April, 2004 AND UPON READING Affidavit of Prabhakar Yelve dated the 25th day of March, 2004 proving service of Affidavits on Objectors AND UPON READING the short written submissions of the Petitioner Company dated the 2nd day of April, 2004 AND UPON READING the Gist of the submission to be made on behalf of Mr. Rasik S. Poladia, objector AND UPON READING reply of Petitioner Company to the said gist of submission made on behalf of Mr. Rasik S. Poladia AND UPON READING written submission on behalf of Grasim Industries Limited dated the 7th day of April, 2004 AND UPON READING brief submission on behalf of Samruddhi Swastik Trading and Investments Limited AND UPON

HEARING Dr. Virendra V. Tulzapurkar, Senior Counsel with Mr. Ravi Kadam, Counsel with Mr. Vikram Trivedi, Ms. Rajashree Bhat, Mr. Vinod Kothari and Ms. Kinjal Mehta instructed by M/s. Manilal Kher Ambalal & Co., Advocates for the Petitioner Company AND UPON HEARING Mr. Virag V. Tulzapurkar, Counsel with Mr. V. B. Trivedi instructed by M/s. Manilal Kher Ambalal & Co., for the L&T Employees Welfare Foundation AND UPON HEARING Mr. Goolam Vahanavati, Advocate General with Ms. Rameeza Hakeem instructed by M/s. Beri & Co. for Grasim Industries Limited AND UPON HEARING Mr. Janak Dwarkadas, Senior Counsel instructed by M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co., for Samruddhi Swastik Trading & Investments Limited, AND UPON HEARING Mr. Iqbal Chagla, Senior Counsel with Mr. Birendra Saraf, Counsel, Ms. R. S. Kothari, Mr. Kamlesh Kharade and Ms. Purvi Shah instructed by M/s. DSK Legal & Co., Advocates for UltraTech CemCo Limited, AND UPON HEARING Shri R. C. Master with Mr. Y. R. Mishra. Panel Counsel instructed by Dr. T. C. Kaushik for Regional Director, Department of Company Affairs, Maharashtra, Mumbai, who submits to order of the Court, AND UPON HEARING Shri. Sanjay Jain instructed by Mr. Nivit Srivastava for Objector viz. Rasik Poladia And Mr. Prabhakar Sardesai, Intervenor present in person And Mr. Saleh Adamali, Intervenor present in person AND Rumana Galel, Intervenor present in person And Shri. V. M. Raste Objector and Share Holder in person, And Mr. Hate Intervenor present in person AND that no other person or persons entitled to appear at the hearing of the Petition appearing this day either in support of the Petition or to show cause against the said Petition AND THIS COURT DOTH HEREBY RECORD that the objections raised by the Objectors are overruled AND THIS COURT DOTH HEREBY SANCTION the Scheme of Arrangement between Larsen & Toubro Limited, the Petitioner Company and UltraTech CemCo Limited and their respective shareholders and creditors and Grasim Industries Limited as a shareholder of Larsen & Toubro Limited and L&T Employees Welfare Foundation as set forth in Exhibit 'E' to the Petition and also in the Schedule I hereto AND THIS COURT DOTH HEREBY DECLARE that the same shall be binding with effect from the 1st day of April, 2003 (hereinafter referred to as "the Appointed Date") (as defined in the Scheme) on the Petitioner Company and UltraTech CemCo Limited and their respective, shareholders and creditors and Grasim Industries Limited as a shareholder of Larsen & Toubro Limited and L&T Employees Welfare Foundation and all persons concerned under the Scheme AND THIS COURT DOTH HEREBY ORDER that the assets/undertaking of the Petitioner Company comprising the Demerged Undertaking (as defined in the Scheme) shall without further act, instrument of deed be and stand transferred to and/or deemed to have been transferred to UltraTech CemCo Limited (hereinafter referred to as "the Resulting Company") pursuant to the provisions of Sections 391 to 394 of the said Act AND THIS COURT DOTH HEREBY FURTHER ORDER that with effect from the Appointment Date, all debts, liabilities, duties and obligations of the Demerged Undertaking as set out in the Scheme shall, without any further act, instrument or deed be and stand transferred to in or deemed to have been transferred to the Resulting Company so as to become the debts, liabilities, duties and obligations of the Resulting Company AND THIS COURT DOTH HEREBY FURTHER ORDER that all legal, taxation or other proceedings, by or against the Petitioner Company and relating to the Demerged Undertaking pending on or instituted after the Appointed Date be continued and be enforced by or against the Resulting Company after the Effective Date as effectually and in the same manner and to the same extent as if the same had been pending and/or arisen by or against the Petitioner Company AND THIS COURT DOTH HEREBY FURTHER ORDER that all permanent employees of the Petitioner Company engaged in the Demerged Undertaking as on the Effective Date shall become the employees of the Resulting Company on such date and, subject to the Scheme, on terms and conditions not less favourable than those on which they are engaged in the Demerged Undertaking and without any interruption of service as a result of the transfer of the Demerged Undertaking AND THIS COURT DOTH HEREBY FURTHER ORDER that upon the Scheme being effective and in consideration of the Demerger including the transfer of and vesting of the Demerged Undertaking of the Petitioner Company in the Resulting Company in terms of the Scheme, the Resulting Company shall without any further application, act, instrument or deed, issue and allot to the equity shareholders of Petitioner Company whose names are recorded in the Register of Members of Petitioner Company on the Record Date as defined in the Scheme 2 equity shares in the Resulting Company of Rs.10/- each credited as fully paid up for every 5 equity shares of Rs.10/- each fully paid up held by the equity shareholders of the Petitioner Company AND THIS COURT DOTH HEREBY FURTHER ORDER that the reduction of share capital as approved by the Petitioner Company in terms of the Special Resolution passed by the equity shareholders in its meeting held on 3rd February 2004 in pursuance of order dated 12th December 2003 read with an order dated 18th December 2003 passed in Company Application No. 540 of 2003 is confirmed and passed by this Court AND THAT the order sanctioning the Scheme of Arrangement is deemed to be an order confirming the reduction of share capital of the Petitioner Company within the meaning of Section 102 of the Companies Act, 1956 AND THIS COURT DOTH HEREBY FURTHER ORDER that the reduction of share capital as resolved by the Special Resolution set out in paragraph 23 of the Petition is hereby confirmed AND THIS COURT DOTH HEREBY FURTHER ORDER that the minutes proposed to be registered under Section 103 (1) (b) of the Companies Act, 1956, being Exhibit 'I' to the Petition and Schedule II hereto, is hereby approved AND THIS COURT DOTH HEREBY

SCHEDULE I

SCHEME OF ARRANGEMENT BETWEEN

Larsen & Toubro Limited

... Demerged Company

UltraTech CemCo Limited

... Resulting Company

and

their respective shareholders and creditors

and

Grasim Industries Limited as shareholder
of the Demerged Company

and

... Grasim

L&T Employees Welfare Foundation

... Trust

PART I – GENERAL

- (A) The Demerged Company (as defined hereunder) is engaged *inter alia* in the business of:
- (a) design, engineering and execution of large scale engineering and construction contracts, marketing of products, the Cement Derivatives Business (as defined hereunder) and investments in various types of financial assets, manufacture and marketing of (i) heavy engineering equipment; (ii) electrical and electronic products; and (iii) packaging products; and
 - (b) manufacture and sale of cement (the “Cement Business”).
- (B) The Resulting Company (as defined hereunder) is a wholly owned subsidiary of the Demerged Company incorporated with the main object of carrying on the business of manufacture and sale of cement and cement related products. The Resulting Company also has a wholly owned subsidiary, Dakshin Cements Limited an unlisted company incorporated under the Act having its registered office at 5-10-1073 Fateh Maidan Road, P.O. Box No.12, Hyderabad 500 004 (“Dakshin Cements”) and formed with the object of manufacture and sale of cement.
- (C) Grasim (as defined hereunder) is engaged, *inter alia*, in the business of the manufacture and sale of viscose staple fibre, cement, sponge iron, chemicals and textile. Pursuant, to acquisitions through negotiated transactions, in the open market as also pursuant to an open offer made for the shares of the Demerged Company by Grasim (as the acquirer), with Samruddhi Swastik Trading and Investments Limited, its wholly owned subsidiary and an unlisted company incorporated under the Act and having its registered office at Birlagram, Nagda, Madhya Pradesh, (“Samruddhi”) and primarily engaged in investment activities (as person acting in concert), each of Grasim and Samruddhi respectively hold 14.86% and 0.87% of the equity shares of the Demerged Company.
- (D) The Demerged Company, Grasim, Samruddhi, the Resulting Company and the Trust (as defined hereunder) have entered into a restructuring agreement on November 3, 2003 (the “Restructuring Agreement”) which sets out the understanding as regards the Demerger (as defined hereunder and upon the effectiveness of this Scheme, the Open Offer (as defined hereunder), and concurrently, the purchase of the CemCo Shares (as defined hereunder) by Grasim, the Acquisition of Management Control (as defined hereunder) and the sale by Grasim and Samruddhi and purchase by the Trust of the L& T Shares (as defined hereunder) so as to exit from the Remaining Business (as defined hereunder), and to effect such other transactions referred to therein and the terms and conditions relating to the same and the implementation thereof.
- (E) In furtherance of the Restructuring Agreement and the understanding between the parties thereto, this composite Scheme (as defined hereunder) provides for:
- (a) the Demerger, upon the effectiveness of which, the Demerged Company would hold 20% of the paid-up capital of the Resulting Company, the balance 80% would be held by the shareholders of the Demerged Company in the same proportion in which shares are held by them in the Demerged Company:

- (b) the occurrence, on the Effective Date, of all of the following concurrently:
 - (i) deposit of the CemCo Shares and the L & T Shares by each of L & T and Grasim / Samruddhi respectively in escrow in accordance with the Shares Escrow Arrangement (as defined hereunder).
 - (ii) deposit of the Purchase Consideration (as defined hereunder) and the Sale Consideration (as defined hereunder) by each of Grasim and the Trust respectively in escrow in accordance with the Share Escrow Arrangement; and
 - (iii) the announcement to the public of the Open Offer;
- (c) the Open Offer;
- (d) the occurrence of all of the following concurrently upon the shareholding of Grasim (along with that of its associates) in CemCo amounting to at least one share more than 41.5% of the shares of CemCo;
 - (i) release of escrow in relation to the CemCo Shares and the Purchase Consideration in accordance with the Shares Escrow Arrangement;
 - (ii) release of escrow in relation to the L & T Shares and the Sale Consideration in accordance with the Share Escrow Arrangement; and
 - (iii) Acquisition of Management Control.
- (e) various other matters consequential or otherwise integrally connected herewith, including the reorganization of the capital of the Demerged Company;

pursuant to Sections 391 to 384 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of Section 2(19) AA of the Income Tax Act, 1951,
- (F) In order to impart certainty to, and to facilitate, the transactions contemplated herein, the Financial Institutions holding equity shares in the Demerged Company have expressed their in principle approval to this Scheme and have indicated that they are agreeable, in principle, to participate in the Open Offer,
- (G) This Scheme is divided into the following parts:
 - (a) Part I, which deals with the introduction and definitions;
 - (b) Part II, which deals with the demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company;
 - (c) Part III, which deals with the Open Offer Escrow Arrangement (as defined hereunder), management of the Cement Business, the Open Offer, the Share Escrow Arrangement in relation to the CemCo Shares, and the Acquisition of Management Control; and
 - (d) Part IV, which deals with the general terms and conditions applicable to both Parts II and III of this Scheme.

1. DEFINITIONS

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

- (A) "Acquisition of Management Control" means the acquisition of management control of CemCo by Grasim upon the shareholding of Grasim (along with that of its associates) in CemCo amounting to at least one share more than 50% of the shares of CemCo or as may be otherwise agreed or determined;
- (B) "Act" means the Companies Act, 1956 and includes any statutory re-enactment or modification thereof from time to time;
- (C) "Appointed Date" means April 1, 2003;
- (D) "Awarpur Fund" means The L & T (Awarpur) Provident Fund, care of Larsen & Toubro Limited, Awarpur Cement Project P.O.T.Q, Korpana, District Chandrapur 442 917 (M.S.)
- (E) "CemCo" or the "Resulting Company" means UltraTech CemCo Limited, a company incorporated under the Act and having its registered office at L&T House, Ballard Estate, Mumbai – 400 001;
- (F) "CemCo Committee" shall have the meaning ascribed to it in Clause 42 hereof;

- (G) “CemCo Shares” means such number of equity shares having the face value of Rs.10/- each constituting 8.5% of the share capital of CemCo after the Demerger and that are proposed to be transferred to Grasim by L & T in terms of this Scheme,
- (H) “Cement Business” shall have the meaning ascribed to it in Recital A(b) above;
- (I) “Cement Business Management Committee” shall have the meaning ascribed to it in Clause 41 (b) (ii) hereof;
- (J) “Cement Derivatives Business” means the business of all cement derivatives such as ready mix concrete business, precast concrete, concrete products including blocks, building products made with the use of cement;
- (K) “Court” or “High Court” means the High Court of Judicature at Bombay, and shall include the National Company Law Tribunal as applicable;
- (L) “Dakshin Cements” shall have the meaning ascribed to it in Recital B above;
- (M) “Demerged Depository” shall have the meaning ascribed to it in Clause 28 (a) hereof;
- (N) “Demerged Undertaking” means of the Cement Business of the Demerged Company, on a going concern basis, consisting *inter alia* of:

- 3.0 Million Tonnes Per Annum (“MTPA”) grey cement manufacturing plant at Awarpur, Korpana Taluka, Chandrapur District in the State of Maharashtra;
- 5.2 MTPA grey cement manufacturing plant at Kovayya Village, Rajula Taluka, Amreli District, in the State of Gujarat, together with the rights and interest in the jetty situated at Kovayya;
- 1.9 MTPA grey cement manufacturing plant at Hirmi, Singa Tehsil, Raipur District in the State of Chattisgarh;
- 1.9 MTPA grey cement manufacturing plant at Tadipatri, Anantapur District in the State of Andhra Pradesh;
- 46 Mega Watts (“MW”) captive thermal power plant at Awarpur in the State of Maharashtra;
- 53 MW captive multi-fuel combined cycle power plant at Kovayya in the State of Gujarat;
- 0.8 MTPA grey cement grinding unit Arakkonam, Chitteri Village, Arakkonam, Vellore District in the State of Tamil Nadu;
- 1.0 MTPA grey cement grinding unit at Raj Band, Durgapur District, in the State of West Bengal;
- Bulk cement handling terminal at Plot no. 53, Sector 1. Dronagiri Industrial Area, Navi Mumbai 400 707 in the State of Maharashtra (the “Navi Mumbai Cement Unit”);
- Bulk cement handling terminal at Beach Road, Panambur, Mangalore 575 010 in the State of Karnataka (the ‘Mangalore Cement Unit’);
- Rights to construct a bulk cement handling terminal at Plot A (behind BPT), Willingdon Island, Cochin Port Trust, Cochin in the State of Kerala; and
- The Demerged Company’s investment comprising 6,91,71,183 equity shares of the face value of Rs.10/- each in NCCL;

and shall mean and include (without limitation);

- (a) all assets and property of and required for the Cement Business wherever situate, whether movable or immovable, tangible or intangible, including all the integrated cement manufacturing units of the Demerged Company, the cement grinding units, cement terminals whether situated in India or abroad, plant and machinery, buildings, offices, capital work-in-progress, rolling stock, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), vehicles, D.G. sets godowns, cement dumps, cement stocks and stores, warehouses, furniture, fixtures, office equipment, appliances, accessories, power lines, railway lines and sidings, water pipelines, depots, power plants at the location of the cement units, right to use jetties and ports, share of any joint assets, and other facilities and the Premises (as defined hereunder);

- (b) all permits, quotes, rights, entitlements, Industrial and other licences, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, prospecting licenses and mining leases (in each case including the benefit of any applications made therefor) and the surface rights in relation thereto, receivables, and liabilities related thereto, licences, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefit of all agreements, contracts and arrangements and all other interests in connection with or relating to the Cement Business;
 - (c) all earnest moneys and/or security deposits paid by the Demerged Company in connection with or relating to the Cement Business;
 - (d) all records, files, papers, engineering and process information, computer programmes, software licenses (including SAP), 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 Cement Business; and
 - (e) all present and future liabilities (including contingent liabilities and the Transferred Liabilities as defined hereunder) and shall further include any obligations under any licenses or permits and more particularly the obligations under the Advance License Scheme and Export Promotion Capital Goods Scheme, appertaining or relatable to the Cement Business.
- (O) “Demerger” means the transfer by way of demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the share holders of the Demerged Company as set out in Part II hereof;
- (P) “Deposit Agreement” shall have the meaning ascribed to it in Clause 28 hereof;
- (Q) “Effective Date” means the last of the dates on which the conditions and matters referred to in Clause 50 hereof occur or have been fulfilled or waived;
- References in this Scheme to the date of “coming into effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date;
- (R) “Encumbrance” means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever;
- (S) “GDRs” means global depository receipts issued pursuant to the issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and other applicable law, and where relevant shall include the underlying equity share relating thereto;
- (T) “Governmental Authority” means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body having jurisdiction over the territory of India;
- (U) “Grasim” means Grasim Industries Limited, an existing company under the Act and having its registered office at Birlagram, Nagda, Madhya Pradesh;
- (V) “L & T” or the “Demerged Company” means Larsen & Toubro Limited, an existing company under the Act and having its Registered Office at L&T House, Ballard Estate, Mumbai 400 001, and reference to L&T, shall include, as applicable, L&T comprising the Remaining Business after the effectiveness of the Demerger;
- (W) “L & T Shares” means such number of fully paid equity shares representing 14.95% of the paid up equity capital of L&T, held by Grasim and Samruddhi after the Demerger and the capital reorganisation in terms of this Scheme of Arrangements;
- (X) “NCCL” means Narmada Cement Company Limited, a company incorporated under the Act and having its registered office at Metropolitan, 4th Floor, West Wing, Plot No. C-26/27, Bandra Kurla Complex, Bandra (East), Mumbai – 51 and engaged in the manufacture and sale of cement;

- (Y) "Net Worth" means the aggregate value of the total assets of the Demerged Undertaking as on the Appointed Date as reduced by the value of liabilities of the Demerged Undertaking as appearing in the Opening Financial Statement (as defined hereunder);
- (Z) "New Deposit Agreement" shall have the meaning ascribed to it in Clause 28 hereof;
- (AA) "New Depository" shall have the meaning ascribed to it in Clause 28 hereof;
- (BB) "Offer Letter" shall have the meaning ascribed to it in Clause 45(a) hereof;
- (CC) "Offer Price" shall have the meaning ascribed to it in Clause 45(a) hereof;
- (DD) "Open Offer" means the open offer to be made by Grasim and/or its associates in terms of this Scheme, within 120 days of the Effective Date but prior to the listing of the shares of CemCo to purchase 30% of the share capital of CemCo from the public at the Offer Price with the object of acquiring management control of CemCo;
- (EE) "Open Offer Consideration" shall have the meaning ascribed to it in Clause 40(a) hereof;
- (FF) "Open Offer Escrow Agreement" means the agreement(s) to be entered into between Grasim and the escrow agents proposed to be appointed in relation to the Open Offer Escrow Arrangement;
- (GG) "Open Offer Escrow Arrangement" shall have the meaning ascribed to it in Clause 40 hereof;
- (HH) "Opening Financial Statement" means the duly audited opening balance sheet of the Demerged Undertaking as at the opening of business hours on the Appointed Date, annexed as Schedule I hereto;
- (II) "Premises" means premises listed as Schedule II hereto;
- (JJ) "Purchase Consideration" means the aggregate consideration at which Grasim shall acquire the CemCo Shares in terms of this Scheme;
- (KK) "Purchase Price" means the price, being Rs.342.60 per share, at which Grasim shall acquire each of the CemCo Shares in terms of this Scheme;
- (LL) "Record Date" means the date to be fixed by the Demerged Company for the purpose of determining the equity shareholders of the Demerged Company to whom shares of the Resulting Company will be allotted pursuant to this Scheme and for reorganisation of capital in terms of Section 4 of Part II hereof;
- (MM) "Remaining Business" means the Business of L&T as set out in Recital A(a) above and shall include L&T's trademarks, trade names, brands, patents, copyrights and all over intellectual property, whether registered or unregistered;
- (NN) "Restructuring Agreement" shall have the meaning ascribed to it in Recital D above;
- (OO) "Samruddhi" shall have the meaning ascribed to it in Recital C above;
- (PP) "Sale Consideration" means the aggregate consideration for which Grasim and Samruddhi shall sell the L & T Shares to the Trust in terms of this Scheme;
- (QQ) "Sale Price" means the price, being Rs.240 per share, at which each of the L&T Shares shall be sold to the Trust by Grasim and Samruddhi in terms of this Scheme;
- (RR) "Scheme" means this composite Scheme of Arrangement including any modification or amendment hereto;
- (SS) "Series IV Debentures" means the 12.5% fully convertible debentures IV series issued by L&T in 1989.
- (TT) "Share Entitlement Ratio" shall have the meaning ascribed to it in Clause 19 hereof;
- (UU) "Share Escrow Arrangement" shall have the meaning ascribed to it in Clause 46 hereof;
- (VV) "Share Escrow Agreement" means the agreement(s) to be entered into between Grasim, L&T, Samruddhi and the Trust and an escrow agent to be appointed in relation to the Share Escrow Arrangement;
- (WW) "Stock Exchanges" means the stock exchanges on which the shares of L&T are listed;
- (XX) "Transferred Liabilities" shall have the meaning ascribed it in Clause 16(e) hereof; and
- (YY) "Trust" means L&T Employee Welfare Foundation, an employee welfare trust established under the Indian Trusts Act, 1882.

2. SHARE CAPITAL

(a) The present share capital structure of the Demerged Company is as follows:

Rs.

Authorised

32,50,00,000 Equity Shares of Rs.10 each	325,00,00,000
	<hr/> 325,00,00,000

Issued

24,90,59,412 Equity Shares of Rs.10 each fully paid-up	249,05,94,120
Subscribed and Paid-up	
24,87,39,591 Equity Shares of Rs.10 each fully paid-up*	248,73,95,910

* Includes equity shares represented by GDRs.

(b) The present share capital structure of the Resulting Company is as follows:

Rs.

Authorised

3,00,00,000 Equity Shares of Rs.10 each paid-up	30,00,00,000
	<hr/> 30,00,00,000

Issued & Subscribed

3,00,00,000 Equity Shares of Rs.10 each fully paid-up	30,00,00,000
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Paid-up

2,48,77,184 Equity Shares of Rs.10 each fully paid-up	24,87,71,840
51,22,816 Equity Share of Rs.10 each, Re.1 per share paid up	51,22,816
	<hr/> 25,38,94,656

PART II - DEMERGER

SECTION 1 - DEMERGED BUSINESS

- (a) Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of this Clause 3 in relation to the mode of vesting and pursuant to Section 394 (2) of the Act and without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in or be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company subject to Section 3 of Part II of this Scheme in relation to charges thereon in favour of banks and/or financial institutions.
- (b) In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession, payment or by endorsement and delivery, the same may be so transferred by the Demerged Company, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking.
- (c) In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-clause (b) above, the same shall, as more particularly provided in sub-clause (a) above, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and vested in and/or be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 394 of the Act.
- (d) All assets acquired by the Demerged Company after the Appointed Date but prior to the Effective Date for operation of the Demerged Undertaking shall also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of this Scheme.
- (e) For the avoidance of doubt, upon coming into effect of this Scheme, all the rights, title, interest and claims of the Demerged Company in any leasehold properties, including the mining leases and the prospecting licences (including in each case any applications made therefor) (the particulars of the mining leases and the prospecting licenses are set out in Schedule III hereto) of the Demerged Company in relation to the

Demerged Undertaking shall, pursuant to Section 394 (2) of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company.

4. (a) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
 - (b) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of Part II of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. The Resulting Company shall, under the provisions of Part II of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.
 - (c) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any Governmental Authority as may be necessary in this behalf.
 - (d) It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.
 - (e) It is clarified that all obligations, liabilities, claims and demands in relation to and arising from any assignment of the sales tax deferral loans by the Demerged Company pertaining to any part of the Demerged Undertaking prior to the Appointed Date shall be the sole responsibility of the Demerged Company and the Resulting Company shall have no liability or obligation in relation thereto to any person. The Demerged Company hereby undertakes to fully indemnify the Resulting Company from all claims and demands made on the Resulting Company in regard thereto.
5. All the assets and liabilities of the Demerged Undertaking shall be transferred to the Resulting Company at the values appearing in books of the Demerged Company immediately before the Demerger and which are set forth in the Opening Financial Statement.
 6. (a) It is clarified that, upon the coming into effect of this Scheme, the following debts, liabilities, duties, and obligations of the Demerged Company (as on the Appointed Date) and being a part of the Demerged Undertaking shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date, and shall become the debts, liabilities, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same;

- (i) the liabilities which arose out of the activities or operations of the Demerged Undertaking and which are more particularly specified in Schedule IV hereto; and
 - (ii) the general or multipurpose borrowings of the Demerged Company the amount of which in the aggregate stands in the same proportion which the value of the assets (being the fixed assets, investments, gross current assets) transferred to the Resulting Company bears to the assets of the Demerged Company on the Appointed Date. The amount of the general or multipurpose borrowings which are transferred on this basis are more particularly specified in Scheduled V hereto.
- (b) Where any of the debts, liabilities, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company and all loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the debts, liabilities, duties and obligations of the Resulting Company which shall meet discharge and satisfy the same.
7. (a) Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal, (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company after the Effective Date. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Demerged Company. A list of the legal, taxation and other proceedings by or against the Demerged Company and relating to the Demerged Undertaking pending as on the date of filing this Scheme has been separately agreed between the Demerged Company and the Resulting Company.
- (b) If proceedings are taken against the Demerged Company in respect of the matters referred to in sub-clause (a) above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- (c) The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in sub-clause (a) above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.
8. The Demerged Company, with effect from the Appointed Date and up to and including the Effective Date:
- (a) subject to Clause 41 hereof, shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;
 - (b) all profits accruing to the Demerged Company, or losses arising or incurred by it (including the effect of taxes if any thereon), relating to the Demerged Undertaking for the period after the Appointed Date based on the audited accounts of the Demerged Company shall for all purposes, be treated as the profits or losses, as the case may be, of the Resulting Company; and
 - (c) the Demerged Company shall carry on the Remaining Business in terms of Clause 15 of this Scheme distinctly and as a separate business from the Demerged Undertaking.
9. "Subject to Clause 41 hereof, the Demerged Company undertakes that it will preserve and carry on the business of the Demerged Undertaking including that of Dakshin Cements and the business of NCCL with

reasonable diligence and business prudence and shall not undertake financial commitments on behalf of Dakshin Cements or NCCL or sell, transfer, alienate, charge, mortgage, or Encumber the Demerged Undertaking or any part thereof unless the prior written consent of the board of directors of the Resulting Company has been obtained in relation to any of the above, and agrees that it shall not make any decisions or undertake any business outside the capital expenditure plan and such other plans as have been approved by the board of directors of the Demerged Company without the prior written consent of the board of directors of the Resulting Company.

10. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Demerged Company shall not, except in respect of options that may be exercised in terms of L&T's employees stock option scheme(s) and conversion of Series IV Debentures to such extent as may be agreed and save as provided herein, make any change in its capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Entitlement Ratio, except with the prior approval of the board of directors of the Resulting Company and Grasim.
11.
 - (a) Upon the coming into effect of this Scheme, all permanent employees of the Demerged Company engaged in the Demerged Undertaking as on such date shall become the permanent employees of the Resulting Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged in the Demerged Undertaking and without any interruption of service as a result of the transfer of the Demerged Undertaking. A list of the employees relating to the Demerged Undertaking employed by the Demerged Company as on the date of filing this Scheme has been separately agreed between the Demerged Company and the Resulting Company. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
 - (b) In so far as the existing gratuity fund and pension and/or superannuation fund trusts (including senior officers superannuation fund) and retirement fund or benefits created by the Demerged Company for its employees (including employees of the Demerged Undertaking) are concerned, such proportion of the Investments made by the funds which referable to the employees of the Demerged Company who are being transferred to the Resulting Company in terms of sub clause(a) above shall be held for their benefit pursuant to this Scheme In the manner provided hereinafter, in the event that the Resulting Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the aforesaid matters. the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Demerged Undertaking to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the investments and contribution pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by the Resulting Company.
 - (c) Insofar as the existing provided fund created by the Demerged Company for its employees (including the employees of the Demerged Undertaking) is concerned, the balance outstanding to the credit with respect to the employees of the Demerged Company who are being transferred to the Resulting Company in terms of sub-clause (a) above shall be transferred to the Awarpur Fund which has been established by the Demerged Company. The Demerged Company shall transfer such proportion of the Investments made by the provident fund created by the Demerged Company for its employees which is referable to the employees of the Demerged Undertaking, Upon the coming into effect of this Scheme, the Awarpur Fund shall be for the benefit of the employees who are being transferred to the Resulting Company in the manner provided hereinafter.
 - (d)
 - (i) In respect of the stock options and the stock appreciation rights granted by the Demerged Company under the employees' stock options scheme or the stock appreciation rights scheme, as the case may be, to employees of the Demerged Undertaking which have not been exercised as of the date of filing of this Scheme and are outstanding (the 'L&T Schemes'), the Demerged

Company shall settle such L&T Schemes, and the Resulting Company shall have no obligation to issue options in lieu of the L&T Schemes. The Resulting Company shall have no obligation to issue any stock options or stock appreciation rights to the employees relating to the Demerged Undertaking transferred to the Resulting Company in terms of this Scheme.

- (ii) For the avoidance of doubt it is hereby clarified that:
 - (A) upon the coming into effect of this Scheme, the options granted, under and pursuant to the employee stock option scheme to the employees of the Demerged Company, would be suitably adjusted and re-priced as a result of the Demerger;
 - (B) consequently, the options granted but not exercised, upto the date of the approval of the Scheme by the shareholders and creditors of the Demerged Company and the Resulting Company, shall not be eligible to receive equity shares issued by the Resulting Company in terms of this Scheme; and
 - (C) the Series IV Debentures which have been forfeited for non-payment of allotment and/or call monies shall not be entitled to any equity shares of the Demerged Company and the Resulting Company.
12. (a) The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking under Clause 3 hereof and the continuance of the proceedings by or against the Resulting Company under Clause 7 hereof shall not affect any transaction or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, subject to Clause 9, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.
- (b) All transactions between Demerged Company and the Resulting Company from the Appointed Date and upto and including the Effective Date shall be completed on an arms length basis on such terms as may be mutually agreed to between the Demerged Company and the Resulting Company.

SECTION 2 – REMAINING BUSINESS

13. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company subject to Section 3 of this Part II of this Scheme in relation to charges thereon In favour of banks, financial institutions and trustees for the debenture-holders.
14. (a) All legal, taxation or other proceeding whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged 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 Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date, which shall keep the Resulting Company fully indemnified in that behalf. The Resulting Company shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company.
- (b) If proceedings are taken against the Resulting Company in respect of the matters referred to in sub-clause (a) above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
15. With effect from the Appointed Date and up to and including the Effective Date;
- (a) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - (b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company.

SECTION 3 – LIABILITIES

16. LOANS, DEBENTURES AND RELATED SECURITY

- (a) In so far loans and debentures (whether convertible into equity shares or not) of the Demerged Company are concerned, the loans, borrowings and debentures listed in Schedule IV and such of the general or multipurpose loans, debentures and liabilities listed in Schedule V which are to be transferred to the Resulting Company in terms of this Part II (the “Transferred Liabilities”) being a part of the Demerged Undertaking shall, upon coming into effect of this Scheme and subject to sub-clause (b) below, without any further act or deed, become loans, borrowings and debentures of the Resulting Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Resulting Company as if it had entered into such loans, incurred such borrowings or issued such debentures.
- (b) In so far as the existing security in respect of the Transferred Liabilities (more particularly set out in Schedule IV and Schedule V) is concerned, such security shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been charged and secured in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to Part II of this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to Part II of this Scheme have not been charged or secured in respect of the Transferred Liabilities, such assets shall remain unencumbered and the existing security referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.
- (c) In so far as the Transferred Liabilities which have been secured only by the assets of the Remaining Business are concerned, it is clarified that the Resulting Company shall create adequate security equivalent to the value of the security over the assets of the Remaining Business in respect of the Transferred Liabilities, and such security shall extend to and operate over the assets of the Demerged Undertaking that are being transferred to the Resulting Company pursuant to this Scheme.
- (d) In so far as the assets comprising the Remaining Business are concerned, the security over such assets relating to the Transferred Liabilities are concerned, the same shall, without any further act, instrument or deed be released and discharged from the obligations and security relating to the same. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.
- (e) Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the security and charge over such assets relating to any loans or debentures which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities.
- (f) Without any prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Maharashtra respectively to give formal effect to the above provisions, if required.
- (g) The Demerged Company and the Resulting Company shall enter into and execute such further deeds, documents or writings as may be required to give effect to the provisions of this Clause 16.
- (h) Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities, and the Demerged Company shall not have any obligations in respect of the Transferred Liabilities, and the Resulting Company shall indemnify the Demerged Company in this behalf.
- (i) The listed debentures constituting part of the Transferred Liabilities shall be listed and/or admitted to trading on the relevant stock exchange(s) in India, where the existing debentures of the Demerged Company are listed and/or admitted to trading.

- (j) It is expressly provided that, save as mentioned in this Clause 16, no other term or condition of the Transferred Liabilities is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- (k) Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 16 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

SECTION 4 – REORGANISATION OF CAPITAL

- 17. The provisions of this Section shall operate notwithstanding anything to the contrary in this Scheme.
- 18. In consideration of the provisions of Part II of this Scheme and as an integral part of this Scheme, the share capital of the Demerged Company and the Resulting Company shall be restructured and reorganized in the manner set out in Clauses 19 to 35 below.
- 19. Upon the Effective Date and in consideration of the Demerger, including the transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to Part II of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Demerged Company whose name is recorded in the register of members of the Demerged Company on the Record Date, in the ratio of 2 equity shares in the Resulting Company of Rs.10/- each credited as fully paid-up for every 5 equity shares of Rs.10/- each fully paid up held by such member in the Demerged Company (the “Share Entitlement Ratio”).
- 20. The shares issued to the members of the Demerged Company pursuant to Clause 19 above shall be issued in dematerialised form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the board of directors of the Resulting Company or a committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the shares shall be issued to such members in dematerialised form provided that the members of the Demerged Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialised securities to the account of such member with the shares of the Resulting Company. In the event that the Resulting Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details, relating to the account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue shares in certificate form to such member.
- 21. Equity Shares to be issued by the Resulting Company pursuant to Clause 19 in respect of such of the equity shares of the Demerged Company which are held in abeyance shall also be kept in abeyance.
- 22. In case any member’s holding in the Demerged Company is such that the member becomes entitled to a fraction of an equity share of the Resulting Company, the Resulting Company shall not issue fractional share certificates to such member but shall instead consolidate all such fractional entitlements to which the members of the Demerged Company may be entitled on the issue and allotment of equity shares of the Resulting Company, and thereupon issue and allot consolidated equity shares to a trustee nominated by the Resulting Company in that behalf.
- 23. The trustee nominated by the Resulting Company under Clause 22 above shall, at its discretion, either tender such shares in the Open Offer or sell such shares in the open market and distribute the net sale proceeds (after deduction of the expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.
- 24. In the event of there being any pending share transfers whether lodged or outstanding, of any shareholder of the Demerged Company, the board of directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The board of directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.

25. The equity shares to be issued and allotted by the Resulting Company in terms of Clause 19 above shall rank *pari passu* in all respects with the existing equity shares of the Resulting Company.
26. Equity Shares of the Resulting Company issued in terms of Clause 19 above and equity shares of the Resulting Company that have been issued to the Demerged Company at the time of incorporation and are being held by the Demerged Company, shall be listed and/or admitted to trading on the relevant stock exchange/s in India, where the equity shares of the Demerged Company are listed and/or admitted to trading as on the Effective Date.
27. Unless otherwise determined by the board of directors or any committee thereof of the Demerged Company and the board of directors or any committee thereof of the Resulting Company, issuance of shares in terms of Clause 19 of this Part shall be done within 40 days from the Effective Date.
28. (a) Upon the coming into effect of this Scheme, and the issue of shares in the Shares Entitlement Ratio by the Resulting Company pursuant to the provisions of Clause 19, the Resulting Company shall issue to the depository or a custodian on its behalf (the "New Depository"), appointed by the Resulting Company pursuant to a deposit agreement entered into between the Resulting Company and the New Depository (the "New Deposit Agreement"), and appropriate number of underlying shares in accordance with the Share Entitlement Ratio and procure that the New Depository shall issue GDRs with respect to the Resulting Company (I) the depository that issued the GDRs with respect to the Demerged Company (the "Demerged Depository") so that it may distribute them to the existing holders of the GDRs of the Demerged Company in any appropriate manner in accordance with the terms of the deposit agreement entered into between the Demerged Company and that depository (the "Deposit Agreement") or (II) directly to the existing holders of GDRs of the Demerged Company as instructed by the Demerged Company or the Demerged Depository.
(b) The Resulting Company, the New Depository, the Demerged Company and/or the Demerged Depository shall enter into such further documents and may take such further actions, including but not limited to amending the Deposit Agreement, disseminating certain notices, certifications and information to existing GDR holders and providing the New Depository with certain information relating to the existing GDR holders, all as may be necessary and appropriate in this behalf, which shall contain all detailed terms and conditions with respect to such issue of GDRs of the Resulting Company.
(c) In lieu of issuing GDRs with respect to the Resulting Company, the Resulting Company may determine that it is in its best interest to allot the shares to a trustee that will either tender such shares in the Open Offer or sell such shares in the open market in terms of Clause 23 of this Scheme and distribute the net sale proceeds after deduction of expenses incurred to the existing GDR holders. Such determination shall be at the sole discretion of the Resulting Company.
29. The GDRs issued pursuant to Clause 28 above shall not be listed unless required by any regulations, laws or permits, in which event the same may be listed in the Luxembourg Stock Exchange and the Resulting Company shall take such additional steps and do all such acts, deeds and things as may be necessary for purposes of listing the GDRs.
30. The GDRs and the equity shares underlying the GDRs issued to the New Depository or a custodian on its behalf will not be registered under the Securities Act of 1933, as amended, of the United States of America (the "Securities Act") and will not be registered, approved or qualified under any other laws unless the Resulting Company elects to do so. If required to register or qualify under the Securities Act or other laws, the Resulting Company may elect, in its sole discretion, to cash out existing GDR holders by treating the shares underlying the Resulting Company's GDRs as fractional shares pursuant to Clause 31 below.
31. If, on account of the Share Entitlement Ratio, fractional GDRs of the Resulting Company have to be issued, then in lieu of delivering fractional receipts, either (I) the New Depository shall instruct the custodian to deliver the shares represented by the fractional GDRs to the trustee nominated by the Resulting Company under Clause 22 above, so that the trustee, at its discretion, may either tender such shares in the Open Offer or sell such shares in the open market and distribute the net sales proceeds (after deduction of the expenses incurred) to the shareholders entitled to the same in proportion to their fractional entitlements in terms of Clause 23 above or (II) the Demerged Depository, in accordance with the provisions of the Deposit Agreement, may, in its discretion, sell the shares represented by the aggregate of such fractions, at public or private sale, at such place or places and at such price or prices as it may deem proper, and distribute the net proceeds of any such sale in accordance with the terms of the Deposit Agreement.

32. The provisions of the New Deposit Agreement with respect to GDRs issued in relation to the equity shares to the existing GDR holders of the Demerged Company pursuant to Clause 28 shall, subject to the provisions of this Scheme, be similar in all material respects with the provisions of the Deposit Agreement with respect to existing GDRs of the Demerged Company, provided that the Resulting Company may agree with the New Depository to such variations as it shall consider in its absolute discretion to be justified by changes in law, regulations or practice or otherwise not to be materially prejudicial to the interests of the holders of the GDRs.
33. (a) As an integral part of the Scheme, and, upon the coming into effect of this Scheme, with effect from the Appointed Date, the issued, subscribed and paid-up capital of the Demerged Company shall be reorganised as follows:
- (i) The subscribed and paid up capital of the Demerged Company shall be reduced by Rs. 2,23,86,56,318/- (Rupees Two Hundred and Twenty Three Crores Eighty Six Lakhs Fifty Six Thousand Three Hundred and Eighteen Only) as being no longer represented by assets of the Demerged Company and such reduction shall be effected by reducing the face value of the equity shares of the Demerged Company from Rs.10/- per equity share to Re.1/- per equity share.
 - (ii) Simultaneously with the reduction of share capital of the Demerged Company in accordance with sub-clause.(i) above, 24,87,39,591 equity shares (including equity shares represented by GDRs) of the reduced face value of Re.1/- each shall be consolidated into 12,43,69,796 equity shares of Rs. 2/- each fully paid-up. Accordingly, the Demerged Company shall issue, to its shareholders (including the custodian, on behalf of the GDR holders), 1 equity share of the face value of Rs. 2/- fully paid-up for every 2 equity shares of the face value of Rs. 10/- each fully paid-up.
 - (iii) In case any equity shareholders' holding in the Demerged Company is such that the equity shareholders become entitled to a fraction of an equity share, the Demerged Company shall not issue fractional share certificates to such equity shareholders but shall instead consolidate all such fractional shares certificates to which the equity share holders of the Demerged Company shall be entitled on account of reorganization of the capital in terms of sub-clause (ii) above and thereupon issue consolidated equity shares to a trustee nominated by the Demerged Company in that behalf.
 - (iv) The trustee nominated by the Demerged Company under sub-clause (iii) above shall sell such shares in the open market and distribute the net sale proceeds (after deduction of expenses incurred) to the share holders respectively entitled to the same in proportion to their fractional entitlements.
- (b) The capital clause of the Memorandum of Association of the Demerged Company and Article 4 of the Articles of Association of the Demerged Company shall, upon the coming into effect of this Scheme and without any further act or deed, respectively be replaced by the following clauses:

MEMORANDUM OF ASSOCIATION

"V. The Authorised Capital of the Company is Rs. 3,25,00,00,000/- (Rupees three hundred twenty five crores) divided into 162,50,00,000/- (One hundred sixty two crore fifty lacs) Equity Shares of Rs. 2/- each with power to the Company to increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights, or to any conditions or restrictions or as redeemable preference shares and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained, but, upon any increase in capital, 'new shares with preferential, deferred, qualified or special rights, privileges or conditions attached thereto, may not be issued so as to prejudice the then existing preferential shares, redeemable or otherwise."

ARTICLES OF ASSOCIATION

- "4. The Authorised Capital of the Company is Rs. 3,25,00,00,000/- (Rupees Three hundred twenty five crores) divided into 1,62,50,00,000 (One hundred sixty two corer fifty lacs) Equity Shares of Rs. 2/- each."
34. (a) As an integral part of the Scheme, 51,22,186 equity shares of Rs. 10/- each of the Resulting Company in respect of which only Re. 1/- is paid up on the Effective Date shall be extinguished on

the Effective Date and the amount paid thereon shall be refunded to the respective shareholders of the Resulting Company and the paid up equity share capital of the Resulting Company shall stand reduced accordingly.

- (b) The capital clause of the Memorandum of Association of the Resulting Company and Article 3 of the Articles of Association of the Resulting Company shall, upon the coming into effect of this Scheme and without any further act or deed, be replaced by the following clause:

MEMORANDUM OF ASSOCIATION

“The authorized share capital of the Company is Rs. 130,00,00,000/- (Rupees One Hundred and Thirty Crores Only) divided into 13,00,00,000 (Thirteen Crore) equity shares of Rs.10/- (Rupees Ten) each, with the rights, privileges and conditions attached thereto with the power to vary, modify or abrogate such rights, privileges and conditions as may be provided by the Articles of Association of the company for the time being. The Board of Directors shall have the power to classify as and when required the shares as equity or preference shares and attach thereto respectively such preferential, deferred, qualified or special rights, privileges and conditions and also the power to increase or reduce the capital of the Company as may be determined in accordance with the Articles of Association of the Company.”

ARTICLES OF ASSOCIATION

“The share capital of the company shall be Rs.130,00,00,000/- (Rupees One Hundred and Thirty Crores Only) divided into 13,00,00,000 (Thirteen Crore) equity shares of Rs.10/- (Rupees ten) each with the power to increase or reduce such capital from time to time in accordance with the regulations of the company and the legislative provisions for the time being in force in this behalf and with the power also to divided the shares in the capital for the time being into equity share capital and preference share capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions.”

35. The registered office of the Resulting Company shall be shifted to Awarpur (or any other place in Maharashtra) after the Effective Date, and the Resulting Company shall take such action as may be necessary and shall file the necessary applications and forms with the Regional Director and/or the Registrar of Companies in this regard.

SECTION 5- GENERAL TERMS & CONDITIONS

36. (a) Upon the coming into effect of this Scheme, certain specified reserves and the share capital account of the Demerged Company shall stand reduced as follows:
- (i) Debenture Redemption Reserve Account – Rs. 177.46 Crores (One Hundred and Seventy Seven Crores Forty Six Lakhs Only);
 - (ii) Cash Subsidy Reserve- Rs. 0.25 Crores (Rupees Twenty Five Lakhs only);
 - (iii) General Reserve- Rs. 875.78 Crores (Rupees Eight Hundred and Seventy Five Crores Seventy Eight Lakhs Only);
 - (iv) Securities Premium Account – Rs. 1287.63 Crores (Rupees One Thousand Two Hundred and Eighty Seven Crores Sixty Three Lakhs Only); and
 - (v) Share Capital – Rs. 24.87 Crores (Rupees Twenty Four Crores Eighty Seven Lakhs Only).
- after accounting for the excess of the assets over the liabilities of the Demerged Undertaking being transferred to the Resulting Company.
- (b) Upon the coming into effect of this Scheme;
- (i) An amount equal to Rs. 122.54 Crores (Rupees One Hundred and Twenty Two Crores and Fifty Four Lakhs Only), towards the Debenture Redemption Reserve relating to transferred debentures in the books of the Demerged Company shall be credited by the Resulting Company to its Debenture Redemption Reserve Account; and
 - (ii) An amount equal to Rs. 10 Crores (Rupees Ten Lakhs Only), towards the Cash Subsidy Reserve in the books of the Demerged Company shall be credited by the Resulting Company to its Cash Subsidy Reserve Account.
 - (iii) The balance amount of Rs. 771.22 Crores (Rupees Seven Hundred and Seventy One Crores Twenty Two Lakhs Only) being the amount representing the excess of the net assets (after

deducting the liabilities) transferred by the Demerged Company to the Resulting Company over the aggregate face value of the share capital issued by the Resulting Company shall be credited to the General Reserve in the books of the Resulting Company.

37. (a) The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- (b) The equity shares of the Resulting Company to be issued and allotted to the equity shareholders of the Demerged Company as provided in Clause 19 hereof shall be entitled to dividends from the Appointed Date. The holders of the shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- (c) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any rights on any member of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective boards of directors of the Demerged Company and the Resulting Company and subject to the approval of the shareholders of the Demerged Company and the Resulting Company respectively.
38. (a) The Resulting Company shall have the right to use the “L&T Cement” brand for a period of seven (7) months from the Effective Date. In computing the said period, the intervening monsoon months (being the months of July, August and September) shall be excluded such that the Resulting Company will have not more than ten (10) months in the aggregate within which to complete the brand transition. For this purpose, the Demerged Company shall enter into an arrangement (whether in the form of a licensing agreement or otherwise) pursuant to which the Demerged Company shall license the “L&T Cement” brand to the Resulting Company for a token fee and on such terms and conditions as may be mutually agreed to between the Demerged Company and the Resulting Company.
- (b) The Resulting Company shall be entitled to engaged in all or any part of the Cement Derivatives Business.
39. (a) The Demerged Company and the Resulting Company shall enter into transitional arrangements (on the same basis as currently adopted for Cement Business) in respect of premises that are leased to the Demerged Company and partly occupied by the Demerged Undertaking.
- (b) In respect of the office premises which are owned by the Demerged Company but used partly or fully by the Demerged Undertaking, the Demerged Company and the Resulting Company shall enter into a transitional arrangement (by way of lease or sublease or otherwise) in terms of which Resulting Company shall be entitled to use such premises on commercial terms to be mutually agreed.

PART III – OPEN OFFER ESCROW ARRANGEMENT, MANAGEMENT OF THE CEMENT BUSINESS, SHARE ESCROW ARRANGEMENT, OPEN OFFER, PURCHASE AND SALE OF THE CEMCO SHARES, SALE AND PURCHASE OF THE L&T SHARES AND ACQUISITION OF MANAGEMENT CONTROL

SECTION 1 – OPEN OFFER ESCROW ARRANGEMENT

40. (a) Grasim shall deposit the consideration for the Open Offer in escrow with an escrow agent (to be appointed in terms of the Open Offer Escrow Agreement) in the following manner:
- (i) deposit of an amount equal to 10% of the gross value of the Open Offer within 1 business day of filing of this Scheme of Arrangement before the High Court;
- (ii) deposit of an amount equal to the remaining 90% of the gross value of the Open Offer within 90 days of the date of filing of the report by the chairman of the meeting of L&T’s shareholders and editors, approving this Scheme.

The aggregate of the amounts deposited pursuant to sub-clauses (i) and (ii) above is hereinafter referred to as the “Open Offer Consideration”.

- (b) On the announcement being made to the public in relation to the Open Offer, the Open Offer Consideration together with the interest, if any, accrued on the same till the making of the public announcement shall be appropriate to an escrow account maintained by a designated investment banker or such other person nominated by Grasim (to be appointed in terms of the Open Offer Escrow Agreement) on an interest earning basis, and shall be held in escrow by such person until the completion of the Open Offer, and shall be distributed to the successful offerees of the Open Offer in accordance with the terms of the offer letter.
- (c) The amounts held in escrow pursuant to sub clauses (a) and (b) above shall be invested as provided in the Open Offer Escrow Agreement.
- (d) The interest earned on the amount of the Open Offer Consideration held in escrow or invested in accordance with the Open Offer Escrow Agreement shall accrue on a proportionate basis to the successful offerees of the Open Offer. In the event that the Open Offer is not fully subscribed, the distribution of interest to the successful offerees will be limited pro rata to the extent of subscription to the Open Offer. It is clarified that such interest shall not be considered as an increase in the Offer Price.

The arrangements set out in sub sections (a), (b), (c) and (d), above shall hereinafter be referred to as the “Open Offer Escrow Arrangement”.

SECTION 2 – MANAGEMENT OF THE CEMENT BUSINESS

41. (a) Until the deposit of the Open Offer Consideration in escrow, the Cement Business would be managed by the board of directors of Demerged Company supported by an Operations Committee consisting of three representatives each from the Demerged Company and Grasim which would function solely for the purpose of reviewing and overseeing the business of the Demerged Undertaking.
- (b) (i) Upon the deposit of 10% of the Open Offer Consideration in escrow in accordance with Clause 40(a)(i) above, one nominee of Grasim shall be invited to be a member of the board of directors of CemCo;
- (ii) Upon the deposit of the entire Open Offer Consideration in terms of Clause 40 (a) above, the operations committee referred to in Clause 41 (a) above shall stand dissolved and the board of directors of the Demerged Company shall constitute a sub-committee of the Board of Directors called the Cement Business Management Committee (the “Cement Business Management Committee”) comprising of the following directors of the Demerged Company: (A) Mr. Kumarmangalam Birla (who shall be the chairman of the Cement Business Management Committee), (B) Mrs. Rajashree Birla, (C) 2 nominees of the Financial Institutions, and (D) 2 executive directors of the Demerged Company. In the event of a vacancy in the office of the directors mentioned in (A) and (B) above, such vacancy shall be filled by the nominees of Grasim who fill the vacancy on the board of directors of the Demerged Company.
- (iii) 4 key executives of the Cement Business of the Demerged Company and 1 nominee of Grasim on the board of directors of the Resulting Company shall be permanent invitees on the Cement Business Management Committee.
- (iv) The Cement Business Management Committee shall oversee the day to day operations of the Cement Business subject to the overall superintendence and control of the board of directors of the Demerged Company till the Effective Date.
- (v) The Cement Business Management Committee shall meet as often as its Chairman deems fit for the proper conduct of the Cement Business, but shall meet at least two times each month.
- (vi) Any activity undertaken by the Cement Business in accordance with a decision of the Cement Business Management Committee in relation to which both nominees of Grasim on the Cement Business Management Committee have voted affirmatively shall not be considered to be in breach of the Demerged Company’s obligation to carry on the cement business in trust for the Resulting Company.
42. Upon the Effective Date, the board of directors of CemCo shall be reconstituted so as to mirror the composition of the Committee and the Cement Business Management Committee shall stand dissolved. The Board of Directors of CemCo shall appoint an additional director to be agree to amongst all the directors. The

board of directors of CemCo shall constitute a committee (the "CemCo Committee") which shall mirror the composition of the Cement Business Management Committee. The CemCo Committee shall oversee the operations of the Cement Business of CemCo subject to the overall superintendence and control of the board of directors of CemCo until the Acquisition of Management Control.

SECTION 3 – OPEN OFFER PROCESS

43. On the Effective Date, Grasim shall make a public announcement in relation to the Open Offer.
44. Not later than 120 days from the Effective Date but prior to listing of the shares of CemCo, Grasim shall make the Open Offer in accordance with applicable law and the terms as set out in this Scheme.
45. The Open Offer shall be effected in the following manner:
 - (a) Grasim shall send an offer letter (along with relevant details) (the "Offer Letter") to the equity share holders of the Demerged Company as on the Record Date in terms of which Grasim shall make an offer to the shareholders of CemCo, to purchase up to such number of fully paid up equity shares of Rs.10/- each of CemCo representing 30% of the subscribed and paid-up share capital of CemCo on the Effective Date at Rs.342.60 per CemCo share (the "Offer Price").
 - (b) Following the receipt of such Offer Letter, and within the time prescribed therein, the equity shareholders may tender their equity shares to Grasim.
 - (c) The detailed procedure and the manner in which the equity shares shall be purchased from the public shareholders by Grasim shall be prescribed in the guidelines issued to the equity shareholders along with the Offer Letter.
 - (d) The number of equity shares of CemCo accepted by Grasim in terms of the Open Offer shall not exceed such number of fully paid-up equity shares which represents 30% of the subscribed and paid-up equity share capital of CemCo on the Effective Date. It is hereby clarified that if the equity shares tendered exceeds the aforesaid limit, then Grasim shall be entitled to accept the equity shares on a proportionate basis taking care to ensure that the basis of acceptance is decided on a fair and equitable manner. The decision of the board of directors (or a committee thereof) of Grasim in this behalf shall be final and binding.
 - (e) L&T shall not be a entitled to participate in the Open Offer.
 - (f) For the avoidance of doubt it is clarified that the Open Offer shall be made pursuant to and is an integral part of this Scheme, and consequently, the acquisition of the shares of CemCo would be exempt under Regulations 3(1)(j)(ii) and 3(1)(k) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, from the application of Regulations 10,11,and 12 of the said Regulations.

SECTION 4 – SHARE ESCROW ARRANGEMENT AND PURCHASE AND SALE OF CEMCO SHARE AND L&T SHARES

46. (a) Upon the Effective Date, and concurrently with the announcement being made to the public of the Open Offer, L&T shall deposit the CemCo Shares and Grasim and Samruddhi shall deposit the L&T Shares in escrow. Concurrently therewith, Grasim shall deposit the Purchase Consideration and the Trust shall deposit the Sale Consideration in escrow. The escrow arrangement will occur in the manner as more particularly provided in the Share Escrow Agreement.
- (b) Upon the deposit of the CemCo Shares and the L&T Shares in escrow in terms of sub-clause (a) above, the following voting arrangement shall come into effect:
 - (i) the voting rights in relation to the CemCo Shares, shall be exercised by L&T only in accordance with the directions of Grasim, other than to acquire management control of CemCo;
 - (ii) the voting rights in relation to the L&T Shares, shall be exercised by Grasim and Samruddhi only in accordance with the directions of the Trust.

provided however, in either case, such exercise in accordance with the direction is not in any material conflict with or materially prejudicial to the interests of L&T and its shareholders or Grasim and/or Samruddhi and their shareholders as the case may be. For the avoidance of doubt it is clarified that Grasim shall be entitled to exercise its voting rights attached to the L&T Shares in relation to all matters relating to the Cement Business at its sole discretion.

- (c) The escrow agent(s) appointed in terms of the Share Escrow Agreement shall hold the CemCo Shares, the L&T Shares, the Purchase Consideration and the Sale Consideration in escrow in accordance with the terms of the Share Escrow Agreement, until Grasim's holding in CemCo amounts to at least one share more than 41.5% of the shares of CemCo pursuant to this Scheme and the Open Offer.
- (d) Upon the shareholding of Grasim (along with that of its associates) in CemCo amounting to at least one share more than 41.5% of the shares of CemCo, the escrow agent shall simultaneously release the CemCo Shares in favour of Grasim and the Purchase Consideration in favour of L&T. Concurrently therewith, the escrow agent shall simultaneously release the L&T Shares in favour of the Trust and the Sale Consideration in favour of Grasim and Samruddhi in the following proportion: the consideration for the sale of 14.86% L&T Shares shall be released to Grasim. and the consideration in relation to 0.09% L&T Shares shall be released to Samruddhi. Upon such release, the voting arrangement in relation to the CemCo Shares and the L&T Shares as provided in sub-clause (b) above shall no longer be valid and effective.

The arrangements set out in sub sections (a), (b),(c) and (d) above shall hereinafter be referred to as the "Share Escrow Arrangement".

For the avoidance of doubt it is hereby clarified that except for the arrangement in relation to the exercise of the voting rights in terms of sub section (b) above, all other rights and obligations attached to the CemCo Shares and the L&T Shares shall continue with L&T and Grasim/Samruddhi respectively for so long as the Share Escrow Arrangement continues and shall only vest in Grasim and the Trust respectively upon the release of the shares from escrow and in accordance with the terms of this Clause and the Share Escrow Agreement. Provided however, that any dividends which accrue in relation to the L&T Shares for and from the financial year 2003-2004 shall accrue to the Trust.

- 47. (a) Upon the shareholding of Grasim (along with that of its associates) in CemCo amounting to at least one share more than 41.5% of the shares of CemCo and the release of the Share Escrow Arrangement in accordance with the provisions hereinabove, Grasim shall acquire management control of CemCo and the board of directors of CemCo shall stand reconstituted, upon which a majority of the directors shall be nominees of Grasim and 2 of the directors shall be nominated by L&T and agreed to by Grasim.
- (b) Upon the Acquisition of Management Control, the CemCo, Committee shall stand dissolved.
- (c) It is clarified that the release of the Share Escrow Arrangement and completion of the purchase of the CemCo Shares by Grasim and the sale of the L&T Shares by Grasim and Samruddhi to the Trust as set out above, and the Acquisition of Management Control shall occur simultaneously and concurrently on the same date after the completion of the Open Offer.
- (d) It is also clarified that Open Offer, purchase of CemCo Shares by Grasim, the sale of L&T Shares by Grasim and Samruddhi and the Acquisition of Management Control form consideration for each other and are thus integral to each other.

PART IV – OTHER TERMS & CONDITIONS

The provisions of this Part shall be applicable to both the Demerger pursuant to Part II as well as the purchase and sale of CemCo Shares and the Open Offer pursuant to Part III hereof.

- 48. L&T and CemCo shall make necessary applications before the High Court for the sanction of this Scheme of Arrangement under Sections 391 and 394 of the Act.
- 49. (a) L&T (by its Board of Directors) and CemCo (by its Board of Directors), either by themselves or through a committee appointed by them in this behalf, may, in their full and absolute discretion, assent to any alteration or modification to this Scheme which the Court may deem fit to approve or impose. Any modification to this Scheme by the Court shall not be binding on L&T, Grasim and the Trust except where the prior consent of L&T, Grasim and the Trust has been obtained. L&T and Grasim shall have the option of terminating the Restructuring Agreement if such modification or amendment is not acceptable to any party to the Restructuring Agreement, whereupon L&T and CemCo, shall withdraw this Scheme;
- (b) L&T (by its Board of Directors) and CemCo, by its Board of Directors), (either by themselves or through a committee appointed by them in this behalf), may give such directions as they may consider

necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent share holders, depositors or debenture holders of the respective companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under law).

- (c) L&T (by its Board of Directors) and CemCo, (by its Board of Directors), (either by themselves or through a committee appointed by them in this behalf), may, in their full and absolute discretion, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time. L&T (by its Board of Directors) and CemCo (by its Board of Directors), (either by themselves or through a committee appointed by them in this behalf) may also at any time make such modifications as they may consider necessary in relation to the procedure and modalities of effecting the transactions contemplated herein. CemCo shall waive compliance of any condition precedent to the effectiveness of this Scheme, as are capable of being waived, only if, and to the extent, required by Grasim. Any such waiver by CemCo shall be binding on L&T.
- (d) Any issue as to whether any asset, liability, employee, legal or other proceedings pertains to the Demerged Undertaking or not shall be decided by the Boards of Directors of L&T and CemCo, either by themselves or through a committee appointed by them, in consultation with Grasim, in this behalf on the basis of any evidence that they may deem relevant for this purpose.

50. This Scheme is conditional upon and subject to:

- (a) this Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Demerged Company and the Resulting Company as required under the Act and the requisite orders of the High Court referred to in Clause 48 hereof being obtained;
- (b) such other sanctions and approvals including but not limited to in principle approvals, sanctions of any Governmental Authority (in relation to transfer of mining leases/prospecting licenses, sales tax benefits or entitlements or loans), as may be required by law in respect of this Scheme being obtained; and
- (c) the certified copies of the orders of the High Court referred to in this Scheme being filed with the Registrar of Companies, Maharashtra.

51. Upon the effectiveness of this Scheme in accordance with the terms hereof, the Open Offer, the Share Escrow Arrangement and the completion of the purchase of the CemCo Shares by Grasim and the sale of the L&T Shares by Grasim and Samruddhi to the Trust shall become irrevocable and none of L&T, CemCo or Grasim shall thereafter have a right to terminate its obligations in relation thereto.

52. In the event of non-fulfillment of any or all obligations under this Scheme by any party towards any other party, inter-se or to third parties and non-performance of which will place the other party under any obligation, then such defaulting party will indemnify all costs and interest to such other affected party.

- 53. (a) Each party shall bear its own costs until the date of sanction of this Scheme by the High Court.
- (b) After the date of sanction of this Scheme by the High Court, all costs in relation to the Demerger shall be borne by the Resulting Company.
- (c) All income tax liabilities in relation to the Demerger shall be borne by the Demerged Company.

SCHEME OF ARRANGEMENT BETWEEN

Larsen & Toubro Limited Demerged Company

UltraTech CemCo Limited Resulting Company

and

their respective shareholders and creditors

and

Grasim Industries Limited as shareholder ----- Grasim

Of the Demerged Company

and

L&T Employees Welfare Foundation ----- Trust

Schedules to the Scheme of Arrangement annexed to the Notice dated 19th December 2003 convening the meetings pursuant to the orders of the Hon'ble High Court, Bombay

SCHEDULE - I : BALANCE SHEET OF CEMENT DIVISION AS AT 1ST APRIL, 2003

	Cement Rs.Cr.	Rs. Cr.
SOURCES OF FUNDS:		
Net Worth (Balancing Figure)		1018.25
LOAN FUNDS:		
Secured Loans	1542.84	
Unsecured Loans	190.3	
		1733.18
TOTAL		2751.43
APPLICATION OF FUNDS:		
Fixed Assets :		
Gross Block	4261.74	
Less : Depreciation	1337.49	
Net Block	2924.25	
Less : Lease Adjustment	-	
	2924.25	
Capital work-in-progress	12.39	
	2936.64	2936.64
Fixed assets held for sale		
Investments		235.24
Current Assets, Loans and Advances :		
Inventories	248.43	
Sundry Debtors	189.71	
Cash and Bank Balances	0.09	
Other Current Assets	-	
Loans and Advances	102.86	
	541.09	

	Cement	
	Rs.Cr.	Rs. Cr.
Less : Current Liabilities and Provisions :		
Liabilities	311.13	
Provisions	7.55	
	318.68	
Net Current Assets		222.41
Deferred Tax		
Deferred Tax Assets	11.51	
Deferred Tax Liabilities	(670.50)	
		(658.99)
Deferred Revenue items		
Miscellaneous Expenditure (to the extent not written-off or adjusted)	16.13	
Deferred Income	-	
		16.13
TOTAL		2751.43
Contingent Liabilities		243.41

SCHEDULE - II: LIST OF LEASED OFFICE PREMISES

1. Mahesh Babaria Vaidarbhi Complex, Gidc Char Rasta Vallabh Vidhyanagar, Anand.
2. Olympic Transport Corporation 5, Vir Nagar Society Near S.T.Workshop, Mehsana.
3. V. K. Jain & D. D. Jain, 503, Shikhar Complex, Near Navrangpura Rly Crossing, Navrangpura, Ahmedabad.
4. Mahesh Babaria Turning Point, Kalanala Bhavnagar.
5. Darshana Devi Jain, Ahmedabad

LIST OF LEASED GODOWNS

1. Mahesh Babaria, 237, Navagam Kardej, Bhavnagar.
2. Vicky Clearing & Transport Co, Kamrej Seva Sahakari Mandli, Kamrej- Surat Road, Besides S. T. Depot, Kamrej ,Surat.
3. P. P. Trust Estate, Station Road, Ranoli, Baroda.
4. Mehta Invstment Co., Jamnagar Roda, Raghuvveer Indu Area, Madhapar, Rajkot.
5. V. K. Agrawal & Others, Village Ulariya, Sanand Highway, Taluka Sanand, Ahmedabad.
6. Shri. M. John Verghese, 105/K-31, Bypass Road Arlem, Margao, Goa.
7. R. K. Agrawal, Ahmedabad.
8. Vicky Clearing & Transport Co., Surat (Rooms)

LIST OF LEASED RESIDENTIAL PREMISES

1. Flat No.B215, The Shelter, No.15 Palmgrove Road, Victoria Layout Bangalore 560047.
2. Flat No.A-6, Vaishali Apartments, V Cross, Gandhinagar, Mangalore 575003.
3. No.2-49, Kulai P.O. Hosabettu, Surathkal Mangalore 574176.
4. No.2-57/2(1), I Floor Near Hosabettu Bus Stand, Surathkal Mangalore 575026.
5. "Raghavendra Krupa" No.2-130/6(3), Kulai Hosabettu MANGALORE.
6. "Sri Krishna" Behind Shanta Trading Co. Honakatta, Mangalore.
7. 3B, III Floor, PGP Manor, Barnaby Road, Kilpauk, Chennai 10.
8. Flat 27/6, III Mainroad, Kasturba Nagar, Adyar, Chennai 600020.

9. 104/2, Mookambika Apartments, P. S. Sivasami salai, Mylapore Chennai 600004.
10. First Floor, 11/5, 5th Cross st., West Shenoy nagar, Chennai 600030.
11. Gr.Floor-No7, Mahadevan Street, Chennai 33.
12. Flat 403, Jayanagar, Bowenpally, Secunderabad.
13. Flat No. 215, majestic mansion, Begumpet.
14. No.704, I Floor 3rd A Cross, 7th Main, 80 Feet Road, Kalyan Nagar I Block HRBR Layout, Bangalore 560 043.
15. Flat B3, Garden Court Apartments, Alinchuvadu, KOCHI 25.
16. M-504, Sarjan Tower, Gurukul Road, Memnagar, Ahmedabad.
17. 204, Neerja Apartments, B/H. Navrangpura Post Office Navrangpura, Ahmedabad.
18. C/25, Shital Kiran Apartments, Nr. Rangwala Tower, Law Garden, Ahmedabad.
19. C2/24, 2nd Floor Goyal Intercity, Drive In Road Ahmedabad.
20. C/302, Prestige Appartments Bodakdev, Vastrapur, Ahmedabad.
21. C-91, Lajpat Nagar N Delhi.
22. E-7/M 150, Arera Colony Bhopal.
23. D/13, Sriam Nagar, Raipur.
24. B-002, 1st floor, Naisarg Complex, Diwalipura Road Baroda.
25. C-66, Sector 1, Devendra Nagar, Raipur.
26. 106, Vimla apartment, Nageshwar Colony, Boring Road, Patna.
27. Flat No.402, Atul Vilas Kunj, Kidwaipuri, Patna.
28. Flat No.304, Shree Ganesh Enclave, Magistrate Road, Doranda, Ranchi.
29. Bangakuthi, 126, G.T. Road, Burdwan 713101.
30. 17, Haren Mukherji Road, Hakimpura, Siliguri.
31. 38/1, Mahim Haider Street, Kolkata 26.
32. Lalita Das Flat No.3, 18/19, Doverla, Kolkata 700 029.
33. Bhupesh Kapoor/Suman Kapoor, 5-A, Roudan Heights, 5, Rouden Street, Kolkata.
34. Flat- No: 4c Ajanta Apartment 10, Gurusaday Road Kolkata-19.
35. Flat No.A-210, Eravat Complex, Padmanabhpur, Durg.
36. 33, Hemendra Naskar, Kolkata 700010.
37. 20, Sheila Mansion, Ratha Road, Bhubaneswar.

LIST OF OFFICE CUM- RESIDENTIAL PREMISES

- (1). Flat No.201, Gurukul Palace Apartments, II Floor, Rpd Cross, Khanapur Road, Tilakwadi, Belgaum.
- (2). No.131, I Main, Vinobha Nagar, II Stage, II Block, Shimoga.
- (3). Chicka Honnenahalli, Jayanagar Extension, Behind Malnad Engineering College, Hassan.
- (4). Upstairs, Nityananda Road, Marathi Koppa Sirsi 581 402.
- (5). Cts No.129, Plot No.29/2a, Vijayanagar Colony, Vidhyagiri Bagalkot 587102.
- (6). No. 3369 9, I Floor "Ambika Nilaya" III Cross MCC B Block Kuvempunagar, Davangere 4.
- (7). D.No.753/534, Ward 31 "Lalithadri" 5th A Cross, 40 Ft Road Maruthi Nagar TUMKUR.
- (8). 59-A, Bharathi Nagar, Mohanur Road, Namakkal 637 001.
- (9). 82-A, Roja Street, Kvr Nagar Villuparam 605 602.
- (10). II Floor, 7, First Street, Municipal Colony, Tanjore 613 009.
- (11). No.2, I Floor, 2nd Cross Main Street, Jhansi Nagar, Pondicherry 605 004.
- (12). 5-7-624/2, First Floor, Khaleel Wadi, Nizamabad - 503002.
- (13). Flat No :301 Thirdfloor, Pavani Villa, Vedayapalem, Nellore.

- (14). 18-3-58/3, Shanti Nagar, Khadi Colony, Tirupati.
- (15). 11-25-65, Vasavi Colony, Warangal - 500012.
- (16). 8-31, First Floor, Opp: Bethun Nursing Home, Mangamuri Road, Lower Peta. Ongole 523002.
- (17). 86-9/6/1, Groundfloor, Plot No:18, Vlpuram, Tilak Road, Rajahmundry.
- (18). 45-203/A/59, Venkatramana Colony, Kurnool.
- (19). 6-538/3, Ramnagar, Near RTO Office, Anantapur.
- (20). 8-3-136/12, Bhagat Nagar, Karimnagar - 505001.
- (21). Flat no:302, Laxmi Towers, Behind Rtc Busstand, Cuddapah.
- (22). Flat No : G1, Vijaya Towers Laxmi Puram First Lane, Guntur-522007.
- (23). 15/512-4, Dno: 610-A/3, Second Floor, Sadasiva Rao Compound, Tadipatri.
- (24). House No.3/1256. Ayyamjulagara, Valiyalhodi, Calicut- 673011.
- (25). Chaitanya P4, Housing Colony, Dewanpuram, Kottayam 26.
- (26). Puncheri, Door No IV-290A, Near Jaimatha Convent, Kottakkanni, Kasargode 6001121.
- (27). Chellath House, Manjadi P.O., Tiruvalla,.
- (28). Road No : 4, Patel Colony, Jamnagar
- (29). Apurva Flats, 2nd Floor Block - D, Mahavirnagar Himmatnagar.
- (30). Ground Floor, City Survey No.14442/A, Plot No.3260, Nr.Telephone Bhavan, Ajab Nagar, Aurangabad - 431 005.
- (31). Block E, Fa-2, Bharti Complex, Wadgaon Road, Yavatmal.
- (32). Flat No. 11, Ganesh Apartment Plot No. 12/13, Ganapati Nagar Jalgaon.
- (33). Plot No.3, Kalpataru Housing Society, Near Vallabhnagar, Dhule.
- (34). Saraswati Apartment, Flat No.8, Vidyanagar, Nagpur Road, Wardha.
- (35). Sainath Colony (Master Colony) T.B. Toly, Gondia (Maharashtra)
- (36). "Govind Arcade", 484-B1/2 Wing A, Flat No.T-13, near Old RTO, Sadarbazar, Camp SATARA - 415 001.
- (37). G-207, Krishna Enclave Poojara Complex, Block G, Near RTO Office, Ahmednagar - 414 001.
- (38). Flat No.10, Siddharth Arcade, Old Ausa Road, Latur.
- (39). Ground Floor, Rakhe Niwas, Behind B & C Dak Bunglow, Vidyanagar, Parli.
- (40). Pradhanpada, Ainthapalli Road Budharaja, Sambalpur.
- (41). Infront Of Durga Saw Mill Sahadevkhuntha, Balasore.
- (42). Salandi By-Pass Road Bhadrak.
- (43). Near Utsav Palace Bus Stand By-Pass Road Jajpur Road.
- (44). At-Kunjakata, Near Mahavir Kalyan Mandap, Dhenkanal.
- (45). 1st Lane, Jaiprakash Nagar. Berhampur.
- (46). Lane No.1, Indra Nagar, Rayagada.
- (47). J. K. Bera, Kaushallya, Kharagpur.
- (48). Leena Dey, A-5, 5th floor, Sneha Apartments, Burnpore Road, Asansol-4.
- (49). Ramala Bala Daripa, 2nd Feeder Road, Bankura.
- (50). 4-Love Kush Nagar Sect. II Khandwa.
- (51). Door No.19, Mandhafa Colony Near T.V. Sanatorium, Chhindwara.
- (52). Plot No.103 P.T.H.N. Bajpai, Tower, Idgah Road Bilaspur.
- (53). C/O Lalita devi, Daudpur Kothi, Near MIT, Muzaffarpur 842003.
- (54). Flat No.101, Krishna Apartment, Shanti Bhavan Complex, Bank More, Dhanbad.
- (55). Shradanjali, Kacchi Dharamshala Road, Castair Town, Deoghar.
- (56). Senjuthi Ghosh, Deer Park, Shanti Niketan, Bolpur 731 235.
- (57). Sujala Basak, 1st floor, Holding No.18B, Ward No.19, PS English Bazar, Malda.
- (58). Chittaranjan Basak, Holding No.29A, Purbachal Ground floor, PO Barasat.

SCHEDULE-III: SCHEDULE OF MINING LEASES / PROSPECTING LICENSES OF THE DEMERGED COMPANY IN RELATION TO THE DEMERGED UNDERTAKING

1. Mining lease covering 1030.58 hectares at Awarpur Cement Works, Larsen & Toubro Limited, Dist. Chandrapur, Maharashtra vide Registration No. 200 CH dt 13.12.2000.
2. Mining lease covering 997.355 hectares at Hirmi Cement Works, Larsen & Toubro Limited, Dist. Raipur, Chattisgarh vide Registration Number 3 89/91/12/3 dt 15.12.1992.
3. Mining lease covering 953.3253 hectares at Gujarat Cement Works - Larsen & Toubro Limited, Dist. Amreli, Gujarat vide Registration Number 542/2001 dt. 20/06/2001.
4. Mining lease covering 844.939 hectares at Andhra Pradesh Cement Works - Tadipatri , Larsen & Toubro Limited, Dist. Kurnool, Andhra Pradesh vide Registration Number 3120M4/95 dt. 28/11/1995.
5. Mining lease covering 292.010 hectares at villages Shind and Baroh, Dist. Chamba, Himachal Pradesh vide reference number Udyog Bhu(Khani-4) Major-573/90-II-7062 dt. 24/09/1998.
6. Prospecting License No.3336 dt August 7, 2000 over 1592.18 Hectares at villages Nirbudihal, Jalageri, Gangabudihal, Karkalametti, Kagolamb, Taluk Badami, District Bijapur, Karnataka.
7. Prospecting License issued vide Govt of Rajasthan's letter under reference 16/22/Khan/Group-I/95 Jaipur. Dt. 05/08/1998 covering 24 sq kms at villages Mohrai, Dagla, Nimbhera, Khurd, Asarlai Tehsil, District Jaitaran, Rajasthan.
8. Letter from Government of Rajasthan - P-16:3:Khani/Group-1/2000 dated 16/3/2002 stating that the Government intends to issue LOI for grant of Mining Lease.

SCHEDULE - IV : DETAILS OF SPECIFIC DEBENTURES & LOANS ARISING OUT OF THE ACTIVITIES AND OPERATION OF THE DEMERGED UNDERTAKING AND BEING TRANSFERRED TO THE RESULTING COMPANY (O/S AS ON 31.03.2003)

Sr. No.	Particulars	Date of Availment	Date of Maturity	Amount (Rs.crore)
1	ABN Amro Bank - External Commercial Borrowing	30/07/2001	30/01/2005	240.97
2	HDFC Foreign Currency Loan	09/09/1998	14/08/2020	54.38
3	Industrial Development Bank of India Rupee Loan	24/09/1996	30/06/2005	52.40
4	Canary Bank FCNR Loan	01/11/2001	01/11/2004	56.98
5	Union Bank of India - FCNR Loan I	01/11/2001	01/11/2003	18.99
6	Union Bank of India FCNR Loan II	05/11/2001	05/11/2003	18.99
7	Secured Redeemable Non-convertible Bonds 1996 – FD+ Bonds	01/11/1996	01/11/2003	0.34
8	12.60 % Secured Redeemable Non Convertible Debentures September 1999	17/09/1999	17/09/2006	6.65
9	Bharat Overseas Bank FCNR Loan	17/06/2002	17/06/2005	16.62
10	8.09 % Secured Redeemable Non Convertible Debentures July 2002	25/07/2002	25/07/2007	45.00
11	8.25 % Secured Redeemable Non Convertible Debentures September 2002	02/09/2002	02/09/2012	65.00
12	Call Rate Linked Secured Redeemable Non Convertible Debentures June 2002	25/06/2002	24/06/2003	25.00
13	8.40 % Secured Redeemable Non Convertible Debentures July 2002	22/07/2002	22/07/2007	50.00
14	8.30% Secured Redeemable Non Convertible Debentures September 2002	02/09/2002	02/09/2012	25.00
15	Secured Redeemable Non Convertible Debentures September 2002	16/09/2002	16/09/2012	25.00
16	Sales Tax Deferral Loans			113.00
17	HSBC FCNR Loan	25/02/2003	25/04/2004	47.49

Sr. No.	Particulars	Date of Availment	Date of Maturity	Amount (Rs.crore)
18	6.6 % Secured Redeemable Non Convertible Debentures February 2003	26/02/2003	26/05/2004	50.00
19	Call Rate Linked Secured Redeemable Non Convertible Debentures March 2003	31/03/2003	15/04/2004	35.00
20	Working Capital and Other Loans			86.65
	Total			1,033.46

SCHEDULE – V: Allocation of Multipurpose Borrowings to the Demerged Undertaking (o/s as at 31.03.2003)

Sr. No.	Particulars	Date of Availment	Date of Maturity	Amount (Rs. crore)
1	ABN Amro Bank - External Commercial Borrowing	30/07/2001	30/01/2005	145.76
2	HDFC Foreign Currency Loan	09/09/1998	14/08/2020	36.25
3	Canara Bank FCNR Loan	01/11/2001	01/11/2004	14.25
4	Union Bank of India - FCNR Loan I	01/11/2001	01/11/2003	4.75
5	Union Bank of India - FCNR Loan II	05/11/2001	05/11/2003	4.75
6	Secured Redeemable Non-convertible Bonds 1996 – FD + Bonds	01/11/1996	01/11/2003	0.09
7	12.60% Secured Redeemable Non Convertible Debentures September 1999	17/09/1999	17/09/2006	24.35
8	SBI Rupee Loan	25/10/1999	25/10/2003	75.00
9	10.80% Secured Redeemable Non Convertible Debentures May 2000	12/05/2000	10/05/2005	50.00
10	12.65% Secured Redeemable Non Convertible Debentures October 1999 I	29/10/1999	29/10/2009	50.00
11	12.65% Secured Redeemable Non Convertible Debentures October 1999 II	29/10/1999	29/10/2009	25.00
12	11.75% Secured Redeemable Non Convertible Debentures January 2001	11/01/2001	11/01/2006	50.00
13	12.75% Secured Redeemable Non Convertible Debentures November 1998	24/11/1998	20/09/2003	20.00
14	13% Secured Redeemable Non Convertible Debentures January 1999	05/01/1999	05/01/2004	20.00
15	13.35% Secured Redeemable Non Convertible Debentures June 1999	25/06/1999	25/06/2009	100.00
16	12% Secured Redeemable Non Convertible Debentures December 1999	22/12/1999	22/12/2006	50.00
17	Working Capital and Other Loans			29.52
	Total			699.72

SCHEDULE II

MINUTES UNDER SECTION 103 (1) (B) OF THE COMPANIES ACT, 1956
IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION
(COMPANY JURISDICTION)

COMPANY PETITION NO. 120 OF 2004

CONNECTED WITH

COMPANY APPLICATION NO. 540 OF 2003

In the matter of the Companies Act, 1956;

-And-

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

-And-

In the matter of Larsen & Toubro Limited, an existing company under the Companies Act, 1956, and having its Registered Office at L&T House, Ballard Estate, Mumbai 400 001, Maharashtra;

-And-

In the matter of the Scheme of Arrangement between Larsen & Toubro Limited and UltraTech CemCo Limited and their respective shareholders and creditors and Grasim Industries Limited as a shareholder of Larsen & Toubro Limited and L&T Employees Welfare Foundation.

Larsen & Toubro Limited)
an existing company under the)
Companies Act, 1956, having its)
Registered Office at L&T House,)
Ballard Estate, Mumbai – 400 001)Petitioner Company

- “(a) The subscribed and paid up share capital of the Petitioner Company be reduced from Rs. 2,48,73,95,910/- (Rupees Two hundred and forty eight crores seventy three lakhs ninety five thousand nine hundred and ten only) to Rs. 24,87,39,592 (Rupees Twenty four crores eighty seven lakhs thirty nine thousand five hundred and ninety two only) and such reduction be effected by reducing the face value of the equity shares of the Petitioner Company from Rs. 10 per equity share to Re. 1 per equity share and the consolidation of 24,87,39,591 equity shares of the Petitioner Company (including the equity shares represented by Global Depository Receipts) of the reduced value of Re. 1/- into 12,43,69,796 equity shares of Rs. 2/- each fully paid up.
- (b) The share capital may further increase as and when employee stock options are exercised by employees till the effective date. The increase in the Share Capital of the Petitioner Company due to exercise of options will also be reduced and consolidated as set out herein above”.

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY PETITION NO. 120 OF 2004
CONNECTED WITH
COMPANY APPLICATION NO. 540 OF 2003

In the matter of the Companies Act, 1956

And

In the matter of Sections 391 - 394 of the Companies Act, 1956

And

In the matter of Larsen & Toubro Limited, an existing company under the Companies Act, 1956 and having its Registered Office at L&T House, Ballard Estate, Mumbai - 400 001;

And

In the matter of the Scheme of Arrangement between Larsen & Toubro Limited and UltraTech CemCo Limited and their respective shareholders and creditors and Grasim Industries Limited as a shareholder of Larsen & Toubro Limited and L&T Employees Welfare Foundation

Larsen & Toubro Limited

...Petitioner Company

ORDER SANCTIONING THE SCHEME OF ARRANGEMENT

DATED THIS 22nd Day OF APRIL, 2004

Filed this 6th day of May, 2004

M/S. MANILAL KHER AMBALAL & CO.

ADVOCATES FOR THE PETITIONER

Mulla House, 51, M.G. Road Fort, Mumbai 400 023.

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SCHEME

OF

RECONSTRUCTION

DEMERGER, AMALGAMATION, AND

ARRANGEMENT AND

COMPROMISE

BETWEEN

DATAR SWITCHGEAR LTD.

AND

LARSEN & TOUBRO LIMITED

REGISTERED
No.260/2001/-Bench - 2
Government of India
Ministry of Finance
Industrial & Financial Reconstruction Board

22nd Floor, Javahar Tread House,
Tolstoy Road, New Delhi-110 001

Date-25/9/2006

Tel. No:- 23701200
Telex :- 03166492
Telegram:- BINFIREC
Fax:- 23701211

To,
(According to enclosed list)

Subject :- Case of M/s Datar Switchgear Ltd.
Case No. 260/2001/-Bench - 2

Dear Sir,

I am hereby instructed to send you a certified copy of orders dated 14/09/2006 for your information and necessary action.

Yours Faithfully,
S/d.

(Anoop Kumar)
Bench Officer – II

Enclosure :- as above

**BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION
CASE NO 260/01: M/S DATAR SWITCHGEAR LTD.**

**SUMMARY RECORD OF THE PROCEEDINGS OF THE HEARING HELD ON 14.9.2006
BEFORE BENCH-I CONSISTING OF S/SHRI RAVINDRA GUPTA, CHAIRMAN AND
A. K. GOSWAMI, MEMBER**

Present	Name and Designation of the Representative
	S/Shri/Ms
M/s Datar Switch Gear Ltd.	1. Alok Dhir, Advocate 2. Nilesh Sharma, FCA 3. D.P. Adke 4. Rishikesh Shintre 5. Nilesh Khot 6. Vikram Basayacs
ICICI	Aamod M. Datar. Asstt. Manager
IFCI	1. A.K. Srivastava, Asstt. General Mgr. 2. R. Sathyalingam, Manager
IDBI	Kishore Chakraborty, AGM
Corporation Bank	Renu K. Nair, Law Officer
Centurion Bank	Sushil Kumar, Asstt. Vice President
Bank of Maharashtra (BOM)	1. Mukesh Kumar, Manager (Law) 2. R.B. Mehendiratta, AGM
The Vysya Bank Ltd. (VBL)	B.S. Bhatia, Officer
The Ratnakar Bank Ltd. (TRBL)	A.D. Vardhamane Asstt. Gen. Mgr.

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The Nasik People Co-op Bank (NPCB)	1. Neeraj Kumar, Advocate 2. Kathe Kiran S. 3. Kulkuri Suri
MSEB	1. Shri K.V. Ajanalkar, SE 2. B.V. Pardeshi, Acctts. Officer
SICOM	M.M. Das, R.M.
Central Excise	Asharfi Lal, Asstt. Commissioner
DIT(R)	D.R. Jain, Advocate
LIC	V.K. Sharma, Asstt. Secy.
Kotak Mahindra Ltd. (KML)	Ajay Kumar Raina, Manager
Central Warehousing Corpn. (CWC)	K.K. Tyagi, Advocate
Larsen & Toubro Ltd. (L&T)	1. N. Swaraman 2. S.A. Kulkarni
Bank of India (BOI)	Bhagwat Swaroop, CM
Datar Switchgear Ltd. Workers Union (DSLWUnion)	K.B. Bhat, Advocate

M/s Datar Switchgear Ltd. (DSL) was declared sick u/s 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) in the hearing held on 31.7.2002. After protracted negotiations/developments, a viable DRS was received vide OA's letter dated 1.6.2006. Based on the OA's DRS, the Board prepared a Draft Scheme for the revival of the company which was circulated as required under Section 19(2) read with Sections 19(1) and 18(3) (a) of SICA vide order dated 29.6.2006.

2. Today's Proceedings:

- 2.1 The representative of ICICI submitted that all secured creditors had given their consent to the DRS except IIBI. IIBI's objections had since been addressed. The representative of IIBI submitted that this was not true and their objections had not been addressed to the extent that the personal guarantees should have extended to ZCBs as well since the present value of the assets of the company was miniscule: Apparently no proper valuation had been got done.
- 2.2 The Id, Counsel representing the company Shri Alok Dhir submitted that the secured creditors were given pari-passu first charge on the fixed assets in respect of ZCBs and term loans. Now IIBI had woken up to raise the question of personal guarantee out of the blue. They were stopped by their earlier silence from doing so. What was more the value of the new security was more than the old security considering that the L & T name was coming into the picture.
- 2.3 Shri Dhir further submitted that para 14 (xx) of the DRS may be deleted particularly in as much as Appendix C of the DRS was not a draft memorandum of understanding but a draft scheme of reconstruction etc. as specified in the sub-heading of Appendix C. The latter sub-heading may be made the main heading of Appendix C and the necessary modifications may be made in the rest of the DRS including List of Annexures on page 28 of DRS.
- 2.4 The representative of IFCI submitted that corrections in the figures of their outstandings on page 1 of the DRS were required: 'term loan' outstandings should read as '8780.85' instead of '7834' and OFCDs outstandings should read as '1815.70' instead of '1438'.
- 2.5 The representative BOM submitted that the figure of their outstandings shown in para 9.1.7 (b) of the DRS should read as Rs. 818 lakhs instead of Rs. 793 lakhs.
- 2.6 The Id. Counsel representing CWC Shri K.K. Tyagi stated that the DRS envisaged waiver of warehousing rent, interest and any other charges and submitted that except demurrage the other amounts were in the nature of principal and therefore para 9.7 of the DRS should read as 'To waive of demurrage in respect of the consignments lodged ____' and so on and the fifth and sixth lines of the same para should read as 'the date of lodging till the sanction of the scheme whereafter the usual demurrages shall be borne by ' Shri Tyagi further submitted that it should be clear in particular that insurance charges of Rs. 32 lakhs odd should be categorised as 'principal' amount. Further the demurrages should be ordered to be payable within 6 months.
- 2.7 The representatives of the Income Tax and the Excise Departments submitted that as they did not have complete information the reliefs and concessions sought from them may be preceded by the words 'To consider'. Further the representative of Income Tax Department submitted that wherever in the DRS their dues were specified a footnote may be appended to the same reading 'subject to reconciliation'.
 - 2.7.1. The representative of the Central Excise Department submitted that the total duty liability of the company was Rs. 5.33 crore. He averred that 80% of the plant and machinery of the company had been shifted to Ahemadnagar and the Department had an unconfirmed demand of Rs. 114 crores. The liabilities may be shifted to L & T to facilitate their recovery. The warehouse goods could thereafter be released to L & T on payment of duty and applicable interest. He further averred that there was no provision of waiver of penalty and interest in the Central Excise and Customs Acts. Shri Dhir submitted that L & T was not prepared to take over any excise liability which was unequivocally envisaged to go to the new company in the DRS. He suggested that u/s 32 of SICA the Bench could waive interest on excise duty.
- 2.8 The representative of SICOM submitted that they may be permitted u/s 22(1) of SICA to continue their legal proceedings against the company. The representative of MSEB submitted that their claim was Rs. 17 lakhs odd.
- 2.9 The representatives of Corporation Bank, Centurion Bank, VBL, TRBL, NPCB, LIC, KML, L & T, BOI and DSLW Union submitted that they had no objections to the DRS's In response to a query from the Bench all present stated that they had nothing further to state.

3. On consideration of the facts of the case and the submissions made at today's hearing, the Bench noted that there was a general consensus on the provisions contained in the DRS albeit with the modifications specified in paras 2.3 to 2.7 above. Having regard to the fact that all parties concerned had given their consent under Section 19(2) of SICA to the various provisions in the rehabilitation scheme, the Bench sanctioned the scheme (hereinafter called the 'Sanctioned Scheme') in exercise of the powers conferred under Section 18(4) of SICA read with Section 19(3) of SICA.
- 3.1 The Bench further directed the OA to incorporate the changes approved vide para 3 above in the DRS taking meticulous care to reflect the effect of the said changes in the entire DRS and its annexures (wherever warranted) and submit the draft sanctioned scheme within 15 days to the Board, whereafter the sanctioned scheme shall be circulated.

SIGNED
(A.K. Goswami)
Member

SIGNED
(Ravindra Gupta)
Chairman

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CASE No: 260/2001, M/S. DATAR SWITCHGEAR LIMITED

1.	THE CHAIRMAN & M.D., M/S. DATAR SWITCHGEAR LIMITED., DATAR APPTS., COMMERCIAL COMPLEX, VAKILWADI, NASIK	2.	THE CHAIRMAN & M.D., ICICI TOWERS, BANDRA-KURLA COMPLEX, MUMBAI - 400 051. FAX NO: 022-6531122.
3.	THE CMD, I.D.B.I., CUFFE PARADE, WTC COMPLEX, MUMBAI - 400 005. Fax No: 022-2181294	4.	THE CMD, I.I.B.I., 19, NETAJI SUBHASH ROAD KOLKATTA - 700 001 FAX NO: 2207182
5.	THE CMD, IFCI, IFCI TOWER, 10TH FLOOR, 61, NEHRU PLACE, N. DELHI -110 019. FAX NO: 6488471.	6.	THE CMD, CORPORATION BANK, H.O.: MANGADEI, TEMPLE ROAD, MANGALORE - 575 001.
7.	THE CMD, DEVELOPMENT CREDIT BANK LTD., 904, RAHEJA CHAMBERS, NARIMAN POINT, MUMBAI.	8.	THE CMD, ICICI BANK LTD, C-23, BANDRA-KURLA COMPLEX, MUMBAI. FAX NO: 022-26531122
9.	THE CMD CENTURIAN BANK, 25/26, MAKER CHAMBERS III, NARIMAN POINT, MUMBAI - 400 021	10.	THE CMD, L.I.C., HEAD OFFICE, 'YOGAKSHEMA', JEEVAN BIMA MARG, NARIMAN POINT, MUMBAI - 400 021 FAX NO : 2810448
11.	THE CMD, G.I.C., INDUSTRIAL INSURANCE BUILDING, CHURCH GATE, MUMBAI - 400 001	12.	THE CMD, BANK OF MAHARASHTRA, 'LOKMANGAL' 1501, SHIVAJI NAGAR, PUNE - 411 005
13.	THE CMD, IDBI BANK, 'IDBI HOUSE' DNYANESHWAR PADUKA CHOWK, FERGUSSON COLLEGE ROAD, SHIVAJI NAGAR, PUNE - 411 004.	14.	THE CMD, THE VYSYA BANK LIMITED., 5TH FLOOR, DHONDUSA COMPLEX, RICHMOND CIRCLE, RESIDENCY ROAD BANGALORE-560 025

15.	THE CMD, THE RATNAKAR BANK LTD., 179/ E WARD, SHRI SAHU MARKET YARD, KOLHAPUR - 416 005.	16.	THE CMD, THE JANALAXMI CO-OP. BANK LTD., "SAMRUDDHI" GADKARI CHOWK, OLD AGRA ROAD, NASIK-422 002.
17	THE CMD, THE NASIK PEOPLES CO-OP. BANK LIMITED., 'KUBER', 480/5, GOLE COLONY, NASIK - 422 002.	18.	THE DEV COMMISSIONER, DIRECTORATE OF INDUSTRIES, NEW ADMINISTRATIVE BUILDING, MADAM CAMA ROAD, MUMBAI - 400 032.
19.	THE COLLECTOR, CENTRAL EXCISE, P. SURANA COMPLEX, JAFAR GATE, MONDHA ROAD AURANGABAD - 431 001.	20.	THE CMD, M.S.E.B., "PRAKASHGAD" BANDRA (E) MUMBAI - 51
21.	THE RPF, C, BHAVISHYANIDHI BHAWAN, 341, BANDRA (EAST), MUMBAI - 400 051. FAX - 26476476.	22.	THE DIRECTOR OF INCOME TAX (R) MAYUR BHAWAN, CONNAUGHT PLACE, NEW DELHI. FAX 341 1335.
23.	THE DIRECTOR GENERAL, ESIC, ESIC REGIONAL OFFICE, RAJENDRA BHAWAN, RAJENDRA PLACE, NEW DELHI - 110 008.	24.	THE DGM, STRESSED ASSETS STABILIZATION FUND, 5-9-89/1 & 2, CHAPEL ROAD, HYDERABAD - 500 001. FAX - 040-23230613.
25.	THE M.D, S.I.C.O.M., NIRMAL BLDG., 1ST FLOOR, NARIMAN POINT, MUMBAI - 400 021.	26.	THE CMD, SEBI, 224/A, MITTAL COURT, 'A' WING, IIND FLOOR, NARIMAN POINT, MUMBAI - 400 021. FAX - 2824071.
27.	THE CMD, KOTAK MAHINDRA, 5-3/2, MITTAL COURT, 224, NARIMAN POINT, MUMBAI-21	28.	THE CMD, PLOT NO. H-108, MIDC, AMBAD, NASIK
29.	THE CMD, NASIK MUNICIPAL CORPORATION, PLOT NO. F-8, & H-108, MIDC, AMBAD, NASIK.	30.	THE CMD, CENTRAL WAREHOUSING CORPORATION, AMBAD, NASIK
31.	THE CMD, LARSEN & TOUBRO LTD., L&T HOUSE, BALLARD ESTATE, P.O. BOX-278, MUMBAI-400 001. FAX - 22-67525858.	32.	THE CMD, M/S INDIA INFRASTRUCTURE DEV. LTD., 3 B, LAXMI TOWERS, C-25, 'G' BLOCK, BANDRA KURLA COMPLEX, BANDRA-E, MUMBAI 400 051.
33.	THE CMD, BANK OF INDIA, STAR HOUSE, BANDRA KURLA COMPLEX, MUMBAI - 400 051.	34.	THE PRESIDENT/SECRETARY, DATAR SWITCHGEAR WORKERS UNION, C/O F-8, D. ROAD, MIDC, AMBAD, NASIK-422 010.

REGISTERED
No.260/2001/-Bench - 2
Government of India
Ministry of Finance
Industrial & Financial Reconstruction Board

22nd Floor, Javahar Tread House,
Tolstoy Road, New Delhi-110 001

Date-29/6/2006

Tel. No:- 23701200
Telex :- 03166492
Telegram:- BINFIREC
Fax:- 23701211

To,
(According to enclosed list)

Subject :- Case of M/s Datar Switchgear Ltd.
Case No. 260/2001/-Bench - 2

Dear Sir,

I am hereby instructed to send you a certified copy of orders dated 29/6/2006 for your information and necessary action.

Yours Faithfully,
S/d.

(Anoop Kumar)
Bench Officer – II

Enclosure :- as above

BOARD FOR INDUSTRIAL & FINANCIAL RECONSTRUCTION

CASE NO. 260/01

M/S DATAR SWITCHGEAR LTD.

BENCH - I

ORDER

M/s Datar Switchgear Ltd. (DSL) was declared sick u/s 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) in the hearing held on 31.7.2002 and IDBI was appointed as the Operating Agency u/s 17(3) of SICA to prepare a rehabilitation scheme for the company: Vysya Bank and Bank of Maharashtra (BOM) were permitted to continue the legal suits which they had filed against the company before it came to BIFR: however, they were not permitted to execute any decrees/awards, if obtained, without prior permission of the Board: Further, the company should route all transactions through the accounts with the company's financing bank(s) only.

- 1.1 The company aggrieved by directions of the BIFR filed an appeal in AAIFR. The appeal was allowed and ICICI was appointed as the OA in place of IDBI. The company was permitted to route its transactions through the Bank of Maharashtra, Nasik Peoples Cooperative Bank Ltd. and Jana Laxmi Cooperative Bank Ltd. who were part of the consortium banks and the appellant would route its transactions only through these three banks and that these banks may make deduction @ 5% of the turnover till the company would make an application on the basis of audited annual accounts as on 31.03.2003 to the BIFR for modification. The amounts so deducted would be kept by the respective banks "in interest bearing no lien account" for six months at a time to be rolled over again for every six months thereafter. Further, Vysya Bank and BoM were not permitted to continue their suits in DRT.
2. After protracted negotiations, a viable DRS was received vide OA's letter dated 1.6.2006. Based on the OA's DRS, we have prepared a Draft Scheme for the revival of the company which is circulated herewith to all concerned for consent as required under Section 19(2) read with Section 19(1) of the 'Act'. It is directed in terms of Section 18(3)(a) of the Act that short particulars of the said scheme be published in two local dailies inviting objections/suggestions to it. We will hear objections/suggestions at the hearing on 14.9.2006 at 11.00 a.m.
- 2.1 The Central/State Govt. concerned may, where required, seek requisite/additional information from the company immediately and would ensure to indicate within the specified time, their specific decision in terms of Section 19(2) of the Act otherwise it shall be deemed that consent has been given as the Board might not be able to establish the viability of the rehabilitation scheme under consideration expeditiously if the consent or objections are not received within the stipulated time limit. Further, at the hearing to consider objections/suggestions to the DRS, the officer attending must be fully briefed of the policy of the Central/State Govt. and would indicate whether consent was being given and if not, the reasons thereof why consent was not being given. He should also carry with him a copy of the policy guidelines of the State/Central Govt. The above would be equally applicable, mutatis mutandis, to all those who are to extend their consent in terms of Section 19 of the Act.

SIGNED

(A.K. Goswami)
Member

SIGNED

(Ravindra Gupta)
Chairman

Dated : 29.06.2006

BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

BENCH - I

DATAR SWITCHGEAR LTD.

Case No. 260/2001

Draft Rehabilitation Scheme

OA : ICICI Bank

Datar Switchgear Limited (hereinafter referred to as “DSL” or “the Company”) was incorporated in 1984 as a private limited company in Nasik to engage in the manufacture and marketing of electrical engineering products and solutions.

In 1992, four leading financial investors invested Rs. 476 lakh in the equity capital of the Company at a price of Rs. 40 per share. Later, in 1994, the Company went public with its Initial Public Offering (IPO) at a price ranging between Rs. 95 to Rs. 110 per equity share.

At present, the Company is engaged in the electrical and electronic businesses comprising switchgear products and power management products respectively. The Company’s trade mark “datar” is reputed in its markets.

1. EXPOSURE OF SECURED BANKS & FINANCIAL INSTITUTIONS

(As on March 31, 2005)

(Rs. in lacs)

Institution	Principal	Total Outstanding
TERM LOAN		
IFCI	3800	7834
IIBI	1500	4185
IDBI	1500	3921
ICICI (debts since assigned to Kotak Mahindra Bank)	1234	3377
IDBI Bank	1400	3439
Sub-total	9434	22756
WORKING CAPITAL		
Corporation Bank	990	2541
Bank of Maharashtra	793	2714
Janalaxmi Coop. Bank Ltd.	100	909
Nashik Peoples Coop. Bank Ltd.	300	2036
Sub-total	2183	8200
OFCDs (IFCI)	750	1438
GRAND TOTAL	12367	32394

2. BACKGROUND

BUSINESSES & PRODUCTS

DSL has two business segments, viz. Electrical Business and Electronic Business.

Electrical Business

The Electrical Business is the flagship business and comprises switchgear products such as:

- Miniature Circuit Breakers (MCBs)
- Earth Leakage Circuit Breakers (ELCBs)
- ELMCBs (ELCB+MCB)
- Permanent Magnet Relays (PMRs)
- Distribution Boards (DBs)

Electronic Business

The electronic business consists of the following products:

- Real Time Power Factor Correction Systems (RTPFCs)
- Energy Meters

The Corporate Office of the Company as also the manufacturing facilities for both businesses are located in MIDC, Ambad on the outskirts of the city of Nasik.

2.1 MANUFACTURING FACILITIES

A brief description of the manufacturing facilities of the Company is given below.

Location

The manufacturing facilities are located at MIDC, Ambad. The facilities for electrical business are largely housed in the building at Plot H-108. The Tool Room, Corporate Office and facilities for the Electronic Products are located at Plot F-8, MIDC, Ambad, Nasik. The plots are taken on long term lease from Maharashtra Industrial Development Corporation.

Plant & Machinery

DSL is well equipped with modern plant and machinery that caters to all requirements of the electrical and electronic products. Further, for certain standard processes, the Company has put in place outsourcing contracts with third party vendors.

Power

The Electrical Business has a connected load of 170 kW. The contract demand is 250 KVA, which is being fully met from Maharashtra State Electricity Board (MSEB). In addition, it has one Diesel Generating Set, as stand-by, with a rating of 200 KVA.

Water

The Company sources water through a 25 mm pipeline provided by Maharashtra Industrial Development Corporation.

Tool Room

Apart from modern manufacturing facilities, the Company has established a full-fledged digitally integrated Advanced Design & Tool Manufacturing Centre. The datar Advanced Design and Tooling Centre ("dADTC") functions as an independent profit centre within the Company that serves the designing and tooling needs of the Company and, at the same time, undertakes contract jobs for other companies.

The Centre is an integrated development set-up that uses digital design data as the backbone for all developmental activities and down-line applications. It is a state-of-the-art facility equipped with necessary CAD/CAM/CAE software, a modern CNC shop, a CMM, and a team of qualified and dedicated technical staff.

3. MANAGEMENT & SHARE HOLDING PATTERN

The shareholding pattern of the Company as on March 31, 2005 was as follows:

Shares held by	No. of shares held (in thousands)	% of Paid-up Capital
Promoters	2616.2	26.29%
Mutual Funds & UTI	933.4	9.38%
Banks, FIs & Insurance Companies	2030.5	20.41%
FII's	1.1	0.01%
NRIs/OCBs/PCBs	379.5	3.81%
Indian Public	3990.2	40.10%
Total	9950.9	100.00%

The shares of the Company are listed on Mumbai and National stock exchanges.

4. FINANCIAL PERFORMANCE

An analysis of the company's financial performance for the 5-year period ended March 31, 2005 given below:

(Rs. in Lacs)

Year ended March 31,	Audited				
	2002	2003	2004	2005	2006
					Provi.
Total Income (TI)	1230.9	1007.7	1071.8	1123.2	1066.4
EBITDA	-110.6	-190.1	-82.2	-29.4	-10.9
EBITDA/TI	-9%	-19%	-8%	-3%	-1%
Interest & Finance Cost	4018.4	3500.9	2884.9	3236.4	3427.9
Depreciation	782.6	718.8	206.4	142.4	139.1
Profit/(loss) before tax	-4911.6	-4409.8	-3173.4	-17485.1	-3837.2
Equity Share Capital	995.1	995.1	995.1	995.1	995.1
Preference Share Capital	200.0	200.0	200.0	200.0	200.0
Reserves and Surplus	-11559.0	-16972.3	-20104.8	-32951.1	-36788.3
Net Worth	-10363.9	-15777.2	-18909.7	-31756.0	-35593.2
Secured Debt	21083.7	24252.4	26767.1	29538.7	32135.7
Net Fixed Assets	17416.8	16690.3	16487.5	2148.9	2001.0
Debt-equity ratio	-ve	-ve	-ve	-ve	-ve
Current Ratio	1.5	1.3	1.2	1.0	0.7

The total income of the Company has remained steady in the past 3 years and the operating losses have seen a marked reduction in the last 3 years.

At the PBT level, the company has been incurring losses due to the interest burden and depreciation.

As on March 31, 2005, the Company's total debt aggregated Rs. 37705 lacs, out of which secured debt forms Rs. 29539 lacs and unsecured debt constitutes the balance Rs. 8166 lacs.

5. REASONS FOR SICKNESS

The operations of the company were profitable till the mid-nineties. In fact, the Company had recorded impressive growth in turnover and profitability up until 1996-97. However, it entered into a long term lease based contract with Maharashtra State Electricity Board (MSEB) for supply of LT Load Management Systems (LTLMS). This contract went into dispute and the Company invoked arbitration proceedings.

The Company had borrowed debt from institutions and banks to finance the MSEB project. The invocation of arbitration and consequent termination of the contract caused a collapse of the business of the Company and a serious financial crunch. The Company started incurring losses and could not meet debt related obligations. The losses eroded the Company's net worth resulting in sickness.

6. STATUS OF THE DISPUTE WITH MSEB

The Arbitration Panel appointed by DSL and MSEB declared an award in the sum of Rs. 186 crore in favour of DSL. It is a unanimous award where all members of the panel (including the arbitrator appointed by MSEB) ruled in favour of the Company.

After the announcement of the award, MSEB appealed against the award to the Single Bench of the Hon'ble High Court, Mumbai. The hearings were concluded in the second week of July 2005 and, in August 2005, the High Court set aside the arbitration award. In passing the judgement, the Hon'ble Judge recorded that he would not like to disturb the findings of fact by the arbitrators. The award was set aside primarily on the grounds of assessment of damages by the arbitrators.

The Company filed an appeal with the Division Bench of the Hon'ble High Court, Mumbai.

7. BIFR PROCEEDINGS

The Company was referred to BIRF in July 2001. At its hearing held on July 31, 2002, the BIFR, having satisfied itself that DSL had become a sick industrial company in terms of section 3(1) of SICA, declared it as such. The BIFR also held that the Company would not be able to revive on its own and that it was necessary to take measures for the Public Interest. For that purpose, BIFR appointed IDBI as the Operating Agency (OA) under section 17(3) of SICA to examine the viability of the Company and formulate a rehabilitation scheme for its revival. The BIFR also directed the Company to submit their comprehensive rehabilitation proposal to OA.

Pursuant to an appeal filed by the Company, the Hon'ble Appellate Authority for Industrial and Financial Reconstruction Appeal No. 320/2002 appointed ICICI Bank Ltd. as the OA in lieu of IDBI. Also the Appellate Authority did not grant permission to Bank of Maharashtra and Vysya Bank Ltd. under section 22(1) of the Act to continue the legal suits, which they had already filed against the Company.

8. JOINT MEETINGS OF SECURED CREDITORS

DSL submitted its rehabilitation proposal in June 2005 to, *inter alia*, the secured banks and financial institutions (Secured Creditors). Thereafter, the Secured Creditors held a joint meeting on August 12, 2005 to discuss the proposal. Based on the feedback of the Second Creditors, the Company held a series of discussions with them to suitably modify the rehabilitation package. The modified rehabilitation package was again submitted to, *inter alia*, the Secured Creditors in October 2005. Thereupon, the Secured Creditors held a second joint meeting on December 5, 2005.

The minutes of the second meeting held on December 5, 2005 are enclosed as Appendix B.

8.1 REHABILITATION PROPOSAL

An understanding of the Company's businesses and its past performance indicates that:

Electrical business

- The electrical business is the flagship business of the Company having significant technological achievements to its credit and track record of consistent product quality. These advantages give the business a competitive edge in the market place in the form of product costing and operating efficiencies. They give significant strategic importance of the business.
- Further, the business has good growth potential if adequate support is provided in the form of marketing initiatives and funds. The Company is presently not in a position to provide such support; however, given the competitive pressures in the market, the advantages that the Company enjoys because of technology and quality can provide a strategic investor with significant business advantages.
- It, therefore, appears that the Company is well positioned to extract strategic value from the electrical business by adopting an inorganic route of divestiture.

Electronic business

- The electronic business is a relatively new business, and the Company in spite of its constraints has posted strong turnover growth in the past 2-3 years. This business is generating operating profits for the Company in spite of limited marketing and operational efforts.
- If the electrical business is strategically divested to a willing purchaser, it provides an opportunity for the Company to invest resources and efforts in the electronic business and its growth.

The rehabilitation package envisages action on the lines enumerated below and is designed to be effective with retrospective effect from April 1, 2005 (hereinafter called "Transfer Date"):

- Divestment of the electrical business to Larsen & Toubro Limited
- Restructuring of debt
- Repayment of restructured debt

Objectives Achieved

The following objectives would be met by adopting the above approach:

<p>Immediate cash infusion</p>	<p>The consideration flowing from the Transaction would provide for the following :</p> <ul style="list-style-type: none"> • Immediate upfront cash in part settlement of debt to lenders • Due to financial strain, the Company has not been able to pay employee dues from time to time. The transaction would enable settlement of employee dues. • Discharge of, inter alia, statutory liabilities such as sales tax liability <p>It is worthwhile to mention here that the strategic value of the Company's technological and product strengths may be difficult to realise in the present conditions and, therefore, a route such as the proposed Transaction would effectively capture such value for all-round benefit of all stakeholders.</p>
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Focus on electronic business	<p>Post Transaction with Larsen & Toubro Limited for its electrical business, the Company can effectively focus its energies and resources on a relatively smaller but high-growth business segment comprising products such as RTPFCs, capacitors, energy meters, tri-vector meters and generator support systems.</p> <p>The business has following features :</p> <ul style="list-style-type: none"> • It is not capital intensive and would not necessitate large capital investments in the coming years • Most of the products (existing and to be launched) have limited competition in the Indian market. • They have significant export potential. For instance, the Company is already exporting the RTPFCs to Europe. <p>These factors, together with the sustainable level of debt remaining in the business due to the proposed debt restructuring, would make the electronic business a viable business.</p>
Stable employment	<p>Stable employment with a reputed engineering company, i.e. Larsen & Toubro Limited, for most of the Company's manpower.</p> <p>The transaction and re-organization of DSL under the rehabilitation scheme does not envisage any increase in unemployment.</p> <p>The workers' union of DSL has already conveyed its support to the transaction with Larsen & Toubro Limited.</p>
Productive use of assets	<p>More productive use of the Company's technology, facilities and manpower since Larsen & Toubro Limited would be in a position to match the technology and manpower expertise of DSL's electrical business with necessary marketing support, infrastructure and finance.</p>

The three parts of the rehabilitation package are described below.

8.2 DIVESTMENT OF ELECTRICAL BUSINESS

DSL had appointed Ernst & Young to identify a strategic investor for its business. At the hearing of the BIFR held on July 31, 2002, Ernst & Young was in attendance through its representative. The efforts of Ernst & Young to induct a strategic investor, however, proved futile in spite of several attempts. The Operating Agency also made its independent efforts in this direction; however, it did not yield positive results.

Having failed to secure a strategic investor through Ernst & Young and/or Operating Agency, DSL entered into discussions with Larsen & Toubro Limited (hereinafter referred to as "L&T" or "the Transferee Company"), one of the leading engineering and construction companies in India for transfer of the electrical business. After a series of discussions and negotiations, it entered into a Memorandum of Understanding with Larsen & Toubro Limited, for the transfer of electrical business through a structured process. The salient features of the transaction are given below:

Transaction

Larsen & Toubro Limited intends to acquire the Electrical Products business by way of amalgamation (subject to the Excluded Items described hereinafter) with itself ("the Transaction") along with the following assets and liabilities:

- Related plant & machinery, Plot H-108, related patents and intellectual property
- Employees relating to the electrical business
- Stock of LTLMS forming part of capital work-in-progress of DSL
- Deferred Sales Tax Loan from Government of Maharashtra not exceeding Rs. 4.15 crore
- Dues to L&T Finance Limited and India Infrastructure Developers Limited amounting to Rs. 1.24 crore
- Employee liabilities in respect of gratuity and leave encashment for DSL Employees, to be employed by L&T at Ahmednagar
- Product warranties in respect of modular devices

Transaction Structure

- The debt in DSL has been restructured with the consent of the lenders.
- The electronic business along with certain other items will be transferred to a new company (Resulting Company) by way of a demerger.
- After the demerger, the residual DSL, comprising the electrical business and certain assets and liabilities, will be transferred to the Transferee Company by way of amalgamation. As consideration for the amalgamation, the Transferee Company will issue one equity share of the Transferee Company, having face value of Rs. 2 only, to the singular consolidated body of shareholders of DSL.

Consideration

The total cash consideration for the Transaction (in addition to liabilities taken over by the Transferee Company) is Rs. 24 crore. Larsen & Toubro Limited will deposit Rs. 17 crore and Rs. 7 crore in two separate escrow accounts opened with the Operating Agency. In accordance with the provisions of the Draft Rehabilitation Scheme, the Operating Agency will disburse the sum of Rs. 17 crore to the secured lenders and Rs. 7 crore to meet certain identified liabilities.

8.3 RESTRUCTURING OF DEBT: SALIENT FEATURES:

Secured creditors

Rs. In lacs

Particulars	Amount
Total Outstanding (including OFCDs) as on March 31, 2005	32394
Less:	
Waiver of interest, CI&LD, penalties and other charges	20027
Balance outstanding	12367
Balance treated as follows:	
1. Upfront payment from the proceeds of the Transaction	1700
2. Conversion into Restructured Term Loan	2628
3. Conversion into Zero Coupon Bond (Class 'A' or 'B')	8039
Total	12367

Unsecured Creditors (Banks in Schedule XI)

Rs. In lacs

Particulars	Amount
Total Principal claimed as on March 31, 2005	757
Treated as follows:	
1. Upfront payment from the proceeds of the Transaction (15%)	114
2. Conversion into Restructured Term Loan (20%)	151
3. Conversion into Zero Coupon Bond (Class 'A' or 'B') (65%)	492
Total	757

Note: All interest, CI&LD, penalties and other charges to be waived by the respective unsecured banks in Schedule XI.

Other Unsecured Creditors in Schedule XIA

Rs. In lacs

Particulars	Amount
Total Principal claimed as on March 31, 2005	2610
Treated as follows:	
1. Waiver of principal (60%)	1566
2. Conversion into a Restructured Term Loan (40%)	1044
Total	2610

Note: All interest, CI&LD, penalties and other charges to be waived by these creditors

8.4 REPAYMENT OF RESTRUCTURED DEBT:

Particulars	
Restructured Term Loan of Secured Creditors (Principal: Rs. 2628 lacs)	
Moratorium	2 years
Interest (on reducing balance basis)	8% p.a.
Repayment (10 equal half-yearly instalments after the moratorium period)	
Zero Coupon Bond Class 'A' or 'B' (Total Principal: Rs. 8039 lacs to Secured Creditors and Rs. 492 lacs to Unsecured Creditors (Banks) in Schedule XI)*	
Coupon rate (applicable to both Class 'A' and 'B')	0% p.a.
Class 'A' Bond	
Repayment from the receipt of award money from MSEB	9 years
Tenure of the bond	
Class 'B' Bond	
Repayment from the receipt of award money from MSEB or out of fresh issue of equity shares for not more than 49% equity stake in Resulting Company either by private placement or public offer at the end of the rehabilitation period (7 years)	7 years
Tenure of the bond	
Option to prepay the Zero Coupon Bond on Net Present Value basis calculated with a discounting factor of 6% p.a. in case of both Class 'A' and 'B' bonds. There will be no premium or penalty in case of prepayment of the bonds.	
Restructured Term Loan of Unsecured Creditors (Banks) in Schedule XI (Principal: Rs. 151 lacs)	
Moratorium	2 years
Interest	0% p.a.
Repayment (10 equal half-yearly instalments after the moratorium period)	
Restructured Term Loan of other Unsecured Creditors in Schedule XIA (Principal: Rs. 1044 lacs)	
Moratorium	2 years
Interest	0% p.a.
Repayment (5 equal annual instalments after the moratorium period)	

* The secured lenders and unsecured creditors (banks) in Schedule XI can make a suitable choice between Class 'A' and Class 'B' Bonds.

8.5 REPAYMENT OF STATUTORY DUES & CERTAIN LIABILITIES

The rehabilitation scheme proposes the immediate repayment of the following amounts from the sum of Rs. 7 crore received by DSL from the Transferee Company:

Rs. In lacs

Particulars	Amount
Sales tax dues, both State and Central	137
Employee dues (outstanding salaries & wages), certain unsecured creditors and expenses incurred in formulation of the Scheme and advisory services	378
Contributions to Provident Fund, Employee State Insurance Corporation, Maharashtra Labour Fund	40
Profession Tax	15
Tax deducted at source	16
Upfront payment to Unsecured Creditors (Banks) in Schedule XI (as described hereinbefore)	114
Total	700

8.6 GOODWILL:

Upon the coming into effect of this scheme, the amount representing the excess of (i) the amount representing the surplus of (A) assets over (B) the liabilities of the de-merged undertaking of the de-merged company in its respective books of account, over (ii) the aggregate face value of the share capital issued by the Resulting Company to the members of the De-merged company, shall be credited/debited, as the case may be, by the Resulting Company to the accounts of Capital Reserve/Goodwill, as the case may be.

9 RELIEFS & CONCESSIONS

The cut-off date for the purpose of the rehabilitation package has been taken as March 31, 2005

9.1 Secured Creditors

9.1.1 Industrial Finance Corporation of India Ltd. (including OFCDs)

- a) To accept a Restructured Term Loan of Rs. 967.04 lakh and Zero Coupon Bonds of Rs. 2957.5 lakh in the Resulting Company as particularized in Schedule XIII and an upfront payment of Rs. 625.46 lakh as stipulated in clause 3.5.9 in full and final settlement of the dues of the De-merged Company
- b) To waive entire balance dues over the above Rs. 4550.0 lakh, including interest, penalties, liquidated damages and other charges without recourse as against the De-merged Company and/or the Resulting Company and/or the Transferee Company and/or the guarantors of the De-merged Company and/or the Resulting Company
- c) To accept the terms of repayment of the Restructured Term Loan as set out in clause 3.5 and the terms of the Zero Coupon Bond as set out in Schedule VB
- d) To vacate charge over all assets to be transferred to the Transferee Company
- e) To release and discharge any personal guarantee/s and/or encumbrance/s on the property of the Promoters and/or Guarantors and no new personal guarantee/s or encumbrances on their property shall be taken from the Promoters in the Resulting Company during the rehabilitation period save and except a personal guarantee of Mr. Rajan Datar towards the amount of the Restructured Term Loan which will automatically stand reduced prorata on cumulative payment against the said Term Loan.

9.1.2 Industrial Investment Bank of India Ltd.

- a) To accept a Restructured Term Loan of Rs. 318.81 lakh and Zero Coupon Bonds of Rs. 975.0 lakh in the Resulting Company as particularized in Schedule XIII and an upfront payment of Rs. 206.19 lakh as stipulated in clause 3.5.9 in full and final settlement of the dues of the De-merged Company
- b) To waive entire balance dues over and above Rs. 1500.0 lakh, including interest, penalties, liquidated damages and other charges without recourse as against the De-merged Company and/or the Resulting Company and/or the Transferee Company and/or the guarantors of the De-merged Company and/or the Resulting Company
- c) To accept the terms of repayment of the Restructured Term Loan as set out in clause 3.5 and the terms of the Zero Coupon Bond as set out in Schedule VB
- d) To vacate charge over all assets to be transferred to the Transferee Company
- e) To release and discharge any personal guarantee/s and/or encumbrance/s on the property of the Promoters and/or Guarantors and no new personal guaranty/s or encumbrances on their property shall be taken from the Promoters in the Resulting Company during the rehabilitation period save and except a personal guarantee of Mr. Rajan Datar towards the amount of the Restructured Term Loan which will automatically stand reduced prorata on cumulative payment against the said Term Loan.

9.13 Stressed Asset Stabilization Fund

- a) To accept a Restructured Term Loan of Rs. 318.81 lakh and Zero Coupon Bonds of Rs. 975.0 lakh in the Resulting Company as particularized in Schedule XIII and an upfront payment of Rs. 206.19 lakh as stipulated in clause 3.5.9 in full and final settlement of the dues of the De-merged Company
- b) To waive entire balance dues over and above of Rs. 1500.0 lakh, including interest, penalties, liquidated damages and other charges waived without recourse as against the De-merged Company

and/or the Resulting Company and/or the Transferee Company and/or the guarantors of the De-merged Company and/or the Resulting Company

- c) To accept the terms of repayment of the Restructured Term Loan as set out in clause 3.5 and the terms of the Zero Coupon Bond as set out in Schedule VB
- d) To vacate charge over all assets to be transferred to the Transferee Company
- e) To release and discharge any personal guarantee/s and/or encumbrance/s on the property of the Promoters and/or Guarantors and no new personal guarantee/s or encumbrances on their property shall be taken from the Promoters in the Resulting Company during the rehabilitation period save and except a personal guarantee of Mr. Rajan Datar towards the amount of the Restructured Term Loan which will automatically stand reduced prorata on cumulative payment against the said Term Loan.

9.1.4 Kotak Mahindra Bank

- a) To accept a Restructured Term Loan of Rs. 262.27 lakh and Zero Coupon Bonds of Rs. 802.10 lakh in the Resulting Company as particularized in Schedule XIII and an upfront payment of Rs. 169.63 lakh as stipulated in clause 3.5.9 in full and final settlement of the dues of the De-merged Company
- b) To waive entire balance dues over and above Rs. 1234.0 lakh, including interest, penalties, liquidated damages and other charges without recourse as against the De-merged Company and/or the Resulting Company and/or the Transferee Company and/or the guarantors of the De-merged Company and/or the Resulting Company
- c) To accept the terms of repayment of the Restructured Term Loan as set out in clause 3.5 and the terms of the Zero Coupon Bond as set out in Schedule VB
- d) To vacate charge over all assets to be transferred to the Transferee Company
- e) To release and discharge any personal guarantee/s and/or encumbrance/s on the property of the Promoters and/or Guarantors and no new personal guarantee/s or encumbrances on their property shall be taken from the Promoters in the Resulting Company during the rehabilitation period save and except a personal guarantee of Mr. Rajan Datar towards the amount of the Restructured Term Loan which will automatically stand reduced prorata on cumulative payment against the said Term Loan.

9.1.5 IDBI Bank

- a) To accept a Restructured Term Loan of Rs. 297.55 lakh and Zero Coupon Bonds of Rs. 910.0 lakh in the Resulting Company as particularized in Schedule XIII and an upfront payment of Rs. 192.45 lakh as stipulated in clause 3.5.9 in full and final settlement of the dues of the De-merged Company
- b) To waive entire balance dues over and above Rs. 1400.0 lakh, including interest, penalties, liquidated damages and other charges without recourse as against the De-merged Company and/or the Resulting Company and/or the Transferee Company and/or the guarantors of the De-merged Company and/or the Resulting Company
- c) To accept the terms of repayment of the Restructured Term Loan as set out in clause 3.5 and the terms of the Zero Coupon Bond as set out in Schedule VB
- d) To vacate charge over all assets to be transferred to the Transferee Company
- e) To release and discharge any personal guarantee/s and/or encumbrance/s on the property of the Promoters and/or Guarantors and no new personal guaranty/s or encumbrances on their property shall be taken from the Promoters in the Resulting Company during the rehabilitation period save and except a personal guarantee of Mr. Rajan Datar towards the amount of the Restructured Term Loan which will automatically stand reduced prorata on cumulative payment against the said Term Loan.

9.1.6 Corporation Bank

- a) To accept a Restructured Term Loan of Rs. 210.41 lakh and Zero Coupon Bonds of Rs. 643.50 lakh in the Resulting Company as particularized in Schedule XIII and an upfront payment of Rs. 136.09 lakh as stipulated in clause 3.5.9 in full and final settlement of the dues of the De-merged Company

- b) To waive entire balance dues over and above Rs. 990.0 lakh, including interest, penalties, liquidated damages and other charges without recourse as against the De-merged Company and/or the Resulting Company and/or the Transferee Company and/or the guarantors of the De-merged Company and/or the Resulting Company
- c) To accept the terms of repayment of the Restructured Term Loan as set out in clause 3.5 and the terms of the Zero Coupon Bond as set out in Schedule VB
- d) To vacate charge over all assets to be transferred to the Transferee Company
- e) To release and discharge any personal guarantee/s and/or encumbrance/s on the property of the Promoters and/or Guarantors and no new personal guaranty/s or encumbrances on their property shall be taken from the Promoters in the Resulting Company during the rehabilitation period save and except a personal guarantee of Mr. Rajan Datar towards the amount of the Restructured Term Loan which will automatically stand reduced prorata on cumulative payment against the said Term Loan.

9.1.7 Bank of Maharashtra

- a) To accept a Restructured Term Loan of Rs. 168.54 lakh and Zero Coupon Bonds of Rs. 515.45 lakh in the Resulting Company as particularized in Schedule XIII and an upfront payment of Rs. 109.01 lakh as stipulated in clause 3.5.9 in full and final settlement of the dues of the De-merged Company.
- b) To waive entire balance dues over and above Rs. 793.0 lakh, including interest, penalties, liquidated damages and other charges without recourse as against the De-merged Company and/or the Resulting Company and/or the Transferee Company and/or the guarantors of the De-merged Company and/or the Resulting Company.
- c) To accept the terms of repayment of the Restructured Term Loan as set out in clause 3.5 and the terms of the Zero Coupon Bond as set out in Schedule VB
- d) To vacate charge over all assets to be transferred to the Transferee Company
- e) To release and discharge any personal guarantee/s and/or encumbrance/s on the property of the Promoters and/or Guarantors and no new personal guarantee/s or encumbrances on their property shall be taken from the Promoters in the Resulting Company during the rehabilitation period save and except a personal guarantee of Mr. Rajan Datar towards the amount of the Restructured Term Loan which will automatically stand reduced prorata on cumulative payment against the said Term Loan.

9.1.8 Janalaxmi Cooperative Bank Ltd.

- a) To accept a Restructured Term Loan of Rs. 21.25 lakh and Zero Coupon Bonds of Rs. 65.0 lakh in the Resulting Company as particularized in Schedule XIII and an upfront payment of Rs. 13.75 lakh as stipulated in clause 3.5.9 in full and final settlement of the dues set out in Schedule X and to accept a Restructured Term Loan of Rs. 140 lakh in the Resulting Company in full and final settlement of the dues set out in Schedule XIA
- b) To waive entire balance dues over and above Rs. 240.0 lakh, including interest, penalties, liquidated damages and other charges without recourse as against the De-merged Company and/or the Resulting Company and/or the Transferee Company and/or the guarantors of the De-merged Company and/or the Resulting Company
- c) To accept the terms of repayment of the Restructured Term Loan of Rs. 21.25 lakh as set out in clause 3.5, the terms of the Zero Coupon Bond as set out in Schedule VB and the terms of repayment of the Restructured Term Loan of Rs. 140 lakh as set out in clause 3.6.3
- d) To vacate charge over all assets to be transferred to the Transferee Company
- e) To release and discharge any personal guarantee/s and/or encumbrance/s on the property of the Promoters and/or Guarantors and no new personal guarantee/s or encumbrances on their property shall be taken from the Promoters in the Resulting Company during the rehabilitation period save and except a personal guarantee of Mr. Rajan Datar towards the amount of the Restructured Term Loan which will automatically stand reduced prorata on cumulative payment against the said Term Loan.

9.1.9 Nashik Peoples Cooperative Bank Ltd.

- a) To accept a Restructured Term Loan of Rs. 63.76 lakh and Zero Coupon Bonds of Rs. 195.0 lakh in the Resulting Company as particularized in Schedule XIII and an upfront payment of Rs. 41.24 lakh as stipulated in clause 3.5.9 in full and final settlement of the dues set out in Schedule X and to accept a Restructured Term Loan of Rs. 240 lakh in the Resulting Company in full and final settlement of the dues set out in Schedule XIA
- b) To waive entire balance dues over and above Rs. 540.0 lakh, including interest, penalties, liquidated damages and other charges without recourse as against the De-merged Company and/or the Resulting Company and/or the Transferee Company and/or the guarantors of the De-merged Company and/or the Resulting Company
- c) To accept the terms of repayment of the Restructured Term Loan of Rs. 63.76 lakh as set out in clause 3.5, the terms of the Zero Coupon Bond as set out in Schedule VB and the terms of repayment of the Restructured Term Loan of Rs. 240 lakh as set out in clause 3.6.3
- d) To vacate charge over all assets to be transferred to the Transferee Company
- e) To release and discharge any personal guarantee/s and/or encumbrance/s on the property of the Promoters and/or Guarantors and no new personal guarantee/s or encumbrances on their property shall be taken from the Promoters in the Resulting Company during the rehabilitation period save and except a personal guarantee of Mr. Rajan Datar towards the amount of the Restructured Term Loan which will automatically stand reduced prorata on cumulative payment against the said Term Loan.

9.2 The Union Government

- a) To waive the applicability of the provisions of Section 41(1) of the Income Tax Act, 1961 in the hands of the Resulting Company (to the extent it relates to the De-merged Company) and the Transferee Company (to the extent it relates to the De-merged Company) in respect of waiver of principal amount of loans and interest on such loans, including the loan for working capital of the De-merged Company.
- b) To allow relief to the Transferee Company by way of set-off against its income, of all unabsorbed depreciation of DSL till the transfer date and the unabsorbed business loss of DSL till the transfer date.
- c) To waive the applicability of the provisions of Section 43B of the Income Tax Act, 1961 in relation to any Statutory dues payable and outstanding in the hands of DSL.
- d) To exempt DSL from the applicability of the provisions of Section 115JB of the Income Tax Act, 1961 and the provisions of Wealth Tax Act, 1957.
- e) In respect of matters pertaining to Income Tax Act, 1961, to exempt the De-merged Company, Resulting Company (to the extent they relate to the De-merged Company) and Transferee Company (to the extent they relate to the De-merged Company) and the promoters, Guarantors, Directors and other officers of the Resulting Company and Transferee Company (save and except the promoters, Guarantors, Directors and other officers of the De-merged Company that continue in the Transferee Company) from penal/default interest, penal action, proceedings, penalties and such other levies (as applicable) in respect of matters pertaining to the De-merged Company prior to the Effective Date.
- f) In respect of matters pertaining to Central Excises & Salt Act, 1944 and Customs Act 1962, to exempt the De-merged Company, Resulting Company (to the extent they relate to the De-merged Company), Transferee Company (to the extent they relate to the De-merged Company) and the promoters, Guarantors, Directors and other officers of the Resulting Company and Transferee Company (save and except the promoters, Guarantors, Directors and other officers of the De-merged Company that continue in the Transferee Company) from penal/default interest, penal action, proceeding, penalties and such other levies (as applicable) in respect of matters pertaining to the De-merged Company prior to the Effective Date.
- g) (i) In respect of matters pertaining to Companies Act, 1956 and rules and regulations of the Company Law Board and Department of Company Affairs, as applicable, to exempt the De-merged Company, Resulting Company (to the extent they relate to the De-merged

Company) and Transferee Company (to the extent they relate to the De-merged Company) and the promoters, Guarantors, Directors and other officers of the Resulting Company and Transferee Company (save and except the promoters, Guarantors, Directors and other officers of the De-merged Company that continue in the Transferee Company) from penal/default interest, penal action, proceeding, penalties and such other levies (as applicable) in respect of matters pertaining to the De-merged Company prior to the Effective Date.

- (ii) The De-merged Company / Resulting Company shall be exempted from affixing the words "And Reduced" to its name after proposed reduction of share capital as required under the Companies Act, 1956.
 - (iii) The existing Promoters, their associates and nominees of the De-merged Company shall be entitled to a pre-emptive right to subscribe to so much of the Share Capital of the Resulting Company as is required to make their joint shareholding in that Company more than 51% irrespective of provisions of Section 81(1A) of the Companies Act, 1956.
 - (iv) The De-merged Company/ Resulting Company shall be exempted from the provisions of Section 81 and other applicable Sections of the Companies Act, 1956 or other relevant provisions of any other Act relating to issuance of the Equity issue in terms of this Scheme.
- h) In respect of matters pertaining to Service Tax Law, as amended from time to time and rules made thereunder, to exempt the De-merged Company, Resulting Company (to the extent they relate to the De-merged Company) and Transferee Company (to the extent they relate to the De-merged Company) and the promoters, Guarantors, Directors and other officers of the Resulting Company and Transferee Company (save and except the promoters, Guarantors, Directors and other officers of the De-merged Company that continue in the Transferee Company) from penal/default interest, penal action, proceedings, penalties and such other levies (as applicable) in respect of matters pertaining to the De-merged Company prior to the Effective Date.
 - i) To provide any other relief allowable to a sick company as per the policy of the Central Government for the rehabilitation of sick industrial companies.
 - j) In respect of the Provident Fund under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952 and/or Employees State Insurance Corporation ("ESIC") under the Employees State Insurance Act, 1948, to exempt the De-merged Company, Resulting Company (to the extent they relate to the De-merged Company) and Transferee Company (to the extent they relate to the De-merged Company) and the promoters, Guarantors, Directors and other officers of the Resulting Company and Transferee Company (save and except the promoters, Guarantors, Directors and other officers of the De-merged Company that continue in the Transferee Company) from penal/default interest, penal action, proceedings, penalties and such other levies (as applicable) in respect of matters pertaining to the De-merged Company prior to the Effective Date.
 - k) To exempt the De-merged Company from requirement of payment of unpaid/unclaimed dividend of Rs.21.79 lakh and Rs.25.43 lakh for years 1996-97 and 1997-98 respectively and/or transfer of the said dividend to the general revenue account of the Central Government/Investor Education and Protection Fund and to waive all penalties, fines and other charges, if any, on the De-merged Company and the Resulting Company and the Transferee Company (to the extent it relates to the De-merged Company).
 - l) To exempt/grant relief to the De-merged Company and/or Resulting Company and/or Transferee Company as the case may be by waiver of the whole of the interest chargeable on the Customs Duty on the consignments lodged at Central Warehousing Corporation (CWC), Nasik being set out at Schedule VII and VIII hereto.

9.3 Government of Maharashtra

- a) To declare the Resulting Company as a "Relief Undertaking" under the Bombay Relief Undertaking Act, 1958 during the full period of rehabilitation for successive one year periods from the date of the Scheme.
- b) To supply uninterrupted power to the Resulting Company at F-8, D Road, MIDC, Ambad, Nasik and to the Transferee Company at Larsen and Toubro Limited, Plot No. A-9 and A-10, MIDC, Ahmednagar, without any power cuts / power staggering and to waive Electricity Duty and Minimum Demand Charges on Electricity in respect of the Resulting Company payable from April 1, 2005 for the entire rehabilitation period under this Scheme.

- c) To provide other reliefs and concessions allowable according to State Government policy for rehabilitation of Sick Industrial Companies to the Resulting Company.
- d) To sanction Sales Tax Deferment/exemption to the De-merged Company/Resulting Company/Transferee Company as per the policy of the State Government.
- e) To absolutely and irrevocably transfer to the Transferee Company without recourse against the Resulting Company of the liability of the sum of Rs.4,15,02,875.00 in respect of the Sales Tax Deferral benefit availed by the De-merged Company under Entitlement Certificate No. WMDC/ PSGI/1983/ DS/180/NSK/ 16567 dated 23.3.90, Entitlement Certificate No. N23A/R31B/193 dated 31.8.91 and Entitlement Certificate No. 422001-S/R 31B/935 dated 8.10.98.
- f) To exempt the Resulting Company from levy of Octroi during the period of Rehabilitation under this Scheme.
- g) To accept outstanding Sales Tax and/or Value Added Tax dues related to the Demerged Undertaking (other than those related to the Residual Business) from the Resulting Company without any interest/penalties in 7 years with a moratorium of 2 years. In respect of matters pertaining to Central Sales Tax Act, 1956, Bombay Sales Tax Act, 1959 and Maharashtra Value Added Tax Act, 2002, to exempt the De-merged Company, Resulting Company (to the extent they relate to the De-merged Company) and Transferee Company (to the extent they relate to the De-merged Company) and the promoters, Guarantors, Directors and other officers of the Resulting Company and Transferee Company (save and except the promoters, Guarantors, Directors and other officers of the De-merged Company that continue in the Transferee Company) from penal/default interest, penal action, proceedings, penalties and such other levies (as applicable) in respect of matters pertaining to the De-merged Company prior to the Effective Date.
- h) In respect of matters pertaining to the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 and Bombay Labour Welfare Fund Act, 1953, to exempt the De-merged Company, Resulting Company (to the extent they relate to the De-merged Company) and Transferee Company (to the extent they relate to the De-merged Company) and the promoters, Guarantors, Directors and other officers of the Resulting Company and Transferee Company (save and except the promoters, Guarantors, Directors and other officers of the De-merged Company that continue in the Transferee Company) from penal/default interest, penal action, proceedings, penalties and such other levies (as applicable) in respect of matters pertaining to the De-merged Company prior to the Effective Date.
- i) To grant waiver of stamp duty, registration charges and other levies and charges (as may be applicable) payable by the De-merged Company and/or Resulting Company and/or Transferee Company on account to and/or in relation to and/or incidental and/or arising out of this Scheme.
- j) To grant exemption under section 20 of Urban Land (Ceiling & Regulation) Act, 1976 in respect of Plot no. H-108, MIDC, Ambad, Nashik.
- k) With respect to sanctions given by SICOM/WMDC (as applicable), to disburse within 21 days of sanction of this Scheme to the Resulting Company, all amounts sanctioned and payable under letter No. FINC(I)1993/ Octroi Inc/EC-3764(SGN) dated 23.3.99 and letter No. FINC(I)1993/ Octroi Inc/EC-3764(SNG) dated 2.2.2000, which was originally issued to DSL towards refund of Octroi.
- l) With respect to SICOM/WMDC (as applicable), to extend the validity of the Eligibility Certificate No. FINC(I)/1993/DEFERRAL/EC-3764 dated 16.9.98 and Entitlement Certificate No. 422001-S/R31B/935 dated 8.10.98 in respect of unused Sales Tax Deferred amount of Rs.10.58 Crore sanctioned by SICOM (to DSL) for a further period of 7 years from the date of sanction of the Rehabilitation Scheme and transfer the same in favour of the Transferee Company to be availed at Ahmednagar.
- m) With respect to SICOM/WMDC (as applicable), to approve/ratify shifting of plant and machinery in relation to the Residual Business of DSL to the Ahmednagar Works of the Transferee Company.
- n) With respect to SICOM/WMDC (as applicable), to approve transfer of ownership of the plant and machinery comprised in the Residual Business of DSL in favour of the Transferee Company pursuant to the scheme of amalgamation.

9.4 State Industrial Corporation of Maharashtra ("SICOM") and Western Maharashtra Development Corporation ("WMDC")

- a) SICOM to disburse within 21 days of sanction of this Scheme to the Resulting Company without any adjustment/lien or set off, all amounts sanctioned and payable under letter No. FINC(I)1993/Octroi Inc/EC-3764(SGN) dated 23.3.99 and letter No. FINC(I)1993/Octroi Inc/EC-3764(SGN) dated 2.2.2000, which was originally issued to DSL towards refund of Octroi.
- b) To extend the validity of the Eligibility Certificate No. FINC(I)/1993/DEFERRAL/EC-3764 dated 16.9.98 and Entitlement Certificate No. 422001-S/R31B/935 dated 8.10.98 in respect of unused Sales Tax Deferred amount of Rs.10.58 Crore sanctioned by SICOM (to DSL) for a further period of 7 years from the date of sanction of the Rehabilitation Scheme and transfer the same in favour of the Transferee Company to be availed at Ahmednagar.
- c) To approve/ratify shifting of plant and machinery in relation to the Residual Business of DSL to the Ahmednagar Works of the Transferee Company.
- d) To approve transfer of ownership of the plant and machinery comprised in the Residual Business of De-merged Company in favour of the Transferee Company pursuant to the scheme of amalgamation.

9.5 Maharashtra Industrial Development Corporation ("MIDC")

To execute/transfer the lease deed in respect of Plot no. H-108, MIDC, Ambad, Nashik in favour of the Transferee Company without demanding any premium and/or fees and/or charges from DSL and/or the Transferee Company.

9.6 Nasik Municipal Corporation ("NMC")

To grant exemption in respect of house rent tax including any interest and penalties thereon of Plot No. F-8 and H-108, MIDC Ambad, Nashik in favour of DSL/Transferee Company/Resulting Company respectively during the period of the Rehabilitation under this Scheme.

9.7 Central Warehousing Corporation ('CWC')

To exempt/grant relief to the Resulting Company and/or Transferee Company as the case may be and waive the warehousing rent, interest thereupon and any other charges in respect of the consignments lodged under Customs Bond at the CWC Warehousing, Ambad, Nasik, being those set out Schedule VII and VIII hereto from the date of lodging till the sanction of the Scheme whereafter the usual rent, interest thereupon and any other charges as the case may be shall be borne by the Resulting Company and/or Transferee Company as the case may be from the date of the Scheme till release of the respective consignment.

9.8 Preference Share Holders

- a) To waive Dividend from the date of allotment of Preference Shares in DSL upto the end of 5 years from the Effective Date.
- b) To accept 0% Coupon Rate Preference Shares in Resulting Company in lieu of the existing shares in DSL.
- c) To allow the redemption of Preference Shares in Resulting Company at the end of 8 years from the Effective Date without claiming any dividend on the same, with an option to the Promoter to purchase the Preference Shares earlier on mutually agreed terms.

9.9 Promoters

- a) To bring in further funds in the form of interest free unsecured loans to finance any shortfall in cash generation and to meet the repayment obligations to Secured Creditors in respect of the Resulting Company other than by way of Guarantee.
- b) The Promoter has already brought Rs.3.00 Crores into the De-merged Company to sustain its operation. Immediately upon the sanction of the Scheme by BIFR, the Promoter shall agree to convert any past and future funds brought in DSL in the form of unsecured loans or OFCDs into equity shares of Re. 1 each in the Resulting Company at par value.
- c) Mr. Rajan Datar shall furnish a personal guarantee of the aggregate value of Rs. 26.28 Crores to the Secured Creditors.
- d) The promoters will create negative lien on 26% of their Shares in the Resulting Company to the Secured Creditors as Security for the Term Loan and the Zero Coupon Bond pro rata to the respective restructured claim as set out in Schedule XIII hereto.

9.9.1 Please also refer para 14 infra.

9.10 Larsen & Toubro Ltd. (Transferee Company)

- a) To adopt liabilities of Rs. 17.0 Crore (Rupees Seventeen Crore) of Secured Creditors and deposit the said amount in an ESCROW ACCOUNT (No.1) to be opened with the Operating Agency by the Transferee Company, which amount will be disbursed and defrayed by the Operating Agency as stipulated in Schedule XIII and in addition, to deposit Rs. 7.0 Crore in ESCROW ACCOUNT (No.2) to meet specified liabilities of the Demerged Company.
- b) To allot a single fully paid-up Equity Share of the face value of Rs. 2/- of the Transferee Company to DSL Shareholders as a notional but full and final consideration of the Amalgamation i.e. the Transferee Company shall allot notionally such fraction/s of one fully paid-up Equity Share of the face value of Rs. 2/- to each Shareholder as would make-up one fully paid-up Equity Share of Rs. 2/-.
- c) To adopt all liabilities and obligations as stipulated in clauses 3.3.2 and 3.3.6 of Part A of Appendix A as part of the amalgamation of Demerged Company with the Transferee Company.

9.11 SEBI/UNION GOVERNMENT

In respect of matters pertaining to the Securities & Exchange Board of India Act, 1992 and Listing Agreements with the stock exchanges, to exempt the De-merged Company, Resulting Company (to the extent they relate to the De-merged Company) and Transferee Company (to the extent they relate to the De-merged Company and the promoters, Guarantors, Directors and other officers of the Resulting Company and Transferee Company (save and except the promoters, Guarantors, Directors and other officers of the De-merged Company that continue in the Transferee Company) from penal/default interest, penal action, proceedings, penalties and such other levies (as applicable) in respect of matters pertaining to the De-merged Company prior to the Effective Date.

10. PROFITABILITY ESTIMATES

The key future projections for the income, profit, assets and liabilities of the Resulting Company are given below:

(Rs. in Lacs)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII
Total Income	563	1136	2152	2624	2858	2867	2867
PBDIT	185	465	966	1191	1299	1297	1290
PBDIT to TI (%)	33	41	45	45	45	45	45
Operating Profit	98	388	902	1137	1254	1259	1258
OP to TI (%)	17	34	42	43	44	44	44
Net Fixed Assets	776	699	637	589	545	512	480
Term Loan	2839	3066	2453	1839	1226	613	--
Net Worth	2120	2094	2519	3133	3857	4672	5520
Debt Equity Ratio	5.1	5.3	4.2	3.2	2.4	1.9	1.5
Average DSCR	1.34						

Appendix A presents the working of the average DSCR.

(Net Worth includes Preference Capital; Debt excludes Preference Capital)

After the divestiture of the electrical business, it is expected that the Company (Resulting Company) will be able to focus its efforts and resources on the electronic business and grow the revenues steadily over the next 5 years. This increase will not require Resulting Company to incur any major capital expenditure. As a result, the business is expected to become profitable and generate cash from the first year itself. The cash generation in the first 2 years (during the moratorium period) can be deployed for intensive marketing efforts thereby leading to strong growth in business. Therefore, the business will be in a position to service the interest payment as well as principal repayments after the end of moratorium period. The key ratios such as debt equity ratio and DSCR are satisfactory considering acceptable lending norms.

11. COST OF SCHEME AND MEANS OF FINANCE

COST OF SCHEME

AMOUNT (RS. IN LACS)

Settlement with Secured Creditors	12367
Settlement with Unsecured Creditors	757
Settlement with Unsecured Creditors/Claimants or whose claims are not accepted by DSL	1044
Payment of Employees Due/ Statutory Dues	586
TOTAL	14754

COST OF SCHEME	AMOUNT (RS. IN LACS)	
MEANS OF FINANCE		
For Secured Creditors		
Conversion to Restructured Term Loan	2628	
Issue of Zero Coupon Bonds#	8039	10667
For Unsecured Creditors (Banks) in Schedule XI [^]		
Conversion to Restructured Term Loan	151	
Issue of Zero Coupon Bonds#	492	643
Other Unsecured Creditors in Schedule XI A [^]		
Conversion to Restructured Term Loan		1044
Proceeds from Transferee Company (to be deposited in Escrow Accounts and then to be utilized towards meeting cost of scheme)		2400
TOTAL		14754

* shall be repaid by the Resulting Company out of its internal accruals/promoters contribution during the rehabilitation period as per the projections attached.

shall be repaid in accordance with Schedule VB. A part of the Principal dues as detailed above is proposed to be converted into Zero Coupon Bonds of like amount as a structured repayment instrument as detailed in Schedule VB.

[^] Certain Unsecured Creditors (private sector banks) as detailed in Schedule XI had provided lease financing facilities to the De-merged Company and are being given differential treatment over other unsecured creditors in Schedule XIA since the latter are those whose claims are disputed by the De-merged Company. The claims of the said Unsecured Creditors in Schedule XIA have still been considered for a compromise settlement in the overall interest of the rehabilitation of the Sick Company.

The cost of scheme estimated at Rs.147.54 crore and monetary value of sacrifices of Rs.190.80 crore aggregate to Rs.338.34 crore. The Promoters' contribution (in the form of own contribution and proceeds from the Transferee Company) amounting to Rs.27.00 crore and the cash accruals of the Resulting Company amounting to Rs.43.20 crore are equivalent to 21% of the cost of scheme and sacrifices. The sacrifices pertain to the interest component which has been built up due to significant passage of time from the date of reference of BIFR to the cut-off date. The Scheme does not envisage sacrifices in terms of Principal amounts of the secured creditors. Further, the Promoter of the De-merged Company is a first-generation technocrat entrepreneur and the De-merged Company has pioneered significant technological achievements under the Promoter's leadership, particularly in the field of earth leakage circuit breakers and manufacture of critical components (i.e. permanent magnetic relays). On account of its in-house technological research, the De-merged Company has also secured patents for product innovations in the field of switchgears. In light of these factors, promoters' contribution of 21% (as aforesaid) of the cost of scheme and sacrifices is considered satisfactory.

12. VIABILITY STUDY REPORT

ICICI Bank Limited appointed Consultants, Desai Saksena & Associates, Chartered Accountants, to conduct a Techno-Economic Viability Study of the new company (Resulting Company).

According to the Report, the conclusions resulting from the Viability Study are given below:

1. The new company (Resulting Company) is viable and it may overcome the weak cash position and negative net worth.
2. With the divestment of the electrical business and restructuring of debt to sustainable levels, the new entity, Resulting Company, will be in a position to focus its energies and resources on growth on electronic business.
3. The cash flow pressures would be reduced during the two-year moratorium period of the loan. However, the initial working capital requirements would be fulfilled by the promoter's contribution as and when necessary. Initially, the Company would attain the advances from the customers for the Real Time Power Factor Correction Systems to the tune of nearly 40% of its order value.

13. VIABILITY

1. The rehabilitation scheme will lead to wiping out of the accumulated losses of DSL and make the net worth of the Resulting Company positive in the first year of rehabilitation. A statement showing Balance Sheets of M/s L & T Ltd. as on 31.03.2005/01.04.2005 (before merger of DSL), Balance Sheet of residual DSL (after de-merger of its electronics business to New Company) as on 31.03.2005/01.04.2005 and proposed Balance Sheet of L & T Ltd. after merger of residual business of DSL as on 01.04.2005 with it received vide company's letter dated 19.6.2006, is enclosed as Annexure "E". A statement showing Balance Sheet of New Co. as on 01.04.2005 before incorporation of DSL's Electronic Business is attached herewith. It may be observed from the above statements that net worth of New Co. after incorporation DSL's electronics business and Net worth of L & T Ltd. after merger of residual DSL remains positive.
2. The restructuring of secured debt set out in the rehabilitation scheme envisages certain sacrifices by the Secured Creditors. These sacrifices are limited to revenue/income items (e.g. interest) and not capital/investment items (e.g. principal waiver).
3. The rehabilitation scheme also safeguards the interests of unsecured creditors/claimants to the extent possible, importantly, it provides for payment of statutory dues such sales tax, profession tax and income tax deducted at source, outstanding salaries & wages, contributions to employee benefit funds (PF, ESIC, etc.), etc.
4. The rehabilitation scheme has the support of DSL's workers' union and is not expected to cause unemployment in the process.
5. The average DSCR of the Resulting Company in accordance with the financial projections will be about 1.34, which is considered satisfactory.

14. OTHER TERMS AND CONDITIONS

- i) ICICI would be designated as the Monitoring Agency (MA).
- ii) The company shall strengthen/restructure the management setup with the inclusion of representatives of institutions/banks/BIFR, to the satisfaction of BIFR/MA.
- iii) The company shall constitute a Management Committee in a form satisfactory to BIFR/MA to review, on monthly basis, the operations of the Company in all aspects and closely monitor the implementation of the project and the rehabilitation scheme till such time the dues of the secured creditors are paid in full. BIFR's Special Director shall also be a member of the committee along with one representative each from the Institutions and Bank.
- iv) The company shall appoint a reputed firm of Chartered Accountants with the approval of MA as Concurrent Auditors, who would be reporting directly to the MA.
- v) The company shall ensure that the outstanding dues of the FIs/Banks are amortized, strictly in accordance with the arrangement for settlement of dues, and in the event of any defaults, the Institutions/Bank shall have the following rights:-
 - a) To charge interest equivalent to prevailing top of band rate applicable to Rupee Loans on the amounts in default, along with liquidated damages, from due date/date of default, till clearance of defaults, with the prior approval of BIFR.
 - b) To forfeit the amount already paid by the company towards their dues and revoke the settlement by restoring the liability as per covenants of the Loan Agreements, with the prior approval of BIFR in case of persistent default of 6 months or 2 quarters or more.
 - c) To enforce guarantee/security documents unconditionally.
 - d) To convert the defaulted amount into equity share capital of the company.
- vi) The company shall not declare any dividends to its equity shareholders without the prior approval of BIFR/MA during the period of rehabilitation.
- vii) The company shall satisfy the MA that the physical progress as well as expenditure incurred on the scheme is achieved as per the original schedule. To this end, the company shall furnish to MA such information and details as may be required by it, at intervals stipulated by it. Any financial shortfall arising out of the delayed implementation of the schedule or for any other reason shall be met by the company's promoters without

any recourse to FIs/Banks or seeking any further reliefs/concessions from them than what had already been provided for in the scheme.

- viii) The company shall not undertake any new project or expansion or make any investment or obtain any asset on lease/hire without the prior approval of MA/BIFR during the currency of the scheme.
- ix) The company shall submit to the MA/BIFR, on quarterly basis, Progress Reports, in the prescribed format, regarding the implementation of the scheme. MA shall monitor the implementation of the scheme in all its aspects and shall submit a review of the implementation of the scheme to BIFR on half-yearly basis along with the audited/ provisional results duly signed by the managing director of the company.
- x) The package of reliefs and concessions shall be subject to annual review and the MA/secured creditors shall have the right to step up the rate of interest/right to recompense for the sacrifices as specified in the scheme/accelerate the repayment, should the profitability cash flow and other circumstances of the company warrant, based on such annual review, subject to prior approval of the BIFR.
- xi) All the loan and security documents executed by the company/its promoters in favour of the Institutions/ Bank, shall remain in full force and effect, including the right to appoint Nominee Director(s), if any, till the dues of the Institutions/Banks have been fully repaid.
- xii) The company is required to comply with all the terms and conditions applicable to them independent of compliance by other agencies.
- xiii) All the liabilities not disclosed in the Rehabilitation Scheme would be the personal responsibility of the promoters.
- xiv) Any sale of assets of the company would be effected through Asset Sale Committee(s) as per the guidelines issued by BIFR. The entire sales proceeds would be used as per the scheme sanctioned or as per the directions of BIFR.
- xv) The mortgage/charge on the fixed/current assets of the company in favour of the institutions would be vacated only after receipt of full and final payment of the settlement amount as envisaged in the scheme.
- xvi) The promoters shall guarantee the projections of profitability, cash flow etc. Any shortfall in resources for meeting the capital expenditure or in future cash flows shall be made good by promoters on year to year basis from sources outside the company.
- xvii) The company / promoters shall enter into suitable agreements with the workers' union regarding the reliefs envisaged from the workers.
- (xix) On the effective date, after its merger with L & T Ltd., the de-merged DSL shall stand dissolved without winding up and all necessary steps shall be taken by the transferee company and resulting company as applicable, to get its name struck off from the Register of companies maintained by the concerned Registrar of Companies and any other Authority. Further, certified copy of the BIFR's order sanctioning the scheme shall be filed by the transferee company with the Registrar of companies, Maharashtra within one week of the receipt of the same for necessary action including striking off the name of the de-merged company from the Register of Companies.
- (xx) In case there are any inconsistencies, contradictions or differences between this Rehabilitation Scheme on the one hand and the enclosed draft of the so-called, " 'scheme' of Reconstruction / Demerger / Amalgamation and Arrangement and compromise" (DSRDAAC) between DSL, L & T and the 'New Co.' and their representative shareholders/creditors, the provisions of the former (viz this Rehabilitation Scheme) shall prevail. Furthermore, in case the DSRDAAC is inconsistent with any law for the time being in force, the law shall prevail, unless specifically permitted by BIFR under the provisions of SICA or in the text of this Rehabilitation Scheme.

SIGNED

(A.K. GOSWAMI)
MEMBER

SIGNED

(RAVINDRA GUPTA)
CHAIRMAN

ENCL: LIST OF APPENDICES

Date: 29.06.2006

LIST OF APPENDICES

APPENDIX	DESCRIPTION
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APPENDIX A CALCULATION OF AVERAGE DEBT SERVICE COVERAGE RATIO

(Rs. in Lacs)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII
Profit after Tax	1305	-26	425	614	723	816	848
Interest	210	227	221	172	123	74	25
Depreciation & non-cash items	-1360	133	120	110	101	38	32
Total	155	334	-766	896	947	928	905
Average of Years I and VII (A)	704						
Interest paid	0	0	221	172	123	74	25
Installments paid	0	0	613	613	613	613	613
Total							
Average of Years I and VII (B)	526						
Average DSCR (A/B)	1.34						

APPENDIX B MINUTES OF THE JOINT MEETING OF SECURED LENDERS HELD ON DECEMBER 5, 2005

A joint meeting of participating institutions and banks was held on December 5, 2005 at ICICI Bank Ltd. ICICI Bank Towers, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 to discuss and review the Draft (Revised) Rehabilitation Proposal (Modified) submitted by Datar Switchgear Ltd (DSL) in October 2005.

The list of attendees is given in the Annexure.

Mr Pradyumna Bapat, Chief Manager, ICICI Bank, who chaired the meeting, welcomed the participants. The lenders held detailed internal discussions on DSL's Rehabilitation Proposal, where Mr. Bapat requested each participant to express their views and feedback on the rehabilitation proposal. Thereafter, the Company's representatives were requested to join the meeting for discussions. The following is summary of the internal discussions and those with the Company:

Specific Observations

The specific observations and discussions of the members are given below:

IFCI

Mr. A.K. Srivastava, Assistant General Manager, IFCI Ltd. observed/requested as follows:

- The term lenders had a first charge on the fixed assets of the company.
- The Operating Agency could satisfy itself about the viability of the New Company proposed to be formulated as part of the rehabilitation proposal.
- No Lien Account should be opened by the company to deposit the proceeds from the proposed transaction with L&T (i.e. Rs.24 crore) as also the arbitration proceeds, whenever realised.
- Security for the 35% portion (restructured term loan) and 65% portion (Zero Coupon Bonds) as mentioned in the rehabilitation package should be a first *pari passu* charge on fixed assets in favour of the term lenders and personal guarantee of the promoters.
- To explore the possibility to create a pledge of at least 51% of the shares held by Mr. Rajan Datar & Associates. If possible the entire promoter holding might be pledged in favour of the lenders.

- The lenders should be included as an intervening party in the company's arbitration proceedings against MSEB.
- If cash flows so permit, the company should make an early redemption of Class 'B' Zero Coupon Bond (i.e. before the expiry of 7 years) on a Net Present Value basis applying 6% p.a. as discounting rate.
- The promoters should furnish a shortfall undertaking for repayment of the zero coupon bonds by the end of 7 years, agreeing to make the shortfall good, if any.
- In the event of better cash flows of the New Company, the company should make a prepayment of the restructured term loan. The first review for the purpose of determining the status of cash flows should be carried out at the end of 3 years (i.e. 1 year after a moratorium of 2 years) and the cash flows would be subject to an annual review thereafter.

Mr. Srivastava also clarified that IFCI's support to the proposed rehabilitation of the company assumed that term lenders had a first *pari-passu* charge on the fixed assets of the company.

IIBI

Mr. K. Chakraborty, Assistant General Manager, IIBI, informed that the proposal was not acceptable in its present form and they would revert on the management's decision about the same in light of the discussions in the present meeting. He, however, concurred with the views expressed by IFCI.

Corporation Bank

Mr. S. Pattabhiraman, Assistant General Manager, Corporation Bank, expressed the following views:

- The working capital banks also had a first *pari passu* charge on the moveable and immoveable fixed assets of the company.
- Since the Bankers had a first charge on current assets, they would have a first charge on any award money receivables under the MSEB arbitration proceedings.
- The bank would go with the majority opinion on whether or not to support the package.
- The promoters should also furnish a guarantee for the Zero Coupon Bonds alongwith the restructured loans.
- He also raised a question as to how the two cooperative banks are being treated at par with Corporation Bank and Bank of Maharashtra, particularly because these co-operative banks had lent moneys without first obtaining 'no objection letters' from either Corporation Bank or Bank of Maharashtra. He contended that the claims of the co-operative banks were therefore subservient to those of Corporation Bank/Bank of Maharashtra.

Bank of Maharashtra

Mr. M.S. Phadnis, Assistant General Manager, Bank of Maharashtra, agreed with the views expressed by IFCI. He indicated that their views on the package were already indicated by Corporation Bank, the leader of the consortium. He also mentioned that a reconciliation of dues was necessary with the company as their records indicated different figures.

Further, he requested the other participants to consider whether an approval from Reserve Bank of India (RBI) was required since the restructuring package was beyond RBI parameters. However, all the other banks felt that a BIFR approved package need not be again sent for an approval to RBI. He further requested to the members to explore the possibility of change in management. After deliberations on this subject among all members, it was agreed that a Nominee Director could be appointed on the Board of the New Company instead of exploring change of management.

Mr. Pattabhiraman at this juncture stated that despite they raising the issue of the company not routing their present transaction through the consortium banks, the company had continued with the said practice and had routed the transactions through HDFC Bank without obtaining necessary consent from the consortium. He also mentioned that the company should provide statement of accounts and the balance sheet as on March 31, 2005 for the necessary examination at their end.

Janalaxmi Coop. Bank Ltd.

Mr. D.V. Jagtap, CEO, Janalaxmi Co-op. Bank, informed the members that they were yet to decide on the package. Further, he mentioned that there was a difference between the dues as stated in the Rehabilitation Proposal and dues as per their records, which needed reconciliation.

Nashik People's Cooperative Bank Limited

Mr. V.P. Tuplondhe, CEO, Nashik People's Co-op Bank Ltd. informed the members that they were yet to take a view on the package. Further, he mentioned that there was a difference between the dues as stated in the Rehabilitation Proposal and dues as per their records and the same needed immediate reconciliation. He also reiterated that their Bank had initiated legal proceedings against the company in the High Court and a Recovery Certificate also was obtained by them against the company.

IDBI Bank

Ms. R.U. Talpade, Manager, IDBI Bank, conveyed the bank's approval to the rehabilitation package. She however, clarified that an upfront Rs. 17 crore to be received from L&T should be distributed among the term lenders only.

Kotak Mahindra Bank

Ms. Ishita Sharan, Senior Manager, Kotak Mahindra Bank, conveyed the bank's approval to the rehabilitation package. She also stated that the proposed sale to L&T should be expedited and transaction should be concluded at the earliest.

Mr. Pradyumna Bapat at this juncture requested the participants to consider approving the rehabilitation package pending finalization of the distribution of money to be received from L&T and clarification on the charge position of the lenders. He also suggested that the money could be retained in the No Lien / Escrow account till the pattern of distribution amongst the lenders was finalised. He then informed the members that ICICI Bank had in the past made several attempts to scout for prospective buyers. However, the efforts did not yield any success. He therefore, requested the members to approve the package at the earliest.

Mr. S.C. Bhatia, Executive Vice-President, Kotak Mahindra Bank, suggested that the proportionate distribution of the sale proceeds from the transaction with L&T could be decided inter-se the lenders at a subsequent date and it was presently important to approve and proceed with the composite rehabilitation package. He expressed his apprehension that if the package was not expeditiously approved, L&T might lose interest in the transaction and the entire rehabilitation scheme would then fall through.

Company

Mr. Rajan Datar, Chairman & Managing Director, DSL, made the following observations and provided responses to specific queries as follows:

1. On reconciliation of dues with banks: Mr. Datar informed that there were ongoing proceedings between the company and the Nashik People's Cooperative Bank and Janalaxmi Bank regarding the amount of dues in appropriate Courts/authorities and that the matters were subjudice. Further, he mentioned that the High Court had granted stay in respect of ex-parte Recovery Certificates (RC) obtained by the banks against the company. He also stated that issuance of the said RC was in violation of the provisions of Section 22 of the Sick Industrial Companies Act and as such pending the case with BIFR, no RC could be executed. He however added that, if the two co-operative banks were willing to discuss ways of resolving the outstanding matters, the company would be pleased to hold discussions. Further, the company would also consider filing mutually agreeable consent terms provided that the banks agree to their participation in the rehabilitation process through BIFR and did not resort to independent courses of action. In case of Bank of Maharashtra, Mr. Datar informed that the company was not aware of the differences in respect of the dues and would mutually discuss and resolve the matter. Accordingly, the company and respective banks tentatively scheduled one-to-one meetings by the week ending December 10, 2005 to discuss the matters.
2. On update on the award proceedings: The Division Bench of Mumbai High Court had admitted the company's appeal against MSEB and had fixed January 30, 2006 as the peremptory date of hearing in the matter. The company expected the High Court final judgment to be announced by mid-February 2006.
3. On lenders joining as an intervening party: The company mentioned that it had requested lenders in August 2005 to join as an intervening party for the purpose of expediting the proceedings and that nearly 4 months had elapsed since then. He also mentioned that now that the date of hearing had been fixed, the lenders could wait till February 15, 2006 and take a decision on the intervention accordingly in March 2006.
4. On No Lien Account for L&T proceeds and award money: The company did not have any objection to routing the money through a No Lien account.
5. On promoter's guarantee: Mr. Datar wanted to know the structure of the guarantee and for what amount. The lenders indicated that the promoter's guarantee could be furnished to the extent of the restructured

liability. He also agreed that the guarantees could be furnished to the extent of the restructured liability. He also agreed that the guarantees already furnished to the lenders would continue provided the same were restricted to the restructured term loan and should not be restored to the full (un restructured) dues in the event of any future event of default.

6. On pledge of shares: The promoter proposed that a negative lien on shares, i.e. undertaking for non-disposal of the shareholding (non-dilution) without the lenders' prior approval until the restructured dues of the lenders were fully discharged, could be furnished instead of pledge of shares. The lenders discussed and agreed to consider the suggested alternative.
7. On mortgage of fixed assets: He agreed that the mortgage on fixed assets of New Company would continue.
8. On early redemption of Zero Coupon Bond (i.e. 65% portion): He agreed to the early redemption of Zero Coupon Bonds on a Net Present Value basis, in case the cash flows so permitted. He proposed that the Net Present Value be calculated with a discounting factor of 8%, but finally agreed to 6% p.a.
9. On early repayment of restructured term loan (i.e. 35% portion net of repayment from L&T transaction): He mentioned that the lenders should not charge any prepayment premium or upwardly revise interest rates in case cash flows of the New Company were better. He agreed to early repayment of restructured term loan provided it was without any such premium or penalty. He further accepted annual review of cash flows by lenders to determine if the company could make an early repayment. After discussion, it was agreed by the participants that the company be allowed a moratorium of 2 years and that the first review of cash flows could be held at the end of 3 years from the date of rehabilitation.
10. On Nominee Director: The Company had no objection to appointment of Nominee Directors on the Board of New Company.

CONCLUSIONS

After discussions among the lenders on the above issues the participants decided as follows:

1. The lenders would seek approvals from the appropriate authority, by Monday December 12, 2005, for the rehabilitation package, comprising the proposed transaction with L&T and the rehabilitation scheme for the company.
2. Considering the fact that a date had been fixed for final hearing of the arbitration proceedings, the participants agreed to keep the decision in abeyance until March 2006.
3. Janalaxmi Bank, Nashik People's Cooperative Bank and Bank of Maharashtra agreed to separately discuss reconciliation matter with the company.
4. The proceeds from L&T transaction would be routed through a No Lien/Escrow account to be opened with one of the existing consortium banks.
5. Early redemption of Zero Coupon Bond to be calculated at a discounting factor of 6% p.a..
6. Lenders agreed in-principle to early repayment of restructured term loan without prepayment premium/penalty or upward revision of interest rates.
7. Promoter agreed to a negative lien clause restricting any disposal of his shareholding in New Company during the pendency of the dues to the lenders without prior approval of the lenders.
8. Promoter's guarantee would continue in respect of the restructured term loan only. It would not be restored to full (unrestructured) values in the event of future defaults.
9. The lenders agreed to discuss the distribution pattern of the proceeds from the L&T transaction. They unanimously agreed that it was important to proceed with the composite rehabilitation package and expedite the BIFR process in order to secure the L&T transaction.
10. The lenders decided to indicate to L&T that the sale consideration of Rs. 24 crore as agreed in the Memorandum of Understanding with the company should be deposited by L&T in an escrow account. It was also agreed that the company would provide the required details with respect to the payment of Rs. 20.0 million to be made to the pressing creditors out of the sale consideration.
11. The lenders agreed to communicate the final written approvals to the OA latest by December 12, 2005 and advised the company to proceed on this basis.

The meeting then ended with a vote of thanks to the Chair.

APPENDIX C
DRAFT MEMORANDUM OF UNDERSTANDING
(DSRDAAC)

IN THE MATTER OF

A Scheme of Reconstruction, De-merger, amalgamation,
and arrangement and compromise between
Datar Switchgear Limited and its Shareholders and Creditors

APPLICANT COMPANY

AND

Larsen & Toubro Limited, an existing company under
Section 3 of the Companies Act, 1956, and having its
Registered Office at L&T House, Ballard Estate,
Mumbai 400 001 and its Shareholders

TRANSFeree COMPANY

AND

“New Co.”, a proposed Company to be incorporated under the
Companies Act to accept merger of the Demerged Undertaking
from the Applicant Company.

RESULTING COMPANY

**DRAFT SCHEME OF RECONSTRUCTION / DE-MERGER /
AMALGAMATION, AND ARRANGEMENT AND
COMPROMISE BETWEEN DATAR SWITCHGEAR LTD
(THE SICK INDUSTRIAL COMPANY, LARSEN & TOUBRO
LIMITED AND “NEW CO.”- THE RESULTING COMPANY
AND THEIR RESPECTIVE SHAREHOLDERS AND
CREDITORS RESPECTIVELY AS THE CASE MAY BE**

This Scheme will be called ‘the Scheme of Reconstruction/De-merger/Amalgamation and Arrangement and Compromise between Datar Switchgear Limited, Larsen & Toubro Limited and the “New Co.” - the Resulting Company and their respective Shareholders and Creditors’ as the case may be (hereinafter referred to as “the Scheme”).

1. PREAMBLE

WHEREAS a reference was made by Datar Switchgear Limited having its Registered Office at Datar Apartments, Commercial Complex, Vakilwadi, Nasik, u/s 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 and;

WHEREAS vide Order dated 16th August, 2002, the said Company was declared to be a Sick Industrial Company within the meaning of Sec. 3(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and;

WHEREAS by an Order dated 4th February, 2003 of the Appellate Authority for Industrial and Financial Reconstruction, ICICI Bank Limited was appointed as the Operating Agency u/s 16(2) of the Sick Industrial Companies (Special Provisions) Act, 1985 for conducting enquiry into the working of the Sick Industrial Company and for preparation of a scheme of rehabilitation for the said Sick Industrial Company and;

WHEREAS the Operating Agency has prepared this Scheme of Reconstruction/De-merger/Amalgamation and arrangement and compromise pertaining to the Sick Industrial Company and;

WHEREAS in the exercise of powers u/s 18 of the Sick Industrial Companies Act, the Board is of the opinion that it is expedient and in public interest that such a Scheme of Reconstruction / De-merger / Amalgamation, Reconstruction /De-merger / Amalgamation is made and shall be deemed to be herewith made and shall have come into immediate effect.

2. INTERPRETATION

2.1 This Scheme will come into force on the date of sanction by the Board and become operative from the Transfer Date.

2.2 In this Scheme, unless the context otherwise requires:-

- 2.2.1 "ACT" means the Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time.
- 2.2.2 "AMALGAMATION" means amalgamation of the De-merged Company surviving after the de-merger, with the Transferee Company in accordance with this Scheme.
- 2.2.3 "BIFR" means the Board for Industrial and Financial Reconstruction established under Section 4 of the Act.
- 2.2.4 "DEMERGER" means transfer of the De-merged Undertaking of the De-merged Company to the Resulting Company under the relevant provisions of law.
- 2.2.5 "DE-MERGED COMPANY" or "SICK INDUSTRIAL COMPANY" or "DSL" means DATAR WITCHGEAR LTD, a company incorporated under the Companies Act, 1956, having its registered office situated at Datar Apartments, Commercial Complex, Vakilwadi, Nasik in the State of Maharashtra.
- 2.2.6 "DE-MERGED UNDERTAKING" means the undertaking of the De-merged Company other than the Residual Business comprising the activity of electronic business, which includes all and any activities undertaken by the De-merged Company whereby it invents, conceptualizes, designs, prototypes, validates, manufactures/produces, sells or otherwise trades by way of hire purchase or leasing, services and repairs and are relatable to the Real Time Power Factor Correction Systems of all sizes and shapes, Energy Meters, MPP Capacitors; and other electronic products including their components, subassemblies or intermediates, intellectual property rights, know-how, drawings and designs relevant patents and patent applications pending consideration, registered designs, human resources, distribution rights for the said electronic products, which do not have functions competing with the Residual Business and also includes (i) Low Tension Load Management Systems ("LTLMS") including assets already leased to the Maharashtra State Electricity Board or any of its restructured legal entities, successors or assigns including the Government of Maharashtra, however, excluding the stock of LTLMS forming part of DSL's capital work in progress; (ii) the net current assets of DSL, identified as on the Transfer Date; (iii) liabilities other than the specified liabilities at Schedule 1 hereto; (iv) materials lying with the Central Warehousing Corporation in customs bond at Nasik as listed in Schedule VIII; (v) octroi refund, due from State Industrial Corporation of Maharashtra Ltd. ("SICOM"); and (vi) other identified assets pertaining to the aforesaid including but not limited to any and all actionable claims and the right to prosecute all proceedings initiated by the Demerged Company.
- 2.2.7 "DSL EMPLOYEES" mean employees on the employee rolls of the De-merged Company, working for the Residual Business, not exceeding 150 persons, to be transferred to the Transferee Company at Ahmednagar.
- 2.2.8 "DSL SHAREHOLDERS" means the persons who are registered in the Register of Members of the De-merged Company as the holders of the subscribed and paid up equity capital of the De-merged Company as on the Effective Date.
- 2.2.9 "EFFECTIVE DATE" means the date of coming into force of this Scheme on sanction by BIFR.
- 2.2.10 "ENCUMBRANCES" means any options, pledge, mortgage, hypothecation, lien, security interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint, or any other encumbrance of any kind or nature whatsoever.
- 2.2.11 "FINANCIAL INSTITUTIONS" means the Industrial Finance Corporation of India Limited (IFCI), Stressed Assets Stabilization Fund (SASF), IDBI Bank Limited, Industrial Investment Bank of India Limited (IIBI) and Kotak Mahindra Bank Limited or their successors in interest.
- 2.2.12 "LIABILITIES" includes all liabilities, debts, interest, penalties and/or fines and/or damages, duties, obligations and other outstanding dues including statutory liabilities and Government levies of whatever nature and contingent liabilities which are existing or may arise in regard to the De-merged Company.
- 2.2.13 "MoU" means Memorandum of Understanding signed between the Transferee Company, the De-merged Company and Mr. Rajan Datar on April 15, 2005, as amended or modified from time to time.
- 2.2.14 "OPERATING AGENCY" or "OA" means ICICI Bank Limited in such capacity under the Act.

- 2.2.15 "OPTIONALLY FULLY CONVERTIBLE DEBENTURES (OFCDs)" means the Principal amount obtained by the De-merged Company from the Debenture Holders and all interest and other charges of whatsoever nature due on such OFCDs.
- 2.2.16 "PARTY" shall mean any of the Parties to the MoU, viz. Transferee Company, De-merged Company and Mr. Rajan Datar and are collectively referred as "Parties".
- 2.2.17 "PERIOD OF REHABILITATION" shall mean 7 years from the date of sanction of the Scheme by the BIFR or any other later date on which the Scheme becomes operative.
- 2.2.18 "PROCEEDINGS" means and proceeding of whatever nature before any Court, Arbitral Tribunal/s, Statutory Tribunal/s, Conciliator/s, Quasi-judicial Authority/ies, whether current or not, whether civil/criminal/quasi-judicial/administrative including suits, appeals, complaints, petitions, applications, arbitrations, conciliations and any incidental actions thereto, and all claims, causes of action, decrees, awards, execution applications and securities given or obtained in judicial proceedings.
- 2.2.19 "PROMOTER" means the original promoters of the De-merged Company.
- 2.2.20 "RECORD DATE" means the date to be fixed by the Board of Directors or a committee thereof of the De-merged Company for the purpose of determining the members of the De-merged Company to whom shares will be allotted pursuant to this Scheme, or the capital would be reorganized in terms of this Scheme;
- 2.2.21 "RESIDUAL BUSINESS" means the remainder of De-merged Company situate at Plot No H- 108, MIDC, Ambad, Nasik, in the State of Maharashtra, on an "as is where is basis" on the Transfer Date which invents, conceptualizes, designs, prototypes, validates, manufactures/ produces, sells or otherwise trades by way of hire purchase or leasing, services and repairs, switchgears such as Circuit Breakers, Permanent Magnet Relays ("PMR"), isolators Distribution Boards / boxes, electrical accessories used in wiring, switched electrical capacitors of the low tension as an integrated system, integrated load management system, moulds, dies, tools, fixtures, special purpose machines, attachments, software relatable to the aforesaid and the components; sub-assemblies or intermediates for the aforesaid and includes intellectual property rights, know-how, drawings and designs, relevant patents and patent applications pending consideration, registered designs, human resources, distribution rights of the aforesaid and also includes (i) the net current assets of De-merged Company, identified as on the Transfer Date pertaining to the aforesaid; (ii) factory premises and the land being Plot No. H-108, MIDC, Ambad, Nasik in the State of Maharashtra; (iii) the stock of LTLMS forming part of the capital work in progress of De-merged Company; (iv) machines and materials lying with the Central Warehousing Corporation in customs bond at Nasik as listed in Schedule VII and (v) such liabilities as are mentioned in Schedule I, relatable to the aforesaid business and, agreed between the Parties, but excludes the De-merged Undertaking as defined hereinbefore.
- 2.2.22 "RESULTING COMPANY" means a proposed new company (Newco) incorporated under the Companies Act, 1956, and to have its Registered Office at Datar Apartments, Commercial Complex, Vakilwadi, Nasik, in the State of Maharashtra.
- 2.2.23 "SECURED CREDITORS" means Creditors and/or Claimants and/or Disputants claiming security for the whole/part of the claim, to the extent set out in Schedule X hereto and their successors in interest.
- 2.2.24 "TRANSFER DATE" means 1st April, 2005.
- 2.2.25 "TRANSFEREE COMPANY" means Larsen & Toubro Limited, an existing company under the Companies Act, 1956, having its Registered Office at L&T House, Ballard Estate, Mumbai 400 001 in the State of Maharashtra.
- 2.2.26 "UNSECURED CREDITORS" means the Creditors and/or Claimants and/or Disputants to the extent set out in Schedule XI hereto and their successors in interest, whose claims are unsecured.
- 2.2.27 "CREDITORS OTHER THAN SECURED CREDITORS" means the Creditors and/or Claimants and/or Disputants to the extent set out in Schedule XIA hereto whose claims are not accepted by the Sick Company and includes their successors in interest, if any.
- 2.3 All headings, head notes, titles and table of contents in this Scheme are meant for reference only and shall not constitute the basis of interpretation.

PART 'A'

3. THE SCHEME

3.1 MECHANISM

- 3.1.1 This Scheme stipulates the measures for the Reconstruction/De-merger/Amalgamation and Arrangement and Compromise between Datar Switchgear Limited, Larsen & Toubro Limited and the "New Co." the Resulting Company and their respective Shareholders and Creditors as the case may be and will have the effect of Demerger of the Demerged Undertaking from the De-merged Company into the Resulting Company and the amalgamation of the De-merged Company into the Transferee Company in the manner stipulated herein. The Transferee Company will adopt liabilities of Rs. 17.0 Crore (Rupees Seventeen Crore) of Secured Creditors and deposit the said amount in an ESCROW ACCOUNT (No. 1) to be opened with the Operating Agency by the Transferee Company, which amount will be disbursed and defrayed by the Operating Agency as stipulated by the BIFR and in addition, the Transferee Company shall deposit Rs. 7.0 Crore in ESCROW ACCOUNT (No. 2) to meet specified liabilities of the De-merged Company as stipulated hereunder.
- 3.1.2 The De-merged Company is presently engaged in distinct electrical and electronic businesses comprising switchgear products and power management products respectively. The Scheme will demerge the electronic business comprising Power Management Products of the Demerged Company into the Resulting Company and amalgamate the Demerged Company comprised of the Residual Business of electrical switchgear products into the Transferee Company as stipulated herein.
- 3.1.3 The Capital Structure of the Demerged Company and the Resulting Company shall stand reduced, modified, reorganized as stipulated in the Scheme. The distribution of moneys received by the Operating Agency in lieu of the discharge of the encumbrances of the Secured Creditors shall be as stipulated in the Scheme.
- 3.1.4 All matters incidental and/or consequential to the implementation of this Scheme shall be implemented as stipulated in the Scheme.

3.2 DEMERGER AND THE RESULTING COMPANY

- 3.2.1 With effect from the Transfer Date, all the estates, assets, rights, title and interest including accretions and appurtenances of the De-merged Undertaking at their closing book values as on 31st March 2005 as set out in Schedule IX hereto, shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company as a going concern and subject to the Encumbrances as stipulated in this Scheme but none other.
- 3.2.2 For removal of doubt, it is expressly stipulated that the following shall be specifically transferred to and vested in the Resulting Company as part of the De-merger and all references to "De-merged Undertaking" in this Scheme shall be deemed to include the following:
- i. Electronic and other businesses (except the Residual Business) of the De-merged Company, including real time power factor correction systems, energy meters and capacitors, along with related plant and machinery, technology, human resources and intellectual property.
 - ii. All employees of the Company other than DSL Employees
 - iii. Land & Building situated at F-8, MIDC Ambad, Nasik
 - iv. All registered trademarks.
 - v. Components, parts, raw material, equipments, by whatever name described as contained in the consignments lodged with the Central Warehousing Corporation, Nasik, under Customs Bonds set out at Schedule VIII hereto.
 - vi. Octroi refunds due from State Industrial Corporation of Maharashtra Limited of Rs. 51,80,013 sanctioned vide letter No. FINC (1)/1993/Octroi Inc/EC3764/SGN dated 23rd March, 1999 for the period 01.04.1996 to 31.03.1998 and Rs. 53,35,166 sanctioned vide letter No. FINC (1)/1993/Octroi Inc/EC3764/SGN dated 2nd February, 2000 for the period 01.04.1998 to 31.03.1999.
 - vii. All Liabilities other than those set out at Schedule I hereto.

- viii. Claims and Proceedings of the De-merged Company against the Maharashtra State Electricity Board ("MSEB") and/or any of its restructured entities under the Electricity Act, 2003 and/or its/their successors in interest or assigns including the Government of Maharashtra as the case may be, together with any claim that it/they may have raised/raise against the De-merged Company
 - ix. All litigations, Proceedings and claims both present and future against and/or instituted by De-merged Company and the causes of action accrued/yet to accrue.
- 3.2.3 Save and except as otherwise expressly stipulated in the Scheme, all assets acquired and/or any liabilities, continuing or otherwise, incurred by the Demerged Company prior to or after the transfer date, which are associated with or pertain to the Demerged Undertaking shall also stand transferred to and vested in the Resulting Company forthwith upon the coming into effect of the Scheme as if such assets were acquired by or liabilities were incurred by the Resulting Company.
- 3.2.4 Insofar as the assets comprised in the De-merged Undertaking are concerned, security or charge, if any, over such assets relating to any claims or encumbrances of any nature shall be re-constituted as stipulated herein and none other.
- 3.2.5 Where any of the liabilities and obligations of the De-merged Company as on the Transfer Date are deemed to be transferred to the Resulting Company, have been discharged by the De-merged Company after the Transfer Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.
- 3.2.6 Any loan raised and used and any liability or obligation incurred by the De-merged Company for the operations of the De-merged Undertaking after the Transfer Date and prior to the Effective Date, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company as if such loan, liability or obligation was incurred by the Resulting Company.
- 3.2.7 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the De-merged Undertaking to which the De-merged Company is a party or to the benefit of which the De-merged Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the De-merged Company, the Resulting Company had been a party or beneficiary thereto.
- 3.2.8 The Resulting Company shall in relation to the De-merged Undertaking, at any time after the coming into effect of this Scheme, if so required, execute deeds, confirmations or other writings with any party to any contract or arrangement to which the De-merged Company is a party in order to give effect to the Scheme.
- 3.2.9 With effect from the Transfer Date and up to and including the Effective Date, the De-merged Company:
- 3.2.10 shall be deemed to have carried on and to be carrying on all business and activities relating to De-merged Undertaking and stand possessed of all the estates, assets, rights, title and interest of the De-merged Undertaking for and on behalf of the Resulting Company in a non-fiduciary capacity; and
- 3.2.11 all profits accruing to the De-merged Company, or losses arising or incurred by it (including the effect of taxes if any thereon), relating to the De-merged Undertaking shall for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Resulting Company.
- 3.2.12 The transfer and vesting of the assets, liabilities and obligations of the De-merged Undertaking and the continuance of the proceedings by or against the Resulting Company shall not affect any transactions or proceedings already completed by the De-merged Company in relation to the De-merged Undertaking on and after the Transfer Date up to the Effective Date and such transactions and proceedings shall be deemed to have been done and executed by and on behalf of the Resulting Company.

3.2.13 The De-merged Company and consequent upon Amalgamation, the Transferee Company, shall provide all necessary and reasonable assistance to the Resulting Company to do all or any of the acts as mentioned hereinabove for the proper transfer and vesting of De-merged Undertaking in the Resulting Company as a going concern, including but not limited to ensure compliance with legal and regulatory requirements, proper transfer of assets, liabilities and employees, and execution of necessary documents and deeds in relation to the De-merged Undertaking.

3.3 AMALGAMATION OF THE DEMERGED COMPANY

3.3.1 On the sanction of this Scheme, the Demerged Company surviving after the Demerger shall comprise of the Residual Business and shall stand transferred to the Transferee Company by way of Amalgamation by operation of law such that all the estates, assets, rights, title and interest including accretions and appurtenances of the Residual Business at their closing book values as on 31st March, 2005, with effect from the Transfer Date be transferred. The Residual Business shall, subject to the provisions herein in relation to the mode of vesting and pursuant to this Scheme, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company as a going concern and free from all encumbrances of whatsoever nature, if any, and any encumbrance, charge, right, title, lien or liability attached to the said assets shall be deemed to have been discharged and redeemed by satisfaction and accord with the respective holder of such charge, right, title, lien or entitlement without anything more subject to the depositing of Rs. 17.0 Crore (Rupees Seventeen Crore) and Rs. 7.0 Crore (Rupees Seven Crore) by the Transferee Company in two ESCROW ACCOUNTS to be opened with the Operating Agency.

3.3.2 For removal of doubt, the following assets and liabilities relating to the Residual Business pertaining to the De-merged Company shall stand transferred to and vested in the Transferee Company as part of the Amalgamation:

- i. Specific liabilities mentioned in Schedule I hereto and none other
- ii. Plant & machinery mentioned in Schedule II hereto
- iii. The whole of the Land, building and appurtenances at Plot H-108, MIDC Ambad, Nasik, Maharashtra.
- iv. DSL Employees as separately defined in the Scheme
- v. Patents and intellectual property in Schedule III hereto
- vi. Identified net current assets at Schedule IV hereto
- vii. Capital work-in-progress of De-merged Company
- viii. List of consignments with the Central Warehousing Corporation in Customs Bond as set out at Schedule VII hereto.

3.3.3 Subject to clause 3.2.6, all assets acquired and the liabilities incurred by the De-merged Company after the Transfer Date and prior to the Effective Date for operations of the Residual Business shall also stand transferred to and vested in the Transferee Company, upon the coming into effect of the Scheme.

3.3.4 Any legal or other proceedings which may be instituted for a cause of action arisen after the Effective Date and relating to the Residual Business (including those relating to any property, right, power, liability, obligation or duties of the De-merged Company in respect of the Residual Business) shall be continued and enforced by or against the Transferee Company. Any legal or other proceedings which may be instituted with respect to any matter arising after the Transfer Date but before and up to the Effective Date and relating to the Residual Business (including those relating to any property, right, power, liability, obligation or duties of the De-merged Company in respect of the Residual Business) shall be continued and enforced by or against the Resulting Company.

3.3.5 With effect from the Transfer Date and up to and including the Effective Date, the De-merged Company shall be deemed to have been carrying on all business and activities relating to the Residual Business for and on behalf of the Transferee Company.

3.3.6 Upon the coming into effect of the Scheme, all liabilities and obligations of the De-merged Company as specified in Schedule I and those liabilities which arose subsequently from the Transfer Date to Effective Date out of the activities or operation of the Residual Business shall be deemed to have

- been transferred to the Transferee Company and to the extent they are outstanding on the Effective Date shall, without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company to meet, discharge and satisfy the same. Provided that no liability or obligation of the De-merged Company except those specified hereinabove, in relation to any period prior to the Effective Date shall be transferred to or be the responsibility of the Transferee Company including but not limited to any claims against the De-merged Company and any non-compliance of any law, rule or regulation by the De-merged Company and any penalty that may be imposed in respect thereof, and all such liabilities and obligations shall be deemed to have been transferred to the Resulting Company pursuant to the De-merger.
- 3.3.7 With effect from the Transfer Date, all profits accruing to the De-merged Company or losses arising or incurred by it including the effect of taxes (including advance taxes paid), if any, thereon relating to the Residual Business, for all intents and purposes, be treated as the profits, taxes or losses, as the case may be, of the Transferee Company.
- 3.3.8 Insofar as the assets comprised in the Residual Business (Schedule II, III, IV and VII hereto) are concerned, all existing charges over such assets relating to any loans, Debt instruments of any kind including but not limited to Optionally Fully Convertible Debentures or borrowings of the De-merged Company stand automatically, irrevocably and permanently vacated and discharged as if by satisfaction and accord between the respective charge or right holder and the Demerged Company and/or the Transferee Company upon the Transferee Company duly making a payment of the sum of Rs.17.0 Crore (Rupees Seventeen Crore) to the Operating Agency, which shall receive the said sum on behalf of the Secured Creditors as particularized at Schedule X hereto and none other. Upon the payment of the said sum of Rs.17.0 Crores by the Transferee Company to the Operating Agency, the assets set out at Schedules II, III, IV and VII shall stand free of all encumbrances and be vested and transferred absolutely and irrevocably to the Transferee Company without encumbrance of any Creditor, Claimant or Disputant whether secured or otherwise as against the Sick Company.
- 3.3.9 All licences, permits, registrations, authorisations, consents, approvals and franchises which are required to permit the conduct of the Residual business stand automatically transferred to the Transferee Company as if the said licenses, permits, registrations, authorisations, consents, approvals and franchises were from the beginning given to the Transferee Company.
- 3.3.10 All subsidies and concessions which have been granted to the De-Merged Company by any Government Authority or other authority including Deferred Sales Tax Loan Scheme of the Government of Maharashtra implemented the Western Maharashtra Development Corporation Ltd. (WMDC) and/or the State Industrial Corporation of Maharashtra (SICOM) and/or issued by the Government of Maharashtra in relation to the Residual Business shall stand transferred to and vested in Transferee Company on the Effective Date as if the said concessions, entitlements, deferrals and concessions, as the case may be, were from the beginning given to the Transferee Company.
- 3.3.11 Upon the coming into effect of this Scheme and without prejudice to the other provisions pertaining to any Creditors, Claimants or Disputants or the concessions and/or accommodations and/or sacrifices from the persons set out in part 'B' hereto, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Residual Business to which the De-merged Company is a party or to the benefit of which the De-merged Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the De-merged Company, the Transferee Company had been a party or beneficiary thereto.
- 3.3.12 The Transferee Company shall in relation to the Residual Business, at any time after the coming into effect of this Scheme, if so required, execute deeds, confirmations or other writings with any party to any contract or arrangement to which the De-merged Company is a party in order to give effect to the Scheme.
- 3.3.13 The Transferee Company shall have no right, title, interest or claim whatsoever with respect to any cause of action and/or actionable claims which the De-merged Company or Resulting Company, as applicable, may have against the Maharashtra State Electricity Board or any of its restructured

entities or successors in interest including the Government of Maharashtra under the Electricity Act 2003, or any other party and it is expressly declared that such causes of action and/or actionable claims are not a part of the Residual Business.

- 3.3.14 The Transferee Company shall offer employment to DSL Employees, at its Ahmednagar unit, on terms, which are not less favourable than the terms of their present employment.
- 3.3.15 On the Effective Date, the De-merged Company shall stand dissolved without winding up and all necessary steps shall be taken by the Transferee Company and Resulting Company, if any, as applicable, to get its name struck off from the Registrar of the Companies maintained by the concerned Registrar of Companies and any other Authority.
- 3.3.16 The Resulting Company shall provide all necessary and reasonable assistance to the De-merged Company and / or consequent upon Amalgamation, to the Transferee Company to do all or any of the acts as mentioned hereinabove for the proper execution of the Amalgamation and transfer and vesting of the Residual Business in the Transferee Company as a going concern, including but not limited to ensure compliance with legal and regulatory requirements, proper transfer of assets, liabilities and employees, and execution of necessary documents and deeds in relation to the Amalgamation.
- 3.3.17 Any costs, charges and expenses in connection with and giving effect to the Amalgamation shall be borne by the Transferee Company.

3.4 SHAREHOLDING AND RESTRUCTURING OF CAPITAL

The provisions of this part shall operate notwithstanding anything to the contrary in this Scheme or any other instrument, deed or writing.

3.4.1 As on 31st March, 2005, the Capital Structure of the Demerged Company was under :

- i. Authorised Share Capital - Rs. 12,00,00,000.00 divided into 1,00,00,000 Equity Shares of the face value of Rs. 10/- each aggregating Rs. 10,00,00,000.00 and 20,00,000 Preference Shares of the face value of Rs. 10/- each aggregating Rs. 2,00,00,000.00
- ii. Paid-up capital of the Company - Rs. 11,95,09,000 as on 31st March, 2005 divided into Rs. 9,95,09,000 of Equity Shares of the face value of Rs.10 each and Preference Shares of Rs.2,00,00,000.00 with Coupon Rate of 11% divided into 20,00,000 Preference Shares of the face value of Rs.10 each.

3.4.2 In view of the Scheme, and as an integral part of the Scheme, the Capital of the De-merged Company (before effecting Amalgamation) and Resulting Company shall be restructured, reduced and / or reorganized in the manner set out in this Scheme.

3.4.3 Upon the coming into effect of the Scheme and in consideration for the De-merger of the De-merged Undertaking, including the transfer and vesting thereof in the Resulting Company, the Resulting Company shall, without any further act, deed or application and without any further payment by the Shareholder of the Demerged Company, issue and allot on a proportionate basis to each such Shareholder of the De-merged Company whose name is recorded in the Register of Members of the De-merged Company on the Record Date, in the ratio (the "Entitlement Ratio") of One Equity Share in the Resulting Company of the face value of Re. 1/- each credited as "fully paid up" in cash for every One Equity Share of the face value of Rs. 10/- each held by such Shareholder in the De-merged Company.

3.4.4 The Issued, Subscribed and Paid-up Capital of the Demerged Company stands reduced to Rs. 8,95,58,100/- by reduction of the face value of each Share from Rs. 10/- fully paid-up to the face value of Rs.9/- fully paid-up.

3.4.5 With effect from the Transfer Date, each of the 11% Coupon Rate Preference Share in the De-merged Company shall stand fully extinguished and redeemed and the Resulting Company shall issue 20,00,000 fresh Preference Shares of the face value of Rs.10 each of 0% Coupon Rate in the Resulting Company to such Preference Shareholders of the Demerged Company whose Preference Shares have been so extinguished and redeemed.

- 3.4.6 The Demerged Company shall stand amalgamated with the Transferee Company and the singular consolidated body of the Shareholders of the Demerged Company (as if such whole body were one member) will be allotted a single fully paid-up Equity Share of the face value of Rs. 2/- of the Transferee Company as a notional but full and final consideration of the Amalgamation i.e. the Transferee Company shall allot notionally such as fraction/s of one fully paid-up Equity Share of the face value of Rs. 2/- to each Shareholder as would make-up one fully paid-up Equity Share of Rs. 2/-.
- 3.4.7 The Equity Shareholders of the De-merged Company whose names are registered on the Register of Members of the De-merged Company as on the Record Date shall be entitled :
- i. on account of the De-merger, to fully paid-up equity shares in the Resulting Company in accordance with the Entitlement Ratio stipulated hereinabove, and
 - ii. on account of the Amalgamation, to a proportionate fraction of the single Equity Share having a face value of Rs. 2/- in the Transferee Company, such that the sum total of the fractions of the respective Shares of the Transferee Company so issued to the singular consolidated body of Equity Shareholders of the De-merged Company is always one.
- 3.4.8 The Preference and Equity Shareholders who are entitled to shares in the Resulting Company and Transferee Company as set out hereinabove, shall for the sake of convenience, within 90 days upon the Scheme becoming effective and upon being so notified, surrender their Share Certificates in Original held in the De-merged Company to the Registrar appointed by the De-merged Company in that behalf, upon which the Resulting Company shall deliver to such Preference and Equity Shareholders the new Preference and Equity Shares in the Resulting Company to which they are so entitled. The Transferee Company need not issue any Share Certificate for the individual fractions of the single Share notionally allotted to the consolidated body of Shareholders of the Demerged Company.
- 3.4.9 In the event that the De-merged Company has not received within 90 days of the Scheme becoming effective the Share Certificates in Original held by any Share Holder for surrender as stipulated hereinabove, then the said Share Certificates shall be deemed to have been duly cancelled and shall cease to exist and any right and/or entitlement thereunder shall stand permanently and irrevocably forfeited.
- 3.4.10 Notwithstanding the reduction of capital of the De-merged Company, the De-merged Company shall not be required to add "And Reduced" as suffix to its name in terms of section 102 of the Companies Act, 1956.
- 3.4.11 If any Shareholder of the Demerged Company is entitled to receive any Shares in the Resulting Company in accordance to this Scheme, such Shareholder of the De-merged Company shall have the option, exercisable by notice in writing to the De-merged Company on or before such date as may be determined by the Board of Directors of the De-merged Company, to receive the Shares either in Certificate form or in Dematerialized form. In the event that such notice has not been received by the De-merged Company in respect of any of the Shareholders, the Shares, if any, shall be issued to such members in Certificate form. In respect of those Shareholders exercising the option to receive the Shares in Dematerialized form, such Shareholders shall have opened and maintained an account with a depository participant, and shall provide for such other confirmations and details as may be required to the Demerged Company on or before such date as may be determined by the Board of Directors of the Demerged Company.
- 3.4.12 The Equity Shares to be issued by the Resulting Company and the consolidated single Share to be issued by the Transferee Company as provided herein, shall rank respectively *pari passu* in all respects with the existing Equity Shares of the Resulting Company and the Transferee Company as the case may be, save and except in relation to all dividends, if any, to which they will be entitled from the Transfer Date.
- 3.4.13 Unless otherwise determined by the respective Boards of Directors or Committees thereof of the De-merged Company, Transferee Company and Resulting Company, allotment of Shares in the Resulting Company (due to the De-merger) and allotment of the single Share in the Transferee Company (due to the Amalgamation) as stipulated in the Scheme shall be done within 90 days from the Effective Date.

3.5 RESTRUCTURING AND REORGANIZATION OF SECURED DEBT AND/OR ARRANGEMENT AND COMPROMISE WITH SECURED CREDITORS

- 3.5.1 The Secured Creditors of the Demerged Company claim Rs.123.67 crore as principal amount outstanding as of 31.3.99 and the OFCD issued to Industrial Finance Corporation of India Ltd. (IFCI) as per the particulars set out at Schedule X and the same are to be redeemed as set out in the Scheme.
- 3.5.2 As part of the restructuring and reorganization of the Secured Debt and/or arrangement and compromise with Secured Creditors, an amount of Rs. 26.28 Crores of the Principal Secured Debt/ Claims of Rs. 123.67 Crores (as per Schedule X hereto) shall stand converted into a Term Loan to the Resulting Company on the following terms and conditions:
- i. The Restructured Term Loan shall be repaid within seven (7) years from the Effective Date, including an initial moratorium period of two (2) years.
 - ii. The Restructured Term Loan shall carry a fixed rate of interest at 8% per annum on reducing balance basis from the Effective Date till repayment. The interest during the initial moratorium period of two (2) years shall accrue but shall be payable during the remaining tenure of the Loan, i.e. five (5) years, along with the principal.
- 3.5.3 The Restructured Term Loan of Rs. 26.28 Crores, along with interest accrued during the initial moratorium period of two (2) years, shall be repaid by the Resulting Company in ten (10) equal half-yearly installments commencing on the expiration of the initial moratorium period of two (2) years. The Secured Creditors shall not have any claim, interest, right or encumbrance against the Transferee Company or the Residual Business in respect of such balance of the Restructured Term Loan.
- 3.5.4 The Resulting Company shall issue to the Secured Creditors and the Secured Creditors shall accept Unsecured Zero Coupon Bonds of value aggregating Rs. 80.39 Crores being 65% of the Principal Secured Debt / Claims of Rs. 123.67 Crores in lieu thereof. The Unsecured Zero Coupon Bonds shall be of either Class 'A' or Class 'B' or partly Class 'A' and partly Class 'B'. The amount of Unsecured Zero Coupon Bonds to be issued to each Secured Creditor by the Resulting Company will be as stipulated in, Schedule XIII hereto or subject to the directions contained in the Scheme separately. The Secured Creditors shall have an option to choose either of the two classes of Unsecured Zero Coupon Bonds or parts thereof in lieu of their respective claims of 65% of the Principal Secured Debt / Claims. The respective Secured Creditors shall inform the Resulting Company of the exercise of the option within 2 weeks of the Scheme.
- 3.5.5 The Bonds as aforesaid of the Class 'A' or Class 'B' shall be redeemable in the manner set out at Schedule VB hereto.
- 3.5.6 Any claims of interest, compound interest, liquidated damages, penalties, penal interest and any other charges by the Secured Creditors save and except the aggregate Secured Claims of Rs.123.67 Crores as set out Schedule X hereto whether crystallized or not on the date of the Scheme stand absolutely, irrevocably and permanently waived without recourse as against the Demerged Company and / or the Resulting Company and / or the Transferee Company and / or the guarantors of the Demerged Company and / or the Resulting Company.
- 3.5.7 The Secured Creditors shall make or cause to be made appropriate Applications / Proceedings within 2 weeks of the Scheme to withdraw all proceedings initiated by them against De-merged Company and / or its directors and / or officers, employees and / or the Promoters and / or Guarantors and no new proceedings in respect of the Restructured Term Loan or the Unsecured Zero Coupon Bonds shall be initiated against the De-merged Company, Transferee Company or Resulting Company and their respective directors, officers, employees and the Promoters and / or Guarantors during the rehabilitation period. For removal of doubts, it is clarified that no liability of any nature in respect of the Restructured Term Loan and / or the Unsecured Zero Coupon Bonds shall in any manner devolve or attach to the Transferee Company during the rehabilitation period or thereafter.
- 3.5.8 An amount of Rs. 17.0 Crores out of the total Principal Secured Debt of Rs. 123.67 Crores shall be retained in the books of the De-merged Company (i.e. it shall not be transferred to the Resulting Company as part of the De-merger) and shall be discharged by the Transferee Company upon Amalgamation as full and final discharge of the said liability by the De-merged Company, Resulting

Company and Transferee Company. The Transferee Company shall deposit the said amount of Rs. 17.0 Crores in an ESCROW ACCOUNT (No.1) opened with the Operating Agency immediately upon the sanction of the Scheme and shall be defrayed and disbursed by the Operating Agency as stipulated by the BIFR upon the Scheme becoming effective as full and final discharge of the said liability by the Demerged Company, the Resulting Company and the Transferee Company.

- 3.5.9 The said sum of Rs. 17.0 Crores shall be appropriated and apportioned amongst the Secured Creditors in the manner stipulated in Schedule XIII hereto. The due payment of the sum of Rs. 17.0 Crores by the Transferee Company to the Operating Agency shall constitute full and final discharge by accord and satisfaction and shall cause the automatic and comprehensive satisfaction of all charges, rights, obligations, encumbrances, if any, of any Creditor on the assets of the Residual Business without any further act or deed on the part of the Residual Company, Transferee Company or any of the Secured Creditors. The Secured Creditors shall upon the Transferee Company making the payment of Rs. 17.0 Crores to them, forthwith take steps and authorize all necessary documentation to enable filing of necessary documents for the satisfaction and discharged of all charges on assets of the Residual Business with the concerned Registrar of Companies. The Secured Creditors shall upon the apportionment and appropriation of the said sum of Rs.17.0 Crores not have any claims or right of whatsoever nature in respect of the said assets, Residual Business and / or Transferee Company.
- 3.5.10 Save and except by redemption of the Zero Coupon Bonds Class 'A' or Class 'B', as the case may be, and notwithstanding anything contained in any other document, contract, negotiable instrument, consent terms, decrees or awards, or Recovery Certificates, no Secured Creditor shall have any right of re-compensation or reinstatement of his Claim and the same, if any, shall be deemed to have been finally and irrevocably given up, compromised and discharged by satisfaction and accord.
- 3.5.11 The Secured Creditors shall not charge any pre-payment premium for pre-payment by the Resulting Company of the Term Loan obligation and / or the early redemption of the Zero Coupon Bonds.

3.6 RESTRUCTURING AND REORGANIZATION OF CLAIMS OF UNSECURED DEBT AND CERTAIN SPECIFIC LIABILITIES AND/OR ARRANGEMENT AND COMPROMISE WITH UNSECURED CREDITORS AND CREDITORS OTHER THAN SECURED CREDITORS WHOSE CLAIMS ARE NOT ACCEPTED BY THE SICK COMPANY AND REDEMPTION OF SALARY, WAGES AND OTHER EMPLOYEE RELATED DUES AND PAYMENTS

- 3.6.1 The Claims of Unsecured Creditors and certain specific liabilities as set out hereunder as against the Demerged Company arising on or before the Transfer Date shall stand compromised and arranged as herein provided. The Transferee Company shall deposit prior to the sanction of the Scheme an amount of Rs. 7.0 Crores in an ESCROW ACCOUNT (No. 2) to be opened with the Operating Agency.
- 3.6.2 The Claims of Unsecured Creditors as set out at Schedules XI hereto shall stand redeemed, compromised and arranged on the following basis :
- i. The respective Unsecured Creditor will waive the whole of the interest, penal interest, damages liquidated or otherwise, penal interest or any other charge on the principal Unsecured Claim other than that set out in the Schedule XI hereto.
 - ii. Immediately upon coming into the effect of the Scheme, the Operating Agency shall defray and pay from the said ESCROW ACCOUNT (No.2), 15% of the principal unsecured claim as set in Schedule XI hereto i.e. Rs. 1.14 Crores in the aggregate to the respective Unsecured Creditor.
 - iii. The respective Unsecured Creditor shall convert 20% of the principal Unsecured Claim as set out in Schedule XI hereto into unsecured Term Loan payable by the Resulting Company over a period of 7 years in 10 half yearly installments commencing after 2 years of holiday from the effective date. No interest shall be paid by the Resulting Company or the Demerged Company / the Transferee Company on the said Term Loan.
 - iv. The Resulting Company shall issue unsecured Bonds Class 'A' or Class 'B' or partly Class 'A' or partly Class 'B' to the respective Unsecured Creditors for 65% of the principal unsecured claim as set out at Schedule XI hereto.

- v. The Unsecured Creditors shall not charge any pre-payment premium for pre-payment by the Resulting Company of the Term Loan obligation and / of the early redemption of the Zero Coupon Bonds.
- 3.6.3 The Claims of the particular Creditors other than Secured Creditors which are not accepted by the Demerged Company and / or are subjudice as set out at Schedule XIA hereto shall stand redeemed, compromised and arranged on the following basis :
- i. The respective Creditor will waive the whole of the interest, penal interest, damages liquidated or otherwise, penal interest or any other charge on the principal Claim of such Creditor other than that set out in the Schedule XIA hereto.
 - ii. The principal outstanding Claim of such Creditors as set out in the Schedule XIA hereto shall stand reduced by 60% as absolutely and irrevocably waived by such respective Creditor and reducing such Claim to 40% as set out at Schedule XIA hereto.
 - iii. The 40% of the principal outstanding of the Unsecured Claim shall be paid by the Resulting Company in 5 equal annual installments subject to a moratorium of 2 years commencing from the date of sanction of the Scheme. The Resulting Company shall have an option to make a prepayment of 40% of the principal outstanding (or balance thereof) out of the expected proceeds from the Arbitration Award secured by the Resulting Company against the Maharashtra State Electricity Board on a Net Present Value basis calculated at a discounting rate of 6% per annum. The Resulting Company / Demerged Company / Transferee Company shall not be liable to pay any interest in respect of the said restructured Unsecured Claims or the repayment thereof.
- 3.6.4 Immediately upon the coming into effect of the Scheme, the Operating Agency will defray and pay a sum of Rs.3.78 Crores from the said sum of Rs.7.0 Crores deposited by the Transferee Company in ESCROW ACCOUNT (No. 2) to the Resulting Company for meeting the claims on behalf of the Demerged Company pertaining to certain Unsecured Creditors, Salary, Wages and other employment related dues and the like incurred by the Demerged Company, and the expenses incurred in formulation and advisory services obtained for the preparation of the present Scheme.
- 3.6.5 Save and except as otherwise stipulated in this Scheme and notwithstanding anything contained in any other document, contract, negotiable instrument, consent terms, decrees or awards, no Unsecured Creditor shall have any right of re-compensation or reinstatement of his Claim and the same, if any, shall be deemed to have been given up, compromised and discharged by satisfaction and accord.
- 3.6.6 No Unsecured Creditor shall have any charge, lien, encumbrance of any kind whatsoever on any of the assets, actionable claims, awards / decrees belonging to the Demerged Company and / or the Resulting Company in respect of any of the claims of such Unsecured Creditor prior to or after the sanction of Scheme.

3.7 RESTRUCTURING AND REORGANIZATION OF ENCUMBRANCES

- 3.7.1 The assets of the Resulting Company shall stand charged *pari passu* to the Secured Creditors and to none others to the extent of their respective Term Loans for an overall value of Rs. 26.28 Crores as set out at Schedule X hereto and the said charges shall be discharged absolutely on payment of the said sum of Rs. 26.28 Crores along in the aggregate with interest @ 8% per annum as stipulated in the Scheme to the respective Secured Creditor.
- 3.7.2 The Assets transferred to the Transferee Company shall stand discharged of all charges, liens, rights, obligations of encumbrances of whatsoever nature on payment of Rs. 17.0 Crores by the said Transferee Company to the Operating Agency and the Transferee Company shall be free to deal with the said assets in any manner it deems fit.
- 3.7.3 Any personal guaranty/s and / or encumbrance/s on the property of the Promoters and / or Guarantors claimed by the Secured Creditors stands absolutely, permanently and irrevocably released and discharged and no new personal guaranty/s or encumbrances on their property shall be taken from the Promoters in the Resulting Company during the rehabilitation period for security of any Debt specified in this Scheme save and except a personal guaranty of Mr. Rajan Datar towards the Term Loan to the extent of Rs.26.28 Crores in favour of the Secured Creditors which will automatically stand reduced prorata on cumulative payment against the said Term Loan.

3.8 REORGANIZATION / ASSIGNMENT / WITHDRAWAL / COMPROMISE / COMPOUNDING OF PROCEEDINGS

- 3.8.1 Any Proceeding/s of whatsoever nature by or against the De-merged Company pending on the Effective Date shall not abate or discontinue or otherwise in any way be affected prejudicially by reason of the transfer and/or demerger and/or amalgamation under this Scheme, unless otherwise compounded or discharged, compromised by a special or general provision of arrangement and compromise in the Scheme, and the proceedings shall be continued, prosecuted and enforced by or against the Resulting Company in the same manner, be subject to the same limitation, if any, and to the same extent as it would or might have been continued, prosecuted and enforced or compromised / compounded by or against the De-merged Company if the Scheme had not been made.
- 3.8.2 The Resulting Company shall have all legal and other proceedings initiated by or against the De-merged Company transferred to its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the De-merged Company or Transferee Company, as the case may be.
- 3.8.3 After the approval of the Scheme, the De-merged Company and / or the Transferee Company shall stand relieved of any right or liability under any proceedings brought or instituted by or against the De-merged Company before the date of the Scheme and the De-merged Company and/or the Transferee Company shall not be liable or entitled to any claim or relief by or against the De-merged Company or to defend, prosecute, enforce, compound, compromise on any cause of action that may have arisen prior to the date of the Scheme.
- 3.8.4 Any legal proceeding/s initiated against the De-merged Company, Resulting Company and the Promoters and/or Directors and/or Officers of the De-merged Company/Resulting Company by any Secured or Unsecured Creditor and / or Secured or Unsecured claimant in respect of any defaults pertaining to any loan, contract, negotiable instrument, deed, decree, award, and the like shall stand withdrawn as compromised / compounded as the case may be and no further proceedings for such / same cause of action will be initiated against the said Companies and/or such persons.
- 3.8.5 Notwithstanding anything to the contrary contained in this Scheme, any proceedings by or against the Demerged Company instituted by or against the Maharashtra State Electricity Board and/or its restructured entities under the Electricity Act, 2003 including the Government of Maharashtra shall be continued and shall not abate or discontinue or otherwise in any way be affected prejudicially by reason of the transfer and / or demerger and / or amalgamation under this Scheme, and the proceedings shall be continued, prosecuted and enforced by or against the Resulting Company in the same manner, be subject to the same limitation, if any, and to the same extent as it would or might have been continued, prosecuted and enforced by or against the De-merged Company if the Scheme had not been made and the Transferee Company shall have no locus to proceed or be proceeded against in such proceedings.

3.9 REDEMPTION OF STATUTORY DUES AND DEFRAYMENT OF BALANCE

3.9.1 Immediately upon the coming into effect of the Scheme, the Operating Agency will defray and pay a sum of Rs. 2.08 Crores from the said sum of Rs.7.0 Crores deposited by the Transferee Company in ESCROW ACCOUNT (No. 2) towards the following statutory dues, which are crystallized and payable by the Demerged Company as of 31.3.2005, subject to adjustment and set off of any prior payments / recoveries by the respective authorities before the Effective Date.

i.	Sales Tax both State and Central	-Rs. 1,36,57,203.00
ii.	Maharashtra State Tax on Professions, Trades, Callings and Employments Act 1975	- Rs. 15,28,996.00
iii.	Maharashtra Labour Welfare Fund	- Rs. 16,122.00
iv.	Employer's Contribution under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.	- Rs. 18,02,446.00
v.	Employer's Contribution payable to the Employee State Insurance Corporation(ESIC)	- Rs. 21,60,512.00
vi.	Tax Deducted at Source under the Income Tax Act, 1961.	- Rs. 16,53,280.00
	Total	- Rs. 2,08,18,559.00

3.9.2 The Operating Agency shall remit any balance from the aforesaid amount of Rs. 7.0 Crores deposited by the Transferee Company in the Escrow Account No. 2 to the Resulting Company, if the whole amount of Rs. 7.0 Crores is not utilized for the nominated purpose, for any reason whatsoever, within a period of 6 months from the effective date.

PART 'B'

4. GENERAL AND INCIDENTAL STIPULATIONS

- 4.1 Upon the coming into effect of this Scheme, an amount representing the surplus of the assets over the liabilities of the De-merged Undertaking being transferred to the Resulting Company as reduced by the amount representing the reduction in share capital described in this Scheme, shall be debited / credited in the books of the De-merged Company as Goodwill / Capital Reserve, as the case may be .
- 4.2 Upon the coming into effect of this Scheme, the amount representing the excess of (i) the amount representing the surplus of (A) assets over (B) the liabilities of the De-merged Undertaking of the De-merged Company in its respective books of account, over (ii) the aggregate face value of the share capital issued by the Resulting Company to the members of the De-merged Company, shall be credited / debited, as the case may be, by the Resulting Company to the accounts of Capital Reserve / Goodwill, as the case may be.
- 4.3 The Shareholders of the Resulting Company will be entitled to Dividends, if any, from the Effective Date.
- 4.4 It is clarified that the aforesaid provisions in respect of any declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Resulting Company to demand or claim any Dividends.
- 4.5 The issue and allotment of the shares under the provisions of this Scheme to the Non-Resident Shareholders will be made subject to the approval, if any, of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 or other relevant authority and on such terms and in such manner as such authorities may impose.
- 4.6 As required by Section 18 (3) (b) of SICA, the scheme will be put up for approval by the shareholders of the transferor company which will be done by postal ballot before the BIFR hearing to be held in this connection.
- 4.7 The certified copies of the BIFR orders referred to in the scheme will be filed with Registrar of Companies, Maharashtra, within one week of receipt of the BIFR proceedings to be held to approve the DRS.
- 4.8 The De-merged Company, Transferee Company and Resulting Company shall bear and pay their respective costs and expenses including professional fees and costs of its respective advisors and counsel.

Schedule I

(Please see clause 2.2.21.)

LIST OF SPECIFIC LIABILITIES (EXHAUSTIVE) TO STAND TRANSFERRED TO THE TRANSFEE COMPANY	
1.	Deferred Sales Tax Loan from Government of Maharashtra not exceeding Rs. 4.15 Crores
2.	Dues to L & T Finance Limited and India Infrastructure Developers Limited amounting to Rs. 1.24 Crores
3.	Employee liabilities in respect of gratuity and leave encashment for DSL Employees, to be employed by L & T at Ahmednagar
4.	Product warranties in respect of modular devices

Schedule II

(Please see clause 3.3.2)

LIST OF PLANT AND MACHINERY (EXHAUSTIVE) TO STAND TRANSFERRED TO
THE TRANSFEREE COMPANY

S. No.	Description
A. Moulding Department	
1	Transfer Moulding Machine
	1. HH1 1396 (PLC)
	2. HH2 14408710 (PLC)
	3. HH3 14435326 (Relay)
	4. HH4 14436327 (PLC)
2	Injection Moulding Machine with dryer and temperature controller
	1. L & T D. 40.0400006
	2. L & T D. 100.1000010
	3. Windsor
	4. Arburg - 1
	5. Arburg - 2
	6. Fahr Bucher
	7. Fahr Bucher
3	Bihler machines with accessories (2),
4	Press 65 Ton
5	Automats - Lathe, PMT - 1, GE-Fong -5
6	Auxillary Equipments (moulding)
	Tool Temp Controller – 8
	Drying Unit – 2
B. Welding Department	
1	Spot Welding Machine
	1. M1 - M10 (10 Nos.)
	2. J1
C. Relay Production	
1	Surface Grinding (2)
2	Hand Grinders (3)
3	Ultra Sonic Cleaning
4	Drying Oven
5	Hot air Gun
6	Spot Welding (2)
7	Cold Welding
8	Relay Testing (2)
9	Coil Winding
10	Surface Roughness
	Tester (2)
	Perthen
	Mitutoyo
11	Laser Welding (2)
12	Ultra Sonic Welding (2)
13	Laminar Flow Table
14	Air Showers
15	Electrostatic cleaners
16	Air Conditioners (3)
17	Grinding Fixtures

S. No.	Description
D. Production Department	
1	Relay calibration machine 3
2	MCB calibration m/c -5
3	Pad printing machine
	1. M1 Single station
	2. M2 Two station
4	Shrink packing machine
5	Image printing machine
6	Laser Marking machine
7	Tapping machine
8	Ultrasonic cleaning machine
9	Rivetting machines (5)
10	Thermal calibration set - 6
11	Drilling Machine (3)
12	HV tester
13	Spot Welding Unit
14	ELR testing kit
15	Press Tool
E. Quality Enhancement Department	
1	Impact test apparatus (Lumetronics) - 2
2	Hybrid recorder (Yokogawa Japan)
3	Conditioning Oven (Lumetronics)
4	Cold Heat climatic test chamber (Weiss Germany)
5	UV chamber (Weiss Germany)
6	Salt spray chamber (weiss Germany)
7	28 days test set-up (Sarman Engg.)
8	Endurance test bench with instruments (Innova Engg.)
9	Weighing scale (Essac-Teraoka)
10	Plating & coating thick measuring machine (E.P. Germany)
11	Spring tester (Chatillon USA)
12	6 & 1/2 Multimeter (2)
13	4 & 1/2 Multimeter (2)
14	High Voltage Breakdown tester (Slazer Electronics)
15	Stability testing oven (Vaccum Engg. Equipment)
16	Torque screw- driver kit (Sturtevant USA)
17	Short circuit lab with accessories 25 KA
18	Environmental chamber (Blue Star)
19	Programmable Hv tester SCR Electronics
20	Sensitivity/Speed of operation test bench SCR Elektroniks
21	Rigid-Flexible test finger-Lumetronics
22	Ball pressure test apparatus-Lumetron
23	Mechanical Shock-test apparatus-DSL
24	Flexible test apparatus Shraddha Rollers
25	Strength of actuator mechanism Shraddha Rollers
26	Constant current source SCR Electronics, Dombivali
27	Aging Test Bench Shivanad Electronics
28	Impulse Tester Sarman electronics-Dombivali
29	Glow wire test appaeratus

S. No.	Description
F. Production Plan and Control Department	
1	System
	Server (main) MIS
	Nodes 1 to 7
	Standalone PC (mtris)
	Standalone PC (Test Lab)
	PC attached to machine
2	Printers
	MIS-3
	Stores-Wipro Dotmatrix
G. Advance design and tooling center	
1. Heat Treatment	
1	Hardening Furnace 0 to 1050 deg. C (Quarter Engg.)
2	Tempering Furnace 0 to 650 deg C (Quarter Engg.)
3	Hardness tester (Saroj Engg.)
2. Conventional Shop	
1	Tool and cutter Grinder
2	Surface Grinder
	1. Praga
	2. ELB
3	Milling machine (M1TR)
4	Bench drilling machine - 6mm
5	R / DM machine (Botliboi)
6	Power Hacksaw machine
7	Lathe machine (NH 22)
3. CNC Shop	
1	WEDM (Charmilles) with stabalisers and chillers
	1. R 310
	2. R 2020
2	SEDM Roboforms with stabalisers
	1. R 20 (old)
	2. R 20 (New)
3	SEDM - ZNC with stabaliser
	1. Old
	2. New with Sf2 module
4.	CNC Milling machine - Mlkron with stabalisers and code loader
	1. UME - 560
	2. UMC - 600
5	Spark drill machine - SH2
6	Hot runner system
4. CAD / CAM	
1	HP Work Station
	1. HP 735 (DSL5)
	2. HP 715 (DSL)
	3. HP 715 (DSL2)
	4. HP 715 (DSL 3)
	5. HP 715 (DSL 4)
2	PC - 4 no.s

S. No.	Description
5. Printers	
1	HP Plotter 650
2	HP Laser 4 MV
6. CAD Software	
1	Unigrafics - 8 seats (CAD / CAM / CAE)
2	Veri Cut - 1 Licence (CAM)
3	Mold Flow - 1 Licence (CAE)
4	Visuala Saber - 1 Licence (PCB Design)
7. Quality Assurance - dADTC	
1	Co-Ordinate measuring machine (Zeiss)
2	Trimos - Height Gauge 600 mm + slip gauges
3	Profile Projector (Nicon)
H. Auxilliary Equipment	
1	Air Cimpressor - 25 HP (Ingersollrand)
2	Air Cimpressor - 10 HP (Khosala)
3	Air Cimpressor 05 HP (Elgi)
4	Air Cimpressor - 10 HP (Khosala)
5	Air Cimpressor - 10 HP (Khosala)
6	Air Cimpressor - 10 HP (Ingersollrand)
7	D. G. set - 200 KVA (Kirloskar Electric Co.)
8	UPS (Magnaflus Systems)
9	Air Dryer (Sabroe Gmbh)
10	Air Dryer (Emeskav Engg.)
11	Wax Melter
12	Vacuum Generator

Schedule III

LIST OF PATENTS AND INTELLECTUAL PROPERTY (EXHAUSTIVE) TO STAND TRANSFERRED TO THE TRANSFEREE COMPANY

(Please see clause 3.3.2)

Patent No. & Date	Brief Description
Patent No. 190667 dated 6th July 1998	An improved Miniature Circuit Breaker with a trip-on-fault position in addition to normal 'On' and 'Off' positions of the On / Off knob
Patent No. 190958 dated 6th July 1998	An improved Earth Leakage Circuit Breaker with a trip-on-fault position in addition to normal 'On' and 'Off' positions of the On / Off knob

SCHEDULE IV

List of identified net current assets (Please see clause 3.3.2)

Stock in Trade pertaining to the Switchgear activity - Rs.10.0 lacs

SCHEDULE V

Specimen of the Zero Coupon Bond Class "A"

NEW CO.

(Datar Apartments, Commercial Complex, Vakilwadi, Nasik)

NON CONVERTIBLE BOND CERTIFICATE

Face Value Rs.1,00,000/-

Consolidated Bond Certificate Nos. _____ to _____.

Date of Issue :- _____

Date of Maturity : _____ Subject to pre-payment as hereunder provided

Name of the Bond Holder : _____

This certificate is issued without payment of Stamp Duty in terms of waiver granted by the Board of Industrial and Financial Reconstruction, New Delhi (BIFR) vide Rehabilitation Scheme sanctioned on _____ in case No. 260 of 2001.

This Board Certificate is issued in terms of Rehabilitation Scheme sanctioned by the BIFR in case No. 260 of 2001 on _____.

Bond Class 'A'

This is certify that _____ are the holders of _____ No. Zero Coupon Bonds being distinctive Nos. _____ to _____. The Bonds are issued subject to the terms and conditions herebelow mentioned and shall bind the Bond Holders and the New Co. The New Co. hereby undertakes the duly and punctually observe and perform the financial covenants and conditions herebelow mentioned.

Terms and Conditions

1. These Bonds shall be called "Zero Coupon Bonds" of Class "A".
2. The date of allotment shall be deemed to be the date of sanction of the Rehabilitation Scheme by the BIFR in Case No. 260 of 2001.
3. Each Bond shall be of a face value of Rs. 1,00,000.00/- each and one consolidated Certificate is issued to each Bond Holder.
4. The Bonds unless previously redeemed by the New Co. shall be fully redeemed at Rs. 1,00,000.00/- each on _____ (9 years term). The tenure of the Bonds can be extended for further period or periods by the Bond Holders on similar terms.
5. The New Co. has the option to redeem the Bonds by pre-payment without incurring any pre-payment premium.
6. The Bonds will be interest free i.e. they will carry a Coupon Rate of 0%.
7. The Bonds shall be redeemed by the New Co. out of the expected proceeds from the Arbitration Award secured by New Co. (vested under De-merger from the Sick industrial Company) against the Maharashtra State Electricity Board within a period of 9 years from the date of issues of these Bonds. If the expected proceeds are received only in part during the 9 years term, then the Bond shall also be redeemed on a pro rata basis in the ratio of the total amount of the Bond to the total expected proceeds from the Arbitration Award (i.e. Rs. 179,15,87,009). For instance, if the New Co. receives 50% of the total expected proceeds from the Arbitration Award, then it redeem 50% of the Zero Coupon Bond to the Bondholders.
8. The Bonds will rank *pari passu* with each other and with every other Bond of any other holder of the Class 'A' or Class 'B'.

9. The Bonds shall be transferable by an appropriate Transfer Deed duly signed by and/or on behalf of the Transferor(s) and by or on behalf of the Transferee(s), and specifying the name, address and occupation, if any, of the Transferee(s), which shall have been delivered to the New Co. at such address may be notified by the New Co. from time to time along with the Board Certificates, provided that the Bonds held by the Transferee are never less than 25 at the time of transfer.
10. Notwithstanding anything contained anywhere in the contract, deed, decree, award, covenant, undertaking, consent term or document, the Bonds shall always be subject to the stipulations contained in the Rehabilitation Scheme sanctioned by the BIFR on _____ exclusively.

SCHEDULE VA

Specimen of the Zero Coupon Bond Class "B"

NEW CO.

(Datar Apartments, Commercial Complex, Vakilwadi, Nasik.)

NON CONVERTIBLE BOND CERTIFICATE

Face Value Rs.1,00,000/-

Consolidated Bond Certificate Nos. _____ to _____.

Date of Issue :- _____

Date of Maturity : _____ Subject to pre-payment as hereunder provided

Name of the Bond Holder : _____

This certificate is issued without payment of Stamp Duty in terms of waiver granted by the Board of Industrial and Financial Reconstruction, New Delhi (BIFR) vide Rehabilitation Scheme sanctioned on _____ in Case No. 260 of 2001.

This Bond Certificate is issued in terms of Rehabilitation Scheme sanctioned by the BIFR in Case No. 260 of 2001 on _____.

Bond Class 'B'

This is certify that _____ are the holders of _____ No. Zero Coupon Bonds being distinctive Nos. _____ to _____. The Bonds are issued subject to the terms and conditions herebelow mentioned and shall bind the Bond Holders and the New Co. The New Co. hereby undertakes the dully and punctually observe and perform the financial covenants and conditions herebelow mentioned.

Terms and Conditions

1. These Bonds shall be called "Zero Coupon Bonds" of Class "B".
2. The date of allotment shall be deemed to be the date of sanction of the Rehabilitation Scheme by the BIFR in Case No. 260 of 2001.
3. Each Bond shall be of a face value of Rs.1,00,000.00 each and one consolidated Certificate is issued to each Bond Holder.
4. The Bonds unless previously redeemed or repurchased by the New Co. shall be fully redeemed at Rs.1,00,000.00 each on _____ (7 years term).
5. The New Co. has the option to redeem the Bonds by pre-payment without incurring any pre-payment premium.
6. The Bonds will be interest free i.e. they will carry a Coupon Rate of 0%.
7. The Bonds shall be redeemed by the New Co. out of the expected proceeds from the Arbitration Award secured by New Co. (vested under De-merger from the Sick Industrial Company) against the Maharashtra State Electricity Board within a period of 7 years from the date of issue of these Bonds on a Net Present Value basis calculated at discounting rate of 6% per annum.
8. The Bonds shall be alternatively redeemed by the New Co. by a fresh issue of Equity Shares through a Public Issue / private placement of not more than 49% of the post issue diluted capital of the New Co. in case the proceeds of the Arbitration Awards secured by the New Co. against the Maharashtra State Electricity Board are not recovered within a period of 7 years from the date of the issued of these Bonds. In case of any

shortfall in the redemption via issue of Shares and/or the proceeds of the Arbitration Awards, the Promoters will arrange funds for such complete redemption.

9. The Bonds will rank *pari passu* with each other and with every other Bond of any other Holder of the Class 'A' or Class 'B'.
10. The Bonds shall be transferable by an appropriate Transfer Deed duly signed by and / or on behalf of the Transferor(s) and by or on behalf of the Transferee(s) and specifying the name, address and occupation, if any, of the Transferee(s), which shall have been delivered to the New Co. at such address as may be notified by the New Co. from time to time along with the Bond Certificates, provided that the Bonds held by the Transferee are never less than 25 at the time of transfer.
11. Notwithstanding anything contained anywhere in any contract, deed, decree, award, covenant, undertaking, consent term or document, the Bonds shall always be subject to the stipulations contained in the Rehabilitation Scheme sanctioned by the BIFR on _____ exclusively.

SCHEDULE VB

Manner and Terms and Conditions of redemption of Zero Coupon Bonds Class 'A' and Class 'B'
(Please see clauses 3.5.5)

Terms and Conditions (for Bond Class 'A')

1. The Bond shall be called "Zero Coupon Bonds" of Class 'A'.
2. The date of allotment shall be deemed to be the date of sanction of the Rehabilitation Scheme by the BIFR in Case No. 260 of 2001.
3. Each Bond shall be of a face value of Rs.1,00,000.00 each and one consolidated Certificate is issued to each Bond Holder.
4. The Bonds unless previously redeemed or repurchased by the New Co. shall be fully redeemed at Rs.1,00,000.00 each on _____ (9 year term). The tenure of the Bonds can be extended for further period or periods by the Bondholders on similar terms.
5. The New Co. has the option to redeem the Bonds by pre-payment without incurring any pre-payment premium.
6. The Bonds will be interest free i.e. they will carry a Coupon Rate of 0%.
7. The Bonds shall be redeemed by the New Co. out of the expected proceeds from the Arbitration Award secured by the New Co. (vested after De-merger from the Sick Industrial Company) against the Maharashtra State Electricity Board within a period of 9 years from the date of issue of these Bonds. If the expected proceeds are received only in part during the 9-year term, then the Bond shall also be redeemed on a pro rata basis in the ratio of the total amount of the Bond to the total expected proceeds from the Arbitration Award (i.e. Rs. 179,15,87,009, i.e. Rupees One Hundred Seventy Nine Core Fifteen Lacs Eighty Seven Thousand and Nine only). For instance, if the New Co. receives 50% of the total expected proceeds from the Arbitration Award, then it would redeem 50% of the Zero Coupon Bond to the Bondholders.
8. The Bonds will rank *pari passu* with each other and with every other Bond of any other Holder of the Class 'A' or Class 'B'.
9. The Bonds shall be transferable by an appropriate Transfer Deed duly signed by and / or on behalf of the Transferor(s) and by or on behalf of the Transferee(s) and specifying the name, address and occupation, if any, of the Transferee(s), which shall have been delivered to the New Co. at such address as may be notified by the New Co. from time to time along with the Bond Certificates, provided that the Bonds held by the Transferee are never less than 25 at the time of transfer.
10. Notwithstanding anything contained anywhere in any contract, deed, decree, award, covenant, undertaking, consent term or document, the Bonds shall always be subject to the stipulations contained in the Rehabilitation Scheme sanctioned by the BIFR on _____ exclusively.

Terms and Conditions (for Bond Class 'B')

1. The Bond shall be called "Zero Coupon Bonds" of Class 'B'.
2. The date of allotment shall be deemed to be the date of sanction of the Rehabilitation Scheme by the BIFR in Case No. 260 of 2001.

3. Each Bond shall be of a face value of Rs.1,00,000.00 each and one consolidated Certificate is issued to each Bond Holder.
4. The Bonds unless previously redeemed or repurchased by the New Co. shall be fully redeemed at Rs.1,00,000.00 each on _____(7 year term).
5. The New Co. has the option to redeem the Bonds by pre-payment without incurring any pre-payment premium.
6. The Bonds will be interest free i.e. they will carry a Coupon Rate of 0%.
7. The Bonds shall, be redeemed by the New Co. out of the expected proceeds from the Arbitration Award secured by the New Co. (vested after De-merger from the Sick Industrial Company) against the Maharashtra State Electricity Board within a period of 7 years from the date of issue of these Bonds on a Net Present Value basis calculated at a discounting rate of 6% per annum.
8. The Bonds shall be alternatively redeemed by the New Co. by a fresh issue of Equity Shares through a Public Issue / private placement of not more than 49% of the post issue diluted capital of the New Co. in case the proceeds of the Arbitration Award secured by the New Co. against the Maharashtra State Electricity Board are not recovered within a period of 7 years from the date of the issue of these Bonds. In case of any shortfall in the redemption via issue of Shares and / or the proceeds of the Arbitration Award, the Promoters will arrange funds for such complete redemption.
9. The Bonds will rank *pari passu* with each other and with every other Bond of any other Holder of the Class 'A' or Class 'B'.
10. The Bonds shall be transferable by an appropriate Transfer Deed duly signed by and / or on behalf of the Transferor(s) and by or on behalf of the Transferee(s) and specifying the name, address and occupation, if any, of the Transferee(s), which shall have been delivered to the New Co. at such address as may be notified by the New Co. from time to time along with the Bond Certificates, provided that the Bonds held by the Transferee are never less than 25 at the time of transfer.
11. Notwithstanding anything contained anywhere in any contract, deed, decree, award, covenant, undertaking, consent term or document, the Bonds shall always be subject to the stipulations contained in the Rehabilitation Scheme sanctioned by the BIFR on _____exclusively.

SCHEDULE VI

List (non-exhaustive) of liabilities to stand transferred to the Resulting Company
(Please see clause 4.1)

1. Any claims under the Central Excise Act, 1944 whether converted into Show Cause Notice or otherwise at any stage of proceeding subject to the cause of action having arisen on or before 31.3.2005 pertaining to the De-merged Company and on or after 31.3.2005 upto the date of sanction of the Scheme pertaining to or associated with the business of the De-merged Undertaking.
2. Any claims under the Customs Act whether converted into Show Cause Notice or otherwise at any stage of proceeding subject to the cause of action having arisen on or before 31.3.2005 pertaining to the De-merged Company and on or after 31.3.2005 upto the date of sanction of the Scheme pertaining to or associated with the business of the De-merged Undertaking.
3. Any Claims under the Bombay Sales Act and the Central Sales Tax Act whether converted into Show Cause Notice or otherwise at any stage of proceeding subject to the cause of action having arisen on or before 31.3.2005 pertaining to the De-merged Company and on or after 31.3.2005 upto the date of sanction of the Scheme pertaining to or associated with the business of the De-merged Undertaking.
4. Any claims under the Service Tax Act whether converted into Show Cause Notice or otherwise at any stage of proceeding subject to the cause of action having arisen on or before 31.3.2005 pertaining to the De-merged Company and on or after 31.3.2005 upto the date of sanction of the Scheme pertaining to or associated with the business of the De-merged Undertaking.

SCHEDULE VII

LIST OF CONSIGNMENTS (EXHAUSTIVE) WITH THE CENTRAL WAREHOUSING CORPORATION IN CUSTOMS BOND AT NASIK TO STAND TRANSFERRED TO TRANSFEREE COMPANY

[Please see Clause 3.3.2 (viii)]

Sr. No.	NSK Bond No. & Date	PRBT No. & Date	Item	Qty.	Value in Rs.	Duty in Rs.	Total Amount Rs.
1	34/97-98 09/07/1997	2672 3-06-97	Bihler Punching & Forming M/C	1 Set	25374411	13655493	39029904
2	91/97-98 09/12/1998	7578 26/11/1997	Bihler spares	1 Set	3316045	1784563	5100608
3	81/97-98 20/11/1997	TA 7223 17/11/1997	Klinkenblech (Lock 63A) Rukstellblech (Resetting Lever 63A)	40000 32728	 282428	 189471	 471899
4	104/97-98 13/01/1998	T-971 06/01/1998	Copper (Kg.) 1.0 X 21.80 0.8 X 20.35 1.2 X 23.00	3972 2314 3974	576493	386750	963243
5	112/98-99 02/02/1999	TA-5235 23/01/1999	Black Core	2485	406498	272705	679203
6	35/1999-2000 29/09/1999	TA - 1949 27/09/1999	Yoke Lever	4000 1000	39775	26686	66461

SCHEDULE VIII

LIST OF CONSIGNMENTS (EXHAUSTIVE) WITH THE CENTRAL WAREHOUSING CORPORATION IN CUSTOMS BOND AT NASIK TO STAND TRANSFERRED TO RESULTING COMPANY

(Please see Clause 2.2.6)

Sr. No.	NSK Bond No. & Date	PRBT No. & Date	Item	Qty.	Value in Rs.	Duty in Rs.	Total Amount Rs.
1	113/97-98 30-02-98	9440 28/01/1998	P.P. Flim 5/1262 5/0772	10225 6000	1283673	644897	1928570
2	13/98-99 08/05/1998	T -128 05/05/1998	Resin (Kg.) Hardener (Kg.)	3400 250	570991	383057	954048
3	16/98-99 14/05/1998	T-158 12/05/1998	Resin (Kg.) Hardener (Kg.)	4400 500	762382	511455	1273837
4	26/98-99 11/06/1998	TA-2205 03/06/1998	Al Cans 75 X 251	20000	1376997	558312	1935309
5	31/98-99 09/07/1998	TA-2300 23/06/1998	Hybrid I.C.75A Integrated Circuit	3840	136669	596426	733095
6	45/98-99 22/07/1998	TA-2736 17/07/1998	Integrated Circuit (Hong Kong)	1566	399418	104942	504360
7	56/98-99 20/08/1998	TA-03212 17/08/1998	Yoke Lever	15000	81027	54358	135385
8	57/98-99 20/08/1998	TA-3167 17/08/1998	Integrated Circuit (Hong Kong)	12000	173856	47420	221276

Sr. No.	NSK Bond No. & Date	PRBT No. & Date	Item	Qty.	Value in Rs.	Duty in Rs.	Total Amount Rs.
9	58/98-99 20/08/1998	TA-3166 17/08/1998	Integrated Circuit (Hong Kong)	882	223444	60944	284388
10	70/98-99 08/09/1998	TA-3439 31/08/1998	Integrated Circuit (Hong Kong)	6138	1577885	430371	2008256
11	71/98-99 08/09/1998	TA-3440 31/08/1998	Integrated Circuit (Hong Kong)	2106	543345	148199	691544
12	75/98-99 20/09/1998	TA-3722 18/09/1998	Integrated Circuit (Hong Kong)	4860	1226622	334564	1561186
13	76/98-99 20/09/1998	TA-3721 18/09/1998	Diodes BT -12- 600B BT- 26- 600B	14400 2440	566625	304933	871558
14	88/98-99 06/11/1998	TA-4299 03/11/1998	Intergrated Circuit BTA-41-600B	3720	291885	79611	371496
15	90/98-99 06/11/1998	TA-4279 02/11/1998 TA-4619	Intergrated Circuit MOC - 3083 Intergrated Circuit	26500	409483	111687	521170
16	96/98-99 04/12/1998	27/11/1998	MOC - 3083	30000	456737	124576	581313
17	98/98-99 04/12/1998	TA-4617 27/11/1998	Intergrated Circuit LOC- 504829CFN3	3996	1003804	273789	1277593
18	103/98-99 14/01/1999	TA-5099 11/01/1999	Hybrid I.C. 50A (Celduc)	9920	5083717	1386594	6470311
19	114/98-99 12/02/1999	TA-5430 08/02/1999	Intergrated Circuit MOC - 3083	30000	460168	125511	585679

Schedule IX
STAGE-WISE BALANCE SHEET AS ON MARCH 31, 2005

(Rs. In lacs)

	Existing DSL (Audited)	Residual DSL (After De-merger)
Equity Share Capital	995.09	895.58
Preference Share Capital	200.00	0.00
Reserves & Surplus	-32951.14	-11365.41
Capital Reserve (Due to De-merger)		12525.68
Loan Funds		
Secured Claims*	32394.00	1700.00
Zero Coupon Bonds		0.00
Unsecured		
Dealership Deposit*	42.57	0.00
Deferred Sales Tax Loan	415.02	415.02
Unsecured Loans from L & T Finance and IIDL	123.50	123.50
Other Unsecured Claims*	4730.11	0.00
DEFERRED TAX LIABILITY (NET)	-3676.31	-3676.31
TOTAL	2272.84	618.06
APPLICATION OF FUNDS		
Goodwill (Due to De-merger)		
Net Fixed Assets	2148.92	1308.06
Investments	15.56	0.00
Inter Company Balances		- 700.00
Current assets, Loans, Advances	1300.21	10.00
Other Non Current Assets	141.69	0.00
Sub Total	3606.38	618.06
Less : Current Liabilities & Provisions*	1333.54	0.00
TOTAL	2272.84	618.06

* Includes disputed claims

SCHEDULE X
LIST OF SECURED CLAIMS / CREDITORS (EXHAUSTIVE)

(Please see Clause 2.2.23)

Rs. In lakhs

Particulars	Principal	Total Outstanding
TERM LOAN		
Industrial Finance Corporation of India (IFCI)	3800	7834
Industrial Investment Bank of India (IIBI)	1500	4185
Industrial Development Bank of India (IDBI) (Stressed Asset Stabilisation Fund) and IDBI*	1500	3921
	1400	3439
Kotak Mahindra Bank Ltd	1234	3377
Sub-total	9434	22756
WORKING CAPITAL		
Corporation Bank	990	2541
Bank of Maharashtra	793	2714
Janalaxmi Coop. Bank Ltd.	100	909
Nashik Peoples Coop. Bank Ltd	300	2036
Sub-total	2183	8200
OPTIONALLY FULLY CONVERTIBLE DEBENTURES (OFCDs)	750	1438
- IFCI		
TOTAL	12367	32394

* Post merger

All amounts aforesaid are subject to any set off / adjustment / payment made between 1st April, 1999 upto the Effective Date to the respective Secured Creditor.

SCHEDULE XI
List of Specified Unsecured Creditors

(Please see clause 2.2.26)

Rs. In Lacs

Sr. No.	Name of Unsecured Creditor	Principal Claimed	15% amount of payment before sanction of Scheme	20% Term Loan amount	65% of the Bond Scheme amount Class 'A' / Class 'B'
1	The Ratnakar Bank Limited	117.51	17.62	23.50	76.38
2	The Vysya Bank Ltd.	156.06	23.40	31.21	101.45
3	Centurion Bank Ltd.	129.00	19.35	25.80	83.85
4	ICICI Bank Ltd. (1)	270.37	40.55	54.08	175.74
5	ICICI Bank Ltd. (2) (pertaining to Anagram Finance Ltd.)	83.93	12.58	16.77	54.58
	TOTAL	756.87	113.51	151.36	492.00

All amounts aforesaid are subject to any set off / adjustment / payment made between 1st April 1999 upto the Effective Date to the respective Unsecured Creditor.

Schedule XIA

**List of Creditors other than Secured Creditors or whose claims
are not accepted by the Sick Company**

(Please see clause 2.2.27)

(Rs. In Lacs)

Sr. No.	Name of the Unsecured Creditor	Amount of Unsecured Claim (Principal) (A)	60% of (A) i.e. net amount as Waived	40% of (A) i.e. Amount as Restructured
1	Lloyds Finance Ltd.	121.70	73.02	48.68
2	SICOM Ltd	129.91	77.95	51.96
3	Development Credit Bank Ltd.	174.94	104.96	69.97
4	Ind Bank Merchant Banking Services Ltd.	112.76	67.65	45.10
5	Abu Dhabi Bank Ltd A/c Nath Capital Financial Services Ltd.	83.18	49.91	33.27
6	Tata Mutual Fund	300.00	180.00	120.00
7	General Insurance Corporation of India Ltd	100.00	60.00	40.00
8	Life Insurance Corporation of India Ltd.	200.00	120.00	80.00
9	Comstruct Software	47.25	28.35	18.90
10	The Nashik Peoples Co-Op. Bank Ltd.*	600.00	360.00	240.00
11	The Janlaxmi Co-op. Bank Ltd.*	350.00	210.00	140.00
12	Polycab Industries Ltd.	88.16	52.89	35.26
13	Polycab Wires Pvt. Ltd.	0.62	0.37	0.24
14	Thermoflex Cable Industries	9.04	5.42	3.61
15	Kharkar Engineering Pvt. Ltd.	7.96	4.77	3.18
16	Sark Synertek Pvt. Ltd.	4.56	2.73	1.82
17	Shilchar Electronics Pvt. Ltd.	1.13	0.67	0.45
18	Raymonds Ltd.	10.98	6.59	4.39
19	Traffo Electronics	4.92	2.95	1.97
20	Siddhivinayak Industries	3.27	1.96	1.30
21	Jindal Iron & Steel Industries Ltd.	8.93	5.35	3.57
22	Kishore Enterprises	5.00	3.00	2.00
23	Polycoat Powders Ltd.	5.89	3.53	2.36
24	Diffusion Packaging and Plastics Pvt. Ltd.	6.48	3.89	2.59
25	Taiche Electronics Ltd.	6.53	3.92	2.61
26	Anu Enterprises	7.56	4.54	3.02
27	Riv Tool Enterprises	8.07	4.84	3.23
28	Supertech Industries	8.56	5.14	3.42
29	Shatakshi Engineering Pvt. Ltd.	8.60	5.16	3.44
30	Prathamesh Electro Products	13.00	7.80	5.20
31	Sudal Industries Ltd.	14.74	8.84	5.90
32	Thermopads Pvt. Ltd.	20.11	12.07	8.04
33	Efficient Methods	21.00	12.60	8.40
34	Rakesh Industrial Services	29.71	17.83	11.88
35	Zenith Metaplast Pvt. Ltd.	30.76	18.46	12.30
36	S.J. Mene & Co.	5.06	3.04	2.02
37	Hind Tools	3.47	2.08	1.39
38	Supim Engineering	4.45	2.67	1.78

Sr. No.	Name of the Unsecured Creditor	Amount of Unsecured Claim (Principal) (A)	60% of (A) i.e. net amount as Waived	40% of (A) i.e. Amount as Restructured
39	R.H. Engineering Corporation	4.56	2.74	1.82
40	Kahan Enterprises	22.01	13.21	8.80
41	Pooja Enterprises	1.20	0.72	0.48
42	Sai Krupa Engineering	1.16	0.70	0.46
43	Jayant Rubber Products	1.01	0.61	0.40
44	Copper Track Industries	1.20	0.72	0.48
45	Jayvin Enterprises	1.49	0.89	0.60
46	Anil Suppliers	1.45	0.87	0.58
47	Alan Electronics Systems Pvt. Ltd.	1.58	0.95	0.63
48	Continental Engineering	1.60	0.96	0.64
49	Perfect Art Printers	1.97	1.18	0.79
50	R.K.H. Tools	1.99	1.19	0.80
51	Usha Precision Products Pvt. Ltd.	2.12	1.27	0.85
52	Shobha Plastics	1.14	0.68	0.46
53	Add Value Software Pvt. Ltd.	7.00	4.20	2.80
	TOTAL	2609.78	1565.94	1043.84

Schedule XII

List of Subjudice Claims and proceedings incidental thereto (non-exhaustive) to stand transferred to Resulting Company

1. Any proceedings by or against the Sick Industrial Company by or against the Maharashtra State Electricity Board (MSEB) and/or its restructured entities including the Maharashtra State Government under Electricity Act, 2003 and/or any of the Officers / Directors of the said MSEB and/or the restructured entities.
2. Any proceedings against the Nasik Municipal Corporation for refund of Octroi.
3. Etcetera

SCHEDULE XIII

**List of Restructured Principal of Secured Creditors
Based on the debt restructuring, the restructured Principal shall be:**

Rs. In lakh

Name of the Secured Creditor	Outstanding Principal	35% of Principal	Upfront Payment	Restructured Term Loan	ZCB ("A" / "B" Class)
	(A)	(B)	(C)	(B-C)	(A-B)
Industrial Finance Corporation of India (IFCI)	3800.00	1330.00	522.36	807.64	2470.00
IFCI – OFCDs	750.00	262.50	103.10	159.40	487.50
Industrial Investment Bank of India	1500.00	525.00	206.19	318.81	975.00
Stressed Assets Stabilization Fund (IDBI)	1500.00	525.00	206.19	318.81	975.00
Kotak Mahindra Bank	1234.00	431.90	169.63	262.27	802.10
IDBI Bank	1400.00	490.00	192.45	297.55	910.00
Corporation Bank	990.00	346.50	136.09	210.41	643.50
Bank of Maharashtra	793.00	277.55	109.01	168.54	515.45
Janalaxmi Coop Bank Ltd.	100.00	35.00	13.75	21.25	65.00
The Nashik Peoples Co-op Bank Ltd.	300.00	105.00	41.24	63.76	195.00
TOTAL	12367.00	4328.45	1700.00	2628.45	8038.55

Balance Sheet of Newco as on 31.3.05/1.04.05 before and after incorporation of Assets & Liabilities of Electronic Division of DSL

PARTICULARS	New Co. as on 1.4.2005	Electronics Unit of DSL to be transferred to NEW Co.	New Co. (after adding assets/ Liabilities of DSL as on 1.4.2005
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
SOURCES OF FUNDS			
<i>Shareholder's Funds</i>			
Equity Share Capital	25.00	99.50	380.40
Preference Share Capital		200.00	200.00
Reserves & Surplus			260.00
<i>Loan Funds</i>			
Secured		2628.45	2628.45
Zero Coupon Bonds		8038.55	8038.55
Other Unsecured Claims		3272.77	3216.87
Dealership Deposit		42.57	42.57
TOTAL	25.00	14281.84	14766.84
APPLICATION OF FUNDS			
<i>Fixed Assets</i>			
Gross Block		857.70	857.70
Less Depreciation and impairment		0.00	0.00
Net Block		857.70	857.70
Goodwill (Due to De-merger)		12490.70	12490.70
Inter Company Balance		700.00	700.00
<i>Investments</i>		15.56	15.56
<i>Current Assets, Loans and advances</i>	15.00	1465.55	1480.55
Less:			

PARTICULARS	New Co. as on 1.4.2005	Electronics Unit of DSL to be transferred to NEW Co.	New Co. (after adding assets/ Liabilities of DSL as on 1.4.2005
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
Current Liabilities & Provisions			
Current Liabilities		1396.79	936.79
Provisions			
		1396.79	936.79
Net Current Assets		68.76	543.76
Other Non-Current Assets		149.12	149.12
Miscellaneous Expenditures (to the extent written off)	10.00		10.00
TOTAL	25.00	14281.84	14766.84
Check Digit	0.00	0.00	0.00
NET WORTH			
Share Capital		99.50	380.40
Reserve & Surplus		0.00	260.00

Balance Sheet of Larsen & Toubro Limited as at April 1, 2005

Rs. Lakhs

	L & T Prior to merger	Assets / Liabilities of DSL [Post de- merger] taken over	L & T post merger
	(Audited as on 31.03.05/01.04.05)	(As on 31.03.05/01.04.05)	(As on 31.03.05/01.04.05)
Sources of Funds			
Share Holders Funds			
Share Capital	2598.00		2598.00
Reserves & Surplus	334315.00		334315.00
Loan Funds			
Secured Loans	79372.00	1700.00	81072.00
Amt Payable to ICICI (OA) towards stat liab		700.00	700.00
Unsecured Loans	106534.00	538.00	107072.00
Deferred Tax Liabilities	21848.00		21848.00
Total	544667.00	2938.00	547605.00
Application of Funds			
Net Fixed Assets	105994.00	1308.00	107302.00
Intangible Assets [includes Goodwill]	2289.00	1620.00	3909.00
Assets held for Sale	23.00		23.00
Investments	96093.00		96093.00
Deferred Tax Assets	12395.00		12395.00
Net Current Assets	323884.00	10.00	323894.00
Miscellaneous Expenditure	3989.00		3989.00
Total	544667.00	2938.00	547605.00

Notes:

- Goodwill of Rs. 1620 lakhs arising out of merger of DSL operations [post de-merger] with L&T
- Calculation of Goodwill of Rs. 1620 Lakhs is as; Net Fixed Assets [Rs. 1308 Lakhs] minus total of Loan Funds [Rs. 2238 lakhs] and Net Liabilities [Rs. 690 lakhs] taken over by L&T

BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION
JAWAHAR VYAPAR BHAVAN, 1, TOLSTOY MARG, NEW DELHI-110 011
IN THE MATTER OF M/S DATAR SWITCHGEAR LTD
CASE NO. 260/2001 BENCH - I
TO WHOM IT MAY CONCERN

Short particulars of the Draft Rehabilitation Scheme prepared by the Board for Industrial and Financial Reconstruction (Bench-I) under Section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985 for rehabilitation of M/s Datar Switchgear Ltd (DSL).

M/s Datar Switchgear Ltd. was incorporated as a private limited company in Nasik in 1984. The company was engaged in the manufacture and marketing of electrical engineering products and solutions. In 1992, four leading financial investors invested Rs. 476 lacs in the equity capital of the company at a price of Rs. 40/- per share. Later in 1994, the company went public with its initial public offering at a price ranging between Rs. 95/- to Rs. 110/- per equity share. The operations of the company were profitable till the mid-nineties. In fact, the company had recorded impressive growth in turnover and profitability until 1996-97. It entered into a long term lease based contract with Maharashtra State Electricity Board for supply of LT Load Management Systems. This contract went into dispute and the company invoked arbitration proceedings. The invocation of arbitration and consequent termination of the contract caused a collapse of the business of the company and serious financial crunch. The company was declared sick on 31-07-2002.

The cost of revival is projected at Rs. 14754.00 lacs consisting of settlement with secured creditors (Rs. 12367 lacs), settlement with unsecured creditors (Rs. 757 lacs), settlement with unsecured creditors/claimants or whose claims are not accepted by DSL (Rs. 1044 lacs) and payment of Employees Due/Statutory dues (Rs. 586 lacs). The means of finance consist for Secured Creditors (Rs. 10667 lacs), for unsecured creditors (Banks) (Rs. 643 lacs). Other unsecured creditors (Rs. 1044 lacs) and proceeds from Transferee Company (to be deposited in Escrow Accounts and then to be utilized towards meeting cost of scheme (Rs. 2400 lacs).

Reliefs and concessions are required from Industrial Finance Corporation of India Ltd (including OFCDs), Industrial Investment Bank of India Ltd., Stressed Asset Stabilization Fund, Kotak Mahindra Bank, IDBI Bank, Corporation Bank, Bank of Maharashtra, Janalaxmi Cooperative Bank Ltd, Nasik Peoples Cooperative Bank Ltd, Government of Maharashtra, State Industrial Corporation of Maharashtra and Western Maharashtra Development Corporation, Maharashtra Industrial Development Corporation, Nasik Municipal Corporation, Central Warehousing Corporation, Preference Share Holders, Promoters, Larsen and Toubro Ltd (Transferee Company), SEBI and Central Government (EPF, CBDT, DIT(R), Central Excise, ESIC). The cut off date of the scheme is 31.03.2005.

Details of the dues of pressing and other unsecured creditors as per list furnished by the company and the extent to which they are proposed to be settled/waived under the scheme form part of the DRS, **which is available for inspection of all concerned in the Registrar's Office during working hours on all working days in the Board.**

Shareholders, creditors, recognized workers' unions and any other stake holder having suggestions/objections to the DRS should send the same in quadruplicate on or before 14.09.2006. **In the absence of receipt of any objections from the concerned within the due date, the Bench may presume the concurrence of the concerned creditors as per law.** Those desirous of being heard in person should also send prior intimation to the Board.

The Operating Agency is ICICI, C-23 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 (FAX-22-6531373)

THE MATTER WILL BE HEARD ON 14.09.2006 AT 11-00 A.M.

BY ORDER OF THE BOARD

SIGNED

(Anoop Kumar)
Bench Officer

Dated : 29 June 2006

CASE NO.: 260/2001, M/S DATAR SWITCHGEAR LIMITED

1. THE CHAIRMAN & M.D.,
M/S. DATAR SWITCHGEAR LIMITED.,
DATAR APPTS.,
COMMERCIAL COMPLEX,
VAKILWADI, NASIK
2. THE CHAIRMAN & M.D.,
ICICI TOWERS,
BANDRA-KURLA COMPLEX,
MUMBAI - 400051.
FAX NO: 022-6531122.
3. THE CMD,
I.D.B.I.,
CUFFE PARADE,
WTC COMPLEX,
MUMBAI - 400005.
Fax No: 022-2181294
4. THE CMD,
I.I.B.I.,
19, NETAJI SUBHASH ROAD
KOLKATTA - 700001
FAX NO: 2207182
5. THE CMD,
IFCI, IFCI TOWER,
10TH FLOOR,
61, NEHRU PLACE,
N. DELHI -110019.
FAX NO: 6488471.
6. THE CMD,
CORPORATION BANK,
H.O.: MANGADEI,
TEMPLE ROAD,
MANGALORE - 575001.
7. THE CMD,
DEVELOPMENT CREDIT BANK LTD.,
904, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI.
8. THE CMD,
ICICI BANK LTD,
C-23, BANDRA-KURLA COMPLEX,
MUMBAI.
FAX NO: 022-26531122
9. THE CMD
CENTURIAN BANK,
25/26, MAKER CHAMBERS III,
NARIMAN POINT,
MUMBAI - 400021
10. THE CMD,
L.I.C., HEAD OFFICE,
'YOGAKSHEMA', JEEVAN BIMA MARG,
NARIMAN POINT, MUMBAI - 400021
FAX NO : 2810448
11. THE CMD,
G.I.C.,
INDUSTRIAL INSURANCE BUILDING,
CHURCH GATE,
MUMBAI - 400001
12. THE CMD,
BANK OF MAHARASHTRA,
'LOKMANGAL'
1501, SHIVAJI NAGAR,
PUNE - 411005
13. THE CMD,
IDBI BANK,
'IDBI HOUSE',
DNYANESHWAR,
PADUKA CHOWK,
FERGUSSON COLLEGE ROAD,
SHIVAJI NAGAR,
PUNE - 411004.
14. THE CMD,
THE VYSYA BANK LIMITED.,
5TH FLOOR, DHONDUSA COMPLEX,
RICHMOND CIRCLE,
RESIDENCY ROAD
BANGALORE-560025
15. THE CMD,
THE VYSYA BANK LIMITED.,
5TH FLOOR, DHONDUSA COMPLEX,
RICHMOND CIRCLE,
RESIDENCY ROAD
BANGALORE-560025
16. THE CMD,
THE JANALAXMI CO-OP. BANK LTD.,
"SAMRUDDHI"
GADKARI CHOWK,
OLD AGRA ROAD,
NASIK-422002.
17. THE CMD,
THE NASIK PEOPLES
CO-OP. BANK LIMITED.,
'KUBER', 480/5, GOLE COLONY,
NASIK - 422002.
18. THE DEV COMMISSIONER,
DIRECTORATE OF INDUSTRIES,
NEW ADMINISTRATIVE BUILDING,
MADAM CAMA ROAD,
MUMBAI - 400032.
19. THE COLLECTOR,
CENTRAL EXCISE,
P. SURANA COMPLEX,
JAFAR GATE, MONDHA ROAD
AURANGABAD - 431001.

- 20 THE CMD,
M.S.E.B.,
"PRAKASHGAD" BANDRA (E)
MUMBAI – 51
21. THE RPFC,
Bhavishyanidhi Bhawan,
341, Bandra (East), Mumbai-400051.
Fax - 26476476.
22. THE DIRECTOR OF INCOME TAX (R)
Mayur Bhawan,
Connaught Place,
New Delhi. Fax 341 1335.
23. The Director General,
ESIC,
ESIC Regional Office,
Rajendra Bhawan, Rajendra Place,
NEW DELHI - 110008.
24. THE DGM,
STRESSED ASSETS STABILIZATION
FUND,
5-9-89/1 & 2, Chapel Road,
Hyderabad - 500 001.
Fax - 040-23230613.
25. THE M.D,
S.I.C.O.M.,
NIRMAL BLDG.,
1ST FLOOR, NARIMAN POINT,
MUMBAI - 400021.
26. THE CMD,
SEBI,
224/A, Mittal Court, 'A' Wing, IInd Floor,
Nariman Point,
Mumbai - 400 021.
Fax – 2824071.
27. THE CMD,
KOTAK MAHINDRA,
5-3/2, Mittal Court,
224, Nariman Point,
Mumbai-400 021
28. THE CMD,
Plot No. H-108,
MIDC, Ambad,
Nasik
29. THE CMD,
Nasik Municipal Corporation,
Plot No. F-8, & H-108,
MIDC, Ambad, Nasik.
30. THE CMD,
Central Warehousing Corporation,
Ambad,
Nasik
31. THE CMD,
Larsen & Toubro Ltd.,
L&T House, Ballard Estate,
P.O. Box-278, Mumbai-400 001.
Fax - 22-67525858.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION**

**COMPANY SCHEME PETITION NO. 651 OF 2013
CONNECTED WITH
COMPANY SUMMONS FOR DIRECTION NO. 557 OF 2013**

Larsen and Toubro Limited

... Petitioner/Transferor Co.

AND

**COMPANY SCHEME PETITION NO. 652 OF 2013
CONNECTED WITH
COMPANY SUMMONS FOR DIRECTION NO. 558 OF 2013**

Larsen and Toubro Hydrocarbon Engineering Limited

... Petitioner/Transferee Co.

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 Arrangement between Larsen & Toubro Limited ("the Transferor Company") and L&T Hydrocarbon Engineering Limited ("the Transferee Company") and their respective Shareholders and Creditors

Mr. Hemant Sethi i/by Hemant Sethi & Co. for the Petitioners all the Petitions.

Mr. Sagar Divekar for NPCC, Unsecured Creditor.

Mr. Satish Upadhyay by M.V. Kini & Co. for the ONGC.

Mr. Hemant Mehta with Mr. Vishal Mehta by M/s. Mehta & Co. for Nuovo Pignone of Italy, unsecured Creditor.

Mr. K. R. Chaudhari with Mr. Rajiv Chavan for the Regional Director is present.

Coram : N. M. Jamdar, J.

Date : 20 December, 2013

P.C. :

1. The sanction of the Court is sought under Sections 391 to 394 of the Companies Act, 1956, to the Scheme of Arrangement between Larsen & Toubro Limited, L&T Hydrocarbon Engineering Limited and their respective shareholders and creditors.
2. The learned Counsel for the Petitioner Companies states that the Transferor Company is currently engaged, *inter alia*, in the business of providing technology, engineering, construction, manufacturing and financial services and the Transferee Company currently has no operations and is, *inter alia*, proposed to be engaged

in providing and undertaking design to build engineering, procurement and construction solutions on turnkey basis in oil & gas, petroleum refining, chemicals & petrochemicals and fertiliser sectors, pipelines, which include front end design through engineering, procurement, fabrication, project Management, construction and installation up to commissioning services.

3. The main benefits of the proposed Scheme of Arrangement will be:
 - i. Attracting and retaining domain intense talent.
 - ii. Focused leadership and Management attention
 - iii. Developing and strengthening competencies already built in HCIC
 - iv. Creating a niche in the Hydrocarbon Sector towards building a strong brand image.
 - v. Capitalizing on the global growth opportunities in Hydrocarbon sector towards a wider reach into international markets
 - vi. Providing greater levels of empowerment to enhance competitiveness, increase accountability and strengthen performance culture.
 - vii. Facilitating benchmarking with established global peers in the Hydrocarbon sector, thereby bringing in improved efficiency in its operations, enhanced competitiveness & accountability and strengthen performance culture.
 - viii. Enhancing Shareholder Value.
4. The Petitioner Companies approved the said Scheme of Arrangement by passing the Board Resolution in their respective meetings and which are annexed to the respective Company Scheme Petitions.
5. The learned Counsel for the Petitioner Companies submits that the Petitioner Companies have complied with all the directions passed in respect of Company Summons for Direction and Company Scheme Petitions which have been filed in consonance with the orders passed in respect of Company Summons for Direction.
6. Counsel appearing on behalf of the Petitioners has stated that they have complied with all the requirements as per directions of this court and they have filed necessary Affidavits of compliance in the Court. Moreover, Petitioner Companies undertake to comply with all statutory requirements, if any, as required under the Companies Act, 1956 and the Rules made there under. The said undertaking is accepted.
7. The Regional Director has filed an Affidavit on 18th October, 2013 stating therein that save and except as stated in paragraphs 6 of the said Affidavit, it appears that Scheme is not prejudicial to the interest of the shareholders and public. In paragraph 6 of the said Affidavit it is stated that:

“That the Deponent further submits that this Scheme of Arrangement is non fulfillment of all the condition of Section 2(19)AA of Income Tax Act and hence not eligible for tax benefit in as much as, for transferring the undertaking consideration is payable by cash to the Transferor Company contrary to issue of shares by Transferee Company to the shareholder of Transferor Company. Though the transfer is between a holding company and wholly owned subsidiary company, this Arrangement is not by way of Demerger within the meaning of Income Tax Act, and this transfer would tantamount to ‘Sale’ and hence any Capital Gain Tax arising out of this transfer has to be met by Transferor Company.”
8. As far as observations made in paragraph 6 of the Affidavit of the Regional Director is concerned, the Petitioner/ Transferor Company through their Counsel undertakes that all applicable taxes on Capital Gains arising on account of this transaction, if any, will be paid by the Transferor Company. The said Undertaking given by the Petitioner is accepted.
9. The Learned Counsel for Regional Director on instructions of Mr. M. Chandanamuthu, Joint Director in the office of the Regional Director, Ministry of Corporate Affairs, Western Region, Mumbai states that they are satisfied with the undertaking given by the Petitioner/Transferor Company. The said undertaking given by the Petitioner Company is accepted.
10. Some objectors had come forward to object to the Scheme. By the orders passed earlier it was noted that the most of the Objections were settled. The Counsel for NPCC states that they have filed an Affidavit dated 29th November 2013 requesting this court for permission to withdraw its earlier affidavit of opposition dated 18th November 2013. NPCC is accordingly allowed to withdraw the same. The learned counsel appearing for the ONGC states that there are certain contracts which are in existence between the petitioner companies and

the ONGC and they will be affected if the Scheme is sanctioned. The learned counsel for the petitioners states that this apprehension is not warranted as so far as 15 contracts are concerned, the Transferee Company has given Parent Company Guarantee. The learned counsel for the petitioner further submits that if there are any other contracts which would be transferred to the transferee company and similar guarantees will be given. This statement is accepted by the learned counsel for the ONGC.

11. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy. None of the parties concerned has come forward to oppose the scheme.
12. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition No. 651 of 2013 and 652 of 2013 filed by the Petitioner Companies are made absolute in terms of prayer clause (a) of the Petition.
13. The Petitioner Company to lodge a copy of this order and the Scheme duly authenticated by the Company Registrar, High Court (O.S.), Bombay, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt of this order.
14. Petitioner is directed to file a copy of this order along with a copy of the Scheme of Arrangement with the concerned Registrar of Companies, electronically, along with E-Form 21 in addition to physical copy as per provisions of law.
15. The Petitioners in all the Company Petitions to pay costs of Rs.10,000/- to the Regional Director, Western Region, Mumbai. Costs to be paid within four weeks from today.
16. Filing and issuance of the drawn up order is dispensed with.
17. All concerned authorities to act on a copy of this order along with Scheme duly authenticated by the Company Registrar, High Court, Bombay.

(N. M. JAMDAR, J.)

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SCHEME OF ARRANGEMENT

**UNDER SECTION 391 READ
WITH SECTION 394 OF THE
COMPANIES ACT, 1956**

BETWEEN

LARSEN & TOUBRO LIMITED

...The Transferor Company

And

**L&T HYDROCARBON
ENGINEERING LIMITED**

...The Transferee Company

And

**THEIR RESPECTIVE SHAREHOLDERS
AND CREDITORS**

**In respect of the transfer of an Undertaking of Larsen & Toubro Limited to
L&T Hydrocarbon Engineering Limited**

SCHEME OF ARRANGEMENT
BETWEEN
LARSEN & TOUBRO LIMITED
AND
L&T HYDROCARBON ENGINEERING LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND
CREDITORS
UNDER SECTION 391 READ WITH SECTION 394
OF THE COMPANIES ACT, 1956

A: PREAMBLE

1. Larsen & Toubro Limited (“**Transferor Company**”) is a public limited company incorporated under the provisions of the Companies Act, 1913, having its registered office at L&T House, Ballard Estate, Mumbai - 400 001. The Transferor Company is primarily engaged in providing technology, engineering, construction, manufacturing and financial services. The equity shares of the Transferor Company are listed on the BSE Limited and the National Stock Exchange of India Limited. The Global Depository Receipts (GDRs) of the Transferor Company are listed on the Luxembourg Stock Exchange and the London Stock Exchange.

L&T Hydrocarbon Engineering Limited (“**Transferee Company**”) is a company incorporated under the Companies Act, 1956, having its registered office at L&T House, Ballard Estate, Mumbai - 400 001. The Transferee Company is, *inter alia*, proposed to be engaged in providing and undertaking design to build engineering, procurement and construction solutions on turnkey basis in oil & gas, petroleum refining, chemicals & petrochemicals and fertiliser sectors, pipelines, which include front end design through engineering, procurement, fabrication, project Management, construction and installation up to commissioning services. Currently, it does not carry on any business operations. The Transferee Company was formerly known as “L&T Technologies Limited”. The name change was approved by the Registrar of Companies, Mumbai on May 21, 2013.
2. The Transferor Company is operating in multiple businesses. Hydrocarbon IC undertaking (hereinafter referred to as “**HCIC**”) is one such business. In order to provide Management the opportunity to pursue focused growth opportunities and to enhance the overall shareholder value, it is proposed that the HCIC of the Transferor Company be carved out from the Transferor Company and transferred as a going concern to the Transferee Company, a wholly owned subsidiary of the Transferor Company. Considering the growth opportunities in the Hydrocarbon sector, the need for strengthening managerial bandwidth, etc., it is considered desirable to keep the Transferee Company as a wholly owned subsidiary of the Transferor Company.

Rationale for the scheme:

HCIC has ambitious plans for the growth of its business over the strategic plan. The plan includes significant participation in international markets for which it is necessary to create a robust leadership team. This is augmented by:

- Attracting and retaining domain intense talent.
- Focused leadership & Management attention:
Transfer of HCIC to a separate legal entity would facilitate business growth through greater levels of empowerment. It will enable the Management of the Transferee Company to have focused attention on the Hydrocarbon business and create increased opportunities for leadership development.
- Developing and strengthening competencies already built in the HCIC:
The Transferee Company will be focused on Hydrocarbon business and this would help in attracting the best talent from the industry which is specialized in the Hydrocarbon business.
- Creating a niche in the Hydrocarbon sector towards building a strong brand image.
- Capitalizing on the global growth opportunities in Hydrocarbon sector towards a wider reach into international markets:
Considering the global growth opportunities in the Hydrocarbon sector, the Management Board of Directors of the Transferor Company considered it timely and appropriate to carve - out HCIC into a separate entity which can focus exclusively on Hydrocarbon related businesses and strengthen competencies in these business areas while ensuring a wider reach into international markets.
- Providing greater levels of empowerment to enhance competitiveness, increase accountability and strengthen performance culture.
- Facilitating benchmarking with established global peers in the Hydrocarbon sector, thereby bringing in improved efficiency in its operations, enhanced competitiveness & accountability and strengthen performance culture.
- Enhancing Shareholder Value.

3. Therefore, with a view to achieve the above, the Transferor Company proposes that the Transferred Undertaking (defined hereinafter) be transferred to and vested in the Transferee Company by way of business transfer on a going concern basis to be undertaken through this Scheme (defined hereinafter) under the provisions of Sections 391-394 and other relevant provisions of the Act (defined hereinafter), for such consideration and in such manner as provided for in this Scheme (defined hereinafter).
4. This Scheme under Sections 391 to 394 of the Companies Act, 1956, provides for the transfer of entire business of Transferred Undertaking (defined hereinafter) of the Transferor Company by way of business transfer on a going concern basis to the Transferee Company.
5. Upon the sanction of the Scheme by the High Court (defined hereinafter) and the Scheme becoming effective on the Effective Date (defined hereinafter), the Transferred Undertaking shall stand transferred to, and be vested in, the Transferee Company on and from the Appointed Date (defined hereinafter) for all intent and purposes.
6. This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.

B: PARTS OF THE SCHEME

- (i) **Part I** deals with the Definitions and Share Capital of the Transferee Company and Transferor Company;
- (ii) **Part II** deals with the mechanics of the transfer of the Transferred Undertaking, by way of a business transfer, on a going concern basis for consideration being discharged in cash;
- (iii) **Part III** deals with General Terms and Conditions.

PART I - DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings as provided anywhere in the body of this Scheme and as defined in this Part I:

- (a) **“Act”** means the Companies Act, 1956 or any statutory modification or re-enactment thereof;
- (b) **“Arrangement”** means the term “arrangement” as referred to and understood under the provisions of Sections 391 to 394 of the Act;
- (c) **“Appointed Date”** means opening of business hours on April 1, 2013;
- (d) **“Board of Directors”** in relation to each of the Transferee Company and the Transferor Company, as the case may be, shall, also include a committee of directors.
- (e) **“Consideration”** shall have the meaning ascribed to it in Clause 5 hereof;
- (f) **“Court” or “High Court”** means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with any of the powers of a High Court under the Act;
- (g) **“Effective Date”** shall have the meaning ascribed to it in Clause 19.2 hereof;
- (h) **“ESOP Schemes”** shall have the meaning ascribed to it in Clause 14 hereof;
- (i) **“HCIC”** means undertaking engaged in the activities comprising of design to build engineering, procurement and construction solutions on turnkey basis in oil & gas, petroleum refining, chemicals & petrochemicals and fertiliser sectors, pipelines, which include front end design through engineering, procurement, fabrication, project Management, construction and installation up to commissioning services of the Transferor Company which is carried on as an independent business with identifiable revenue streams, dedicated employees and self-supporting infrastructure;
- (j) **“Intellectual Property”** shall have the meaning ascribed to it in Clause 15 hereof;
- (k) **“Remaining Business”** means all the business and the divisions of the Transferor Company, other than the Transferred Undertaking;
- (l) **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form submitted to the High Court or with any modification(s) made under Clause 18 of this Scheme or with such other modifications / amendments as the High Court may direct;
- (m) **“Transferred Undertaking”** means Transferor Company’s entire undertaking, business, activities and operations pertaining to the HCIC, including all movable properties and liabilities, of whatsoever nature and kind and wheresoever situated, of the Transferor Company, including the units, whether in a SEZ or otherwise, pertaining to HCIC, including the branches and offices, whether Indian or foreign, pertaining to HCIC. The term Transferred Undertaking shall include the following:-
 - (i) All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible) wherever situated and of whatever nature, pertaining thereto through which the Transferor Company carries on the business, activities and operations relating to the HCIC .
 - (ii) All present and future liabilities (including contingent liabilities) loans, debts (whether secured or unsecured) raised or incurred, current liabilities and provisions, duties and obligations of every kind, nature and description whatsoever and howsoever arising or accruing in relation to the business activities and/or operations relating solely to the HCIC.
 - (iii) Specific identified reserves pertaining to the HCIC.
 - (iv) Without prejudice to the generality of the above, HCIC shall also include in particular:
 - a. Factory buildings, workshops, warehouses, plant and machinery, equipments, furniture and fixture, vehicles and any other fixed assets in relation to the HCIC;
 - b. All current assets, inventory, stock-in-trade, unbilled work-in-progress, account receivables, loans and advances, prepaid expenses and other assets in relation to the HCIC;
 - c. Cash and cash equivalents, bank balances and bank accounts relating to the HCIC, if any;

- d. Security deposits, advances, earnest monies, advance lease rentals or other payments made to or received from the lessors or suppliers or service providers in relation to the HCIC;
- e. All agreements (including lease agreements and leave and license agreements), rights, contracts (including customer contracts of every nature and revenue and receipts associated therewith), entitlements, pre-qualifications, permits, licenses, registrations, insurance policies, approvals, consents, engagements, arrangements, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever (including but not limited to benefits of tax relief under the Income-tax Act, 1961, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) relating to the HCIC;
- f. All employees of the Transferor Company who are engaged in relation to or in connection with the HCIC;
- g. All necessary records, files, documents, reports, papers, computer programs, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form in connection with or relating to the HCIC;
- h. All Intellectual Property rights (including patents, know-how, trade secrets) owned or licensed, records, files, papers, data and documents relating to and / or attributable to HCIC;
- i. All pending litigations or proceedings filed by or against the Transferor Company pertaining to the HCIC;
- j. All loans specifically raised and utilized for the activities or operations of the HCIC and cash credit facilities availed of by the Transferor Company for the purposes of the HCIC and other liabilities incurred in connection therewith; and
- k. Right to use the work experience, qualifications, capabilities, legacies and track record with National & International Hydrocarbon Companies, Government / Non – Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financials, etc.) of the Transferor Company, whether or not pertaining to the Transferred Undertaking, acquired by reason of the completion of various projects and works, certificates of completion of projects or works issued by the clients and the right to use all these for qualifying for any tender or project that may be issued at any time;

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the HCIC or whether it arises out of the activities or operations of the HCIC shall be decided by mutual agreement between the Transferor Company and the Transferee Company.

2. DATE OF COMING INTO EFFECT

- 2.1. The Scheme in its present form or with any modification approved or imposed or directed by the High Court shall be effective from the Appointed Date but shall be operative from the Effective Date.
- 2.2. Any reference in this Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon the coming into effect of the Scheme” shall mean the Effective Date.

3. SHARE CAPITAL

- 3.1. The authorized, issued, subscribed and paid up share capital of the Transferor Company as on March 31, 2013 is as under:

Particulars	Rupees
Authorized Share Capital	
1,62,50,00, 000 Equity Shares of Rs. 2/- each	32,500,00,000
Total	32,500,00,000
Issued, Subscribed and Paid-up Share Capital	
61,53,85,981 Equity Shares of Rs. 2/- each	12,307,71,962
Total	12,307,71,962

- 3.2. The authorized, issued, subscribed and paid up share capital of the Transferee Company as on March 31, 2013 is as under:

Particulars	Rupees
Authorized Capital	
50,000 Equity Shares of Rs. 10/- each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs. 10/- each fully paid up	5,00,000
Total	5,00,000

PART II - TRANSFER OF THE TRANSFERRED UNDERTAKING

4. TRANSFER OF TRANSFERRED UNDERTAKING

The Transferred Undertaking shall be transferred for the Consideration to the Transferor Company, as detailed in Clause 5 of the Scheme. It is hereby clarified that the Remaining Business shall continue to vest in the Transferor Company.

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferred Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Transferred Undertaking) pursuant to the provisions of Sections 391 to 394 of the Act shall stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company by way of business transfer, on a going concern basis without any further act, deed, matter or thing in the following manner:

4.1. Assets

- (a) The whole of the Transferred Undertaking shall without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Transferee Company so as to vest in the Transferee Company all rights, title and interest pertaining to the Transferred Undertaking;
- (b) All assets, investments, right, title or interest acquired by the Transferor Company after the Appointed Date but prior to the Effective Date in relation to the Transferred Undertaking shall also, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act, and
- (c) All the movable assets of the Transferred Undertaking and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, shall be so transferred to the Transferee Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date. Such date of delivery shall be within 30 (thirty) days from the Effective Date or such other date as may be mutually agreed upon by the Transferor Company and the Transferee Company.
- (d) In respect of any movable assets of the Transferred Undertaking which are incapable of transfer by physical delivery, including actionable claims, sundry debtors, allocable miscellaneous expenditure, 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, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Court having sanctioned this Scheme 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 realize the same stands transferred to the Transferee Company and that appropriate entries should be made in their respective books to record the aforesaid changes.

4.2. Contracts

- (a) All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favor of, as the case may be, the Transferee Company in which the Transferred Undertaking vests by way of business transfer hereunder

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

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

4.3. Liabilities

- (a) All debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Transferred Undertaking shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and 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, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause;
- (b) Where any of the loans raised and used, liabilities and obligations incurred, duties and obligations of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company; and
- (c) All loans raised and used and all liabilities and obligations incurred by the Transferor Company for the operations of the Transferred Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, liabilities, duties and obligations of the Transferee Company which shall meet discharge and satisfy the same.

4.4. Specific identified reserves: All balances as on Appointed Date pertaining to Hedging reserves created as per Accounting Standards in relation to contracts which are specifically identified for HCIC shall be transferred to and be deemed to be transferred to the Transferee Company.

4.5. Licenses and Permissions

- (a) Any statutory licenses, permissions or approvals or consents held by the Transferor Company required to carry on operations of the Transferred Undertaking shall stand vested in or transferred to the Transferee Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favor of the Transferee Company and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to the Transferee Company as if they were originally obtained by the Transferee Company. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Governmental Authority or by any other person, or availed of by the Transferor Company relating to the Transferred Undertaking, are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions as applicable to the Transferor Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to the Transferee Company.

4.6. Security

- (a) In so far as the assets are concerned, the security and charge over them relating to any liabilities pertaining to the business other than HCIC, or liabilities of the Transferor Company other than the liabilities of HCIC, shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to any liabilities of the Remaining Business. Without prejudice to the foregoing and

with effect from the Effective Date, the Transferor Company and the Transferee Company shall execute all such instruments or documents or do all such acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the concerned Registrar of Companies to give formal effect to the above provisions, if required.

4.7. Others

- (a) All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company pertaining to the Transferred Undertaking after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. Similarly, the banker of the Transferee Company shall honour all cheques issued by the Transferor Company pertaining to the Transferred Undertaking for payment after the Effective Date. If required, the Transferor Company may allow maintaining of banks accounts in the name of Transferor Company by the Transferee Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company in connection with the business of the Transferred Undertaking. It is hereby expressly clarified that any Proceedings (defined hereinafter) by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company pertaining to the Transferred Undertaking shall be instituted, or as the case may be, continued, by or against, the Transferee Company after the coming into effect of the Scheme.
- (b) Upon the Scheme becoming effective, the work experience, qualifications, capabilities, legacies and track record with National & International Hydrocarbon Companies, Government / Non – Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financials etc) of the Transferor Company acquired by reason of the completion of various projects and works pertaining to HCIC and certificates of completion of projects or works pertaining to HCIC issued by the clients of the Transferor Company shall deemed to be part of and belonging to the Transferee Company and shall for all purposes be regarded as the work experience and qualification, capabilities and legacies (including technical parameters, past performance, track record, financials etc) and certificates of completion of the Transferee Company.

5. CONSIDERATION

- 5.1. Subject to the terms and conditions of this Scheme, in consideration of the transfer of the Transferred Undertaking by the Transferor Company to the Transferee Company upon the terms of this Scheme, the Transferee Company shall be required to pay lump sum cash Consideration of Rs. 1,760 Crores (Rupees One Thousand Seven Hundred Sixty Crores only)(“**Consideration**”)to the Transferor Company based on the book values of the assets, liabilities and specific identified reserves being transferred of the Transferred Undertaking as on the Appointed Date.
- 5.2. The cash Consideration would be discharged by the Transferee Company within 90 business days of the Effective Date or such other date, as may be mutually decided by the board of directors or the authorized officials of the Transferor Company and the Transferee Company.

6. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEE COMPANY

- 6.1. Upon the Scheme becoming effective, the Transferee Company shall account for the Scheme, with effect from the Appointed Date as under:
- (a) The Transferee Company shall record the assets, liabilities and specific identified reserves pertaining to the Transferred Undertaking vested in it in accordance with Clause 4, as per the book values attributable to such assets, liabilities and specific identified reserves.
- (b) The excess, if any, of the balances as recorded under Clause 6.1 (a) above over the Consideration as detailed in Clause 5 shall be recorded as and credited as capital reserve in the books of the Transferee Company. The shortfall, if any, shall be recorded as goodwill in the books of Transferee Company.

7. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY

- 7.1. Upon the Scheme becoming effective, the Transferor Company shall account for the Scheme, with effect from the Appointed Date as under:

- (a) The accounts representing the assets, liabilities and specific identified reserves pertaining to the Transferred Undertaking shall stand reduced / closed on transfer to the Transferee Company in accordance with Clause 4.
- (b) Any difference between the items mentioned in Clause 7.1(a) above and Consideration as detailed in Clause 5 shall be adjusted by the Transferor Company in its profit and loss account.

8. IMMOVABLE PROPERTY OF TRANSFEROR COMPANY

Within a reasonable period from the Scheme becoming effective, the Transferor Company and Transferee Company shall do all acts, deeds and things necessary for entering into separate agreements/ arrangements for conveyance in perpetuity, lease, leave and license and/ or use of immovable properties and/ or common utilities of the Transferor Company which are used by the Transferred Undertaking, for such period as may be mutually agreed by the Transferor Company and the Transferee Company. Such immovable properties shall be identified and agreed mutually by the Transferor Company and the Transferee Company through their authorized signatories.

The aforesaid agreements/ arrangements shall inter-alia provide for payment to the Transferor Company for the period from the Appointed Date to the Effective Date which shall deem to accrue and arise on the Effective Date.

9. ASSETS TO BE HELD ON TRUST

If any asset relating to the Transferred Undertaking (including but not limited to any estate, rights, title, interest in or authorities relating to such asset) which the Transferor Company owns, cannot be transferred to the Transferee Company, for the time being for any reason whatsoever, the Transferor Company shall (i) hold such asset in trust for the sole benefit of the Transferee Company till the same is transferred; and (ii) make best efforts to transfer such asset to the Transferee Company within the earliest possible period after the Scheme becomes effective.

10. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

- 10.1. With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Transferred Undertaking for and on account of and in trust for the Transferee Company.
- 10.2. All profits accruing to the Transferor Company or losses, arising or incurred by the Transferor Company in relation to the Transferred Undertaking for the period commencing from the Appointed Date to the Effective Date shall, for all purposes, be treated as the profits or losses, as the case may be, of the Transferee Company.
- 10.3. Any income or profit accruing or arising to the Transferor Company in relation to the Transferred Undertaking and all costs, charges, expenses, losses or taxes (including but not limited to advance tax, tax deducted at source, service tax, VAT, other indirect taxes, etc.), arising or incurred by the Transferor Company in relation to the Transferred Undertaking for any period commencing on or after the Appointed Date shall for all purposes be treated as the income, profits, costs, charges, expenses, losses or taxes, as the case may be, of the Transferee Company.
- 10.4. All compliances with respect to advance tax, withholding taxes or tax deduction at source, service tax, VAT, other indirect taxes, etc. to be done or done by the Transferor Company in relation to the Transferred Undertaking shall for all purposes be treated as compliances to be done or done by the Transferee Company.
- 10.5. The Transferor Company hereby confirms that it has, and shall continue upto the Effective Date, to preserve and carry on the Transferred Undertaking with due diligence, prudence and that it will not, without the prior consultation with the Transferee Company, alienate, charge or otherwise deal with or dispose of the Transferred Undertaking or any part thereof or recruit any new employees (in each case except in the ordinary course of business) or undertake substantial expansion of the Transferred Undertaking, other than expansions which have already commenced or which are in the ordinary course of business, prior to the Appointed Date.

11. LEGAL PROCEEDINGS

- 11.1. From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ("**Proceedings**") by or against the Transferor Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Transferred Undertaking shall be continued and enforced by or against the Transferee Company after the Effective Date, to the extent legally permissible. To the extent, such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company as per the instructions of and entirely at the costs and expenses of the Transferee Company.

- 11.2. If the Proceedings are taken against the Transferor Company in respect of the matters referred to in Clause 11.1 above, it shall defend the same in accordance with the advice and instructions of the Transferee Company and at the cost of the Transferee Company and the latter shall reimburse and indemnify and hold harmless the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.

12. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and specific identified reserves of the Transferred Undertaking as per this Scheme and the continuance of the Proceedings by or against the Transferee Company shall not affect any transaction or proceedings already completed by the Transferor Company for any period commencing on or after the Appointed Date to the extent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by and/or on behalf of the Transferor Company as acts deeds and things done and executed by and on behalf of the Transferee Company.

13. EMPLOYEES

- 13.1. On and from the Appointed Date, the employees who are part of the Transferred Undertaking as may be confirmed by the board of directors of the Transferor Company and the Transferee Company, or their respective delegates, shall, be deemed to have ceased to be employees of the Transferor Company, and the Transferee Company shall be deemed to have employed such employees on the terms and conditions which are not less favorable or are on the same terms and conditions on which they are engaged as on the Appointed Date by the Transferor Company without any interruption of service as a result of the transfer.
- 13.2. The services of all such employees referred to in Clause 13.1 with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident fund plans, superannuation plans and any other retirement benefits and accordingly such services shall be reckoned therefore from the date of their respective appointment in the Transferor Company. However, it is hereby clarified that the Management of the superannuation fund, provident fund, gratuity fund and other funds including any surplus in such funds shall continue to remain with the Transferor Company. It is clarified that the services of the Employees of the Transferred Undertaking of the Transferor Company will be treated as having been continuous for the purpose of the said fund or funds.

14. ESOP ENTITLEMENT

In respect of the stock options granted by the Transferor Company under all the existing Employee Stock Option Schemes (the “**ESOP Schemes**”) to the employees who are part of the Transferred Undertaking, which have not been exercised and are outstanding as of the Effective Date, the Transferee Company shall have no obligation to issue any stock options to the such employees and all outstanding obligations under the ESOP Scheme to such employees shall continue to be honoured by the Transferor Company in accordance with the terms of the ESOP Schemes.

Transferor Company shall recover ESOP charge from the Transferee Company in respect of options granted to employees of the Transferred Undertaking based on the ESOP charge accounted in the books of Transferor Company on or after the Appointed Date.

15. INTELLECTUAL PROPERTY

It is clarified that notwithstanding anything to the contrary contained herein, all rights relating to patents, designs and drawings, trademarks, service marks, logos, domain names and utility models, copyrights, inventions and brand names which are possessed and/or owned by the Transferor Company including the right to use the “L&T” brand name, and business names and any similar rights and the benefit of any of the foregoing (“**Intellectual Property**”) shall be available to Transferee Company, so far as it pertains to the HCIC. Also it is clarified that the Transferee Company will have the right to use the remaining Intellectual Property of the Transferor Company under suitable arrangement.

16. REMAINING BUSINESS

- 16.1. The Remaining Business and all the assets, liabilities and reserves, other than the assets, liabilities, specific identified reserves and obligations pertaining to HCIC shall continue to belong to and be vested in and be managed by the Transferor Company.
- 16.2. Any Proceedings by or against the Transferor Company, whether pending on the Appointed Date or which may be instituted in future whether in respect of any matter arising before or after the Effective Date and

relating to the Remaining Business (including those relating to any property, right, security, power, liability, obligation or duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company, which shall keep the Transferee Company fully indemnified in that regard. The Transferee Company shall in no event be responsible or liable in relation to any such Proceedings against the Transferor Company.

PART III - GENERAL TERMS AND CONDITIONS

17. APPLICATION TO COURT

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make applications/petitions to the Hon'ble High Court of Bombay, under whose jurisdiction the registered office of the Transferor Company and the Transferee Company are situated, for sanctioning this Scheme under Sections 391 to 394 of the Act and other applicable provisions of the Act, and for such other orders as the High Court may deem fit for carrying the Scheme into effect and all matters ancillary or incidental thereto.

18. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 18.1. Notwithstanding anything to the contrary contained in this Scheme, the Transferor Company and the Transferee Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications / amendments to the Scheme (i) including but not limited to the terms and conditions thereof or (ii) to incorporate any conditions or limitations that the Court or any other authority may deem fit to direct or impose; or (iii) which may otherwise be considered necessary, desirable or appropriate by them.
- 18.2. The Transferor Company and the Transferee Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders 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, including but not limited to any questions relating to whether any assets or liabilities of the Transferor Company are included in the definition of "Transferred Undertaking".
- 18.3. For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegates of the Transferor Company and the Transferee Company may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

19. CONDITIONALITY OF THE SCHEME

- 19.1. This Scheme is and shall be conditional upon and subject to:
- (a) Approval of the scheme by the requisite majority of each class of the respective members and / or creditors of the Transferor Company and Transferee Company as may be directed by the High Court;
 - (b) Sanctions and orders under the provisions of Sections 391 to 394 of the Act being obtained by Transferor Company and Transferee company from the High Court
 - (c) The certified copy of the order(s) of the High Court sanctioning the Scheme being filed with the appropriate Registrar of Companies
- 19.2. This Scheme, although to come into operation from the Appointed Date, shall not become effective until the last of the following dates, namely, that on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in the above sub-clause 19.1 is obtained or passed. Such date shall be the "**Effective Date**" for the purpose of this Scheme.

20. COMPLIANCE WITH TAX LAWS

- 20.1. Upon the coming into effect of the Scheme, the Transferee Company may, if it considers necessary or expedient, revise (with retroactive effect if applicable) its income tax returns, TDS returns, services tax

returns, sales tax returns and other tax returns, and claim refunds and/or credits, etc. pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.

- 20.2. Upon the coming into effect of the Scheme, the Transferor Company is also expressly permitted to revise (with retroactive effect if applicable) its income tax returns, TDS returns, services tax returns, sales tax returns and other tax returns, and to claim refunds and /or credits, etc, pertaining to the Remaining Business pursuant to the provisions of the Scheme.

21. EFFECT OF NON-RECEIPT OF SANCTIONS

In the event of any of the said sanctions and approvals not being obtained and/or this Scheme not being sanctioned by the High Court and/or the order or orders not being passed as aforesaid on or before 31 December 2014, or within such further period/s as may be agreed upon between the Transferor Company by its board of directors and the Transferee Company by its board of directors (and which the boards of directors of the Transferor Company and the Transferee 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 or 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.

22. MISCELLANEOUS

Upon the constitution and notification of the National Company Law Tribunal ("**Tribunal**"), and in the event of jurisdiction of sanctioning the Scheme vesting in the Tribunal, reference in the Scheme to 'the High Court' wherever it appears in the Scheme may be construed as reference to the Tribunal to the extent warranted by operation of the statutes or rules regulating the matters set out herein.

23. COSTS, CHARGES & EXPENSES

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

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION**

**COMPANY SCHEME PETITION NO. 651 OF 2013
CONNECTED WITH
COMPANY SUMMONS FOR DIRECTION NO. 557 OF 2013**

Larsen and Toubro Limited

... Petitioner/Transferor Co.

AND

**COMPANY SCHEME PETITION NO. 652 OF 2013
CONNECTED WITH
COMPANY SUMMONS FOR DIRECTION NO. 558 OF 2013**

L&T Hydrocarbon Engineering Limited

... Petitioner/Transferee Co.

Mr. Hemant Sethi by Hemant Sethi & Co. for the Petitioner in both the Petitions.

Coram: N. M. Jamdar, J.

Date : 07 Janaury, 2014

P.C. :

- 1 Not on Board. Mentioned by way of a praecipe for speaking to the minutes of the order dated 20 December, 2013.
- 2 In the cause title of order dated 20 December 2013, the name of the transferee company in CSP No. 652 of 2013 is wrongly mentioned as "Larsen and Toubro Hydrocarbon Engineering Limited". It shall be read as "L&T Hydrocarbon Engineering Limited". To this extent, order dated 20 December 2013 hereby stands corrected and it be read accordingly.
- 3 Praecipe is disposed of.

(N. M. JAMDAR, J.)

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SCHEME OF ARRANGEMENT

BETWEEN

LARSEN & TOUBRO LIMITED

AND

L&T VALVES LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND

CREDITORS

UNDER SECTIONS 391 TO 394 OF

THE COMPANIES ACT, 1956

PART I – GENERAL

1. GENERAL

- 1.1 Larsen & Toubro Limited (**Transferor Company**) is a listed public limited company incorporated under the provisions of the Companies Act, 1913, having its registered office at L&T House, Ballard Estate, Mumbai - 400 001.
- 1.2 The Transferor Company is primarily engaged in providing technology, engineering, construction, manufacturing and financial services. The equity shares of the Transferor Company are listed on the BSE Limited and the National Stock Exchange of India Limited. The Global Depository Receipts (GDRs) of the Transferor Company are listed on the Luxembourg Stock Exchange and the London Stock Exchange.
- 1.3 L&T Valves Limited (**Transferee Company**) is an unlisted public limited company incorporated under the provisions of the Companies Act, 1956, having its registered office at L&T House, Ballard Estate, Mumbai - 400001. The Transferee Company is a wholly owned subsidiary of the Transferor Company and is primarily engaged in manufacturing valves for key sectors of the economy such as oil & gas, power, petrochemicals, chemicals, fertilizers and pharmaceuticals.
- 1.4 The Transferor Company proposes to demerge the Coimbatore Undertaking (defined hereinafter) from the Transferor Company to the Transferee Company. This Scheme (defined hereinafter) is pursuant to a decision of the Board of Directors of the Transferor Company.
- 1.5 Therefore, with a view to achieve the above, the Transferor Company proposes that the Coimbatore Undertaking be transferred to and vested in the Transferee Company by way of demerger to be undertaken through this Scheme under the provisions of Sections 391 to 394 and other relevant provisions of the Act (defined hereinafter), for such consideration and in such manner as provided for in this Scheme.
- 1.6 Upon the sanction of the Scheme by the High Court (defined hereinafter), receipt of necessary approvals and the Scheme becoming effective on the Effective Date (defined hereinafter), the Coimbatore Undertaking shall stand transferred to, and be vested in, the Transferee Company on and from the Appointed Date (defined hereinafter) for all intents and purposes.
- 1.7 This Scheme also provides for various other matters consequential or related thereto and otherwise integrally connected therewith.

2. DEFINITIONS

- 2.1 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:
 - 2.1.1 **Act** means the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable).
 - 2.1.2 **Arrangement** means the term arrangement as referred to and understood under the provisions of Sections 391 to 394 of the Act.
 - 2.1.3 **Appointed Date** means opening of business hours on 1st April, 2016 or such other date as the High Court may direct or approve under the relevant provisions of the Act.
 - 2.1.4 **Board of Directors** in relation to each of the Transferee Company and the Transferor Company, as the case may be, shall, also include a committee of directors.
 - 2.1.5 **Coimbatore Undertaking** shall mean (a) Plant and Machinery located at Coimbatore Plant (as described in Schedule A) and (b) Immovable properties (as described in Schedule B).

Explanation: The term “Coimbatore Undertaking” shall include all leases, leasehold improvements, municipal permissions, regulatory permissions in connection with the operations of or relatable to the Coimbatore Undertaking, all statutory licenses and /or permissions issued, executed, to be issued or to be executed by the relevant government authority to carry on the operations of the Coimbatore Undertaking, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services in connection with or relating to the Coimbatore Undertaking.

Any question that may arise as to whether a specific asset pertains or does not pertain to the Coimbatore Undertaking shall be decided by mutual agreement between the Board of Directors of the Transferor Company and the Transferee Company or committee(s) thereof authorized by the respective Board of Directors, or in such other manner as agreed between the Transferor Company and the Transferee Company.

- 2.1.6 **Court or High Court** means the High Court of Judicature at Bombay and/ or the National Company Law Tribunal, as the case may be, under the relevant provisions of the Act or authority as may be vested with any of the powers of a High Court under the Act.
- 2.1.7 **Effective Date** means the date on which the certified copy of the order of the High Court sanctioning this Scheme is filed with the Registrar of Companies, Mumbai.
- 2.1.8 **Proceedings** shall have the meaning ascribed to it in Clause 6 hereof.
- 2.1.9 **Remaining Business** means all the businesses, divisions, assets and liabilities of the Transferor Company other than the Coimbatore Undertaking as defined in Clause 2.1.5 of this Scheme.
- 2.1.10 **Scheme or the Scheme or this Scheme** means this Scheme of Arrangement in its present form submitted to the High Court or with any modification(s) made under Clause 14 of this Scheme or with such other modifications / amendments as the High Court may direct.

3. SHARE CAPITAL

- 3.1 The share capital structure of the Transferor Company as per its financial statements for the financial year ended 31 March 2016, being the latest audited financial statements of the Transferor Company, is as follows:

PARTICULARS	AMOUNT IN RUPEES
Authorized Capital	
1,62,50,00,000 equity shares of Rs. 2/- each	325,00,00,000
Issued, Subscribed and Paid-up Capital	
93,14,78,845 equity shares of Rs. 2/- each	186,30,00,000

Subsequent to the latest audited financial statements of the Transferor Company as on 31 March 2016, there has been an increase in the Issued, Subscribed and Paid-up Capital of the Transferor Company. Presently the Issued, Subscribed and Paid-up Capital of the Transferor Company is Rs. 186,46,68,444/- (93,23,34,222 equity shares of Rs. 2/- each).

- 3.2 The share capital structure of the Transferee Company as per its financial statements for the financial year ended 31 March 2016, being the latest audited financial statements of the Transferee Company, is as follows:

PARTICULARS	AMT. IN RUPEES
Authorized Capital	
75,00,000 equity shares of Rs. 100/- each	75,00,00,000
Issued, Subscribed and Paid-up Capital	
18,00,000 equity Shares of Rs.100/- each	18,00,00,000

Subsequent to the latest audited financial statements of the Transferee Company as on 31 March 2016, there has been no change in the share capital structure of the Transferee Company.

4. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 4.1 This Scheme set out herein shall be effective from the Appointed Date but shall be operative from the Effective Date.
- 4.2 Any references in this Scheme to “upon the coming into effect of this Scheme” or effectiveness of the Scheme” or “upon the Scheme becoming effective” shall mean the Effective Date.

PART II – TRANSFER OF THE COIMBATORE UNDERTAKING

5. TRANSFER AND VESTING OF COIMBATORE UNDERTAKING

- 5.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the Coimbatore Undertaking shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Act, without any further act, instrument or deed, be transferred to and vest in, or be deemed to be transferred to and vested in the Transferee Company so as to vest in the Transferee Company all the rights, properties, title and interest of the Coimbatore Undertaking therein subject to subsisting charges and pledges, if any.

- 5.2 Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the immovable properties relating to the Coimbatore Undertaking, and any documents of title/rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been vested in and stand transferred to and shall belong to the Transferee Company. From the Appointed Date, the Transferee Company shall in relation to the properties of the Coimbatore Undertaking transferred to the Transferee Company under this Scheme, be liable for ground rent, municipal taxes and any other applicable cess, duties, levies, taxes and the like. The mutation of the title to the said immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act or deed whatsoever, in favour of the Transferee Company.
- 5.3 All assets acquired by the Transferor Company after the Appointed Date and prior to the Effective Date pertaining to the Coimbatore Undertaking shall be deemed to have been acquired in trust for and on behalf of the Transferee Company, and shall also stand transferred to and vested in the Transferee Company upon the coming into effect of this Scheme.
- 5.4 In respect of the assets of the Coimbatore Undertaking, the same shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956, or other provisions of law as applicable.
- 5.5 In so far as the assets of the Coimbatore Undertaking are concerned, the security, existing charges, mortgages and encumbrances in respect of any of these assets or any part thereof, in relation to any loans or borrowings of the Remaining Business of the Transferor Company shall, without any further act, instrument or deed, be released and stand discharged from the same and shall no longer be available as security in relation to those liabilities of the Transferor Company which are not transferred to the Transferee Company.
- 5.6 In so far as the assets of the Remaining Business of the Transferor Company are concerned, the security over such assets, to the extent they relate to the Coimbatore Undertaking shall, without any further act, instrument or deed be released and discharged from such security that relate to the Coimbatore Undertaking. Without prejudice to the foregoing and with effect from the Effective Date, the Transferor Company and the Transferee Company shall execute any instruments or documents and do all the acts and deeds as may be required, including the filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies, Mumbai, to give formal effect to these provisions, if required.
- 5.7 Upon the coming into effect of this Scheme and with effect from the Appointed Date, in so far as the security in respect of the liabilities of the Transferor Company as on the Appointed Date is concerned, it is hereby clarified that the Transferor Company and the Transferee Company shall, subject to confirmation by the concerned creditor(s), mutually agree upon and arrange for such security as may be considered necessary to secure such liabilities, and obtain such consents under law as may be prescribed.
- 5.8 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, in accordance with the provisions of relevant laws and the Act, all the permissions and/or licenses issued, executed, to be issued or to be executed by the relevant government authority in favour of the Transferor Company, and the rights and benefits under the same shall, insofar as they relate to the Coimbatore Undertaking be transferred to and vested in the Transferee Company.
- 5.9 From the Effective Date, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities of the Coimbatore Undertaking which have accrued subsequent to the Appointed Date as the borrower/ issuer thereof, and the Transferor Company shall not have any obligations in respect of the said liabilities.
- 5.10 All loans raised and used and all liabilities and obligations incurred by the Transferor Company for the purpose of the Coimbatore Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company, which shall be liable to meet, discharge and satisfy the same.
- 5.11 It is hereby clarified that the rest of the assets and liabilities (other than those forming part of the Coimbatore

Undertaking or otherwise specified in this Scheme), if any, of the Transferor Company shall continue to vest in the Transferor Company.

- 5.12 All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company pertaining to the Coimbatore Undertaking after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. Similarly, the banker of the Transferee Company shall honour all cheques issued by the Transferor Company pertaining to the Coimbatore Undertaking for payment after the Effective Date. If required, the Transferor Company shall allow maintaining of bank accounts in its name by the Transferee Company for such time as may be determined to be necessary by the Transferor Company and the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of Transferor Company in connection with the Coimbatore Undertaking.

6. LEGAL PROCEEDINGS

- 6.1 All legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) **(Proceedings)** by or against the Transferor Company relating to the Coimbatore Undertaking under any statute, pending on the Appointed Date, shall be continued and enforced by or against the Transferor company. All legal or other proceedings which may be instituted any time after the Appointed date relating to the Coimbatore Undertaking, shall be continued and enforced by or against the Transferee Company, to the extent legally permissible. To the extent such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company as per the instructions of and entirely at the costs and expenses of the Transferee Company.
- 6.2 Any Proceedings by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted thereafter, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company. The Transferee Company shall in no event be responsible or liable for or in relation to any such Proceeding by or against the Transferor Company.

7. CONTRACTS, LICENSES, APPROVALS AND PERMITS

- 7.1 With effect from the Effective Date and subject to the provisions of this Scheme, all Statutory licenses, permits, whether governmental or otherwise, in relation to the Coimbatore Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour of, as the case may be, and shall with the approval of the concerned authority, vest in the Transferee Company, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- 7.2 Without prejudice to the other provisions of this Scheme and notwithstanding that the vesting of the Coimbatore Undertaking with the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement, to which the Transferor Company is a party, or any writings as may be necessary, to be executed merely in order to give formal effect to the above provisions. The Transferor Company shall, if necessary, also be a party to the above. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 7.3 It is hereby clarified that if any statutory licenses and /or permissions in relation to the Coimbatore Undertaking to which the Transferor Company is a party to, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such statutory licenses and /or permissions in trust for the benefit of the Transferee Company.
- 7.4 Any and all transactions between the Transferor Company and the Transferee Company between the Appointed Date and Effective Date which have the effect of being consummated only upon the Scheme coming into effect, shall accrue and will be given effect from the Effective Date and any and all compliances including but not limited to the Act and the Income-tax Act, 1961 with respect to such transactions shall be applicable and undertaken from the Effective Date.

8. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets of the Coimbatore Undertaking as per this Scheme, and the continuance of the Proceedings by or against the Transferee Company under Clause 6 hereof shall not affect any transaction or proceedings already completed directly in relation to the Coimbatore Undertaking on or after the Appointed Date but before the Effective Date, to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and/ or on behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Transferee Company.

9. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 9.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall be deemed to have been carrying on all business and activities relating to the Coimbatore Undertaking for and on account of and in trust for the Transferee Company.
- 9.2 All profits accruing to the Transferor Company or losses including tax losses, arising or incurred by the Transferor Company in relation to the Coimbatore Undertaking for the period commencing from the Appointed Date to the Effective Date shall, for all purposes, be treated as the profits or losses, as the case may be, of the Transferee Company.
- 9.3 The Transferor Company hereby confirms that it has and shall continue up to the Effective Date, to preserve the Coimbatore Undertaking with due diligence and prudence, and that it will not, without prior consultation with the Transferee Company, alienate, charge or otherwise deal with or dispose of the Coimbatore Undertaking or any part thereof or undertake substantial expansion of the Coimbatore Undertaking, other than expansions which have already commenced prior to the Appointed Date.

10. CONSIDERATION

Subject to Clause 15 below, in consideration of the transfer of the Coimbatore Undertaking by the Transferor Company to the Transferee Company in terms of this Scheme, the Transferee Company shall pay to the Transferor Company an aggregate all-inclusive lump sum cash consideration of Rs. 43,78,92,425 (Rupees Forty Three Crores Seventy Eight Lakhs Ninety Two Thousand and Four Hundred and Twenty Five only) without values being assigned to individual assets and liabilities.

11. TREATMENT OF TAXES

- 11.1 All taxes (including, without limitation to, income tax, sales tax, excise duty, customs duty, service tax, Local Body Tax (**LBT**), Value Added Tax (**VAT**), octroi duty, land revenue taxes, etc.) paid or payable by the Transferor Company, in respect of the operations and/ or the profits of the Coimbatore Undertaking before the Appointed Date, shall be on account of the Transferor Company, and insofar as it relates to the tax payment (including, without limitation to, sales tax, excise duty, customs duty, income tax, service tax, LBT, VAT, octroi duty, land revenue taxes, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the Coimbatore Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.
- 11.2 Without prejudice to the generality of the foregoing on and from the Appointed Date, if any certificate for tax deducted at source or any other tax credit certificate relating to the Coimbatore Undertaking is received in the name of the Transferor Company, it shall be deemed to have been received by the Transferee Company which alone shall be entitled to claim credit for such tax deducted or paid.
- 11.3 Upon the coming into effect of this Scheme, the Transferor Company and the Transferee Company are expressly permitted to revise their respective tax returns and related withholding tax certificates, including withholding tax certificates relating to transactions between the Transferor Company and the Transferee Company, to the extent required and to claim refunds, advance tax and withholding tax credits, and benefit of credit for minimum alternate tax, or any other tax related compliances or filings of forms.
- 11.4 The service tax paid by the Transferor Company under the Finance Act, 1994 in respect of services provided by the Coimbatore Undertaking for the period commencing from the Appointed Date shall be deemed to be the service tax paid by the Transferee Company, and credit for such service tax shall be allowed to the Transferee Company notwithstanding that challans for service tax payments are in the name of the Transferor Company and not in the name of the Transferee Company.

It is clarified that CENVAT credit balance will not be transferred to the Transferee Company.

12. ACCOUNTING TREATMENT

12.1 Treatment in the books of Transferor Company:

Upon the coming into effect of this Scheme, the difference between the amount of consideration stated hereinabove and the net book value of assets of the Coimbatore Undertaking, if any, shall be recognized as profit or loss, as the case maybe, in the books of the Transferor Company.

12.2 Treatment in the books of the Transferee Company:

With effect from the Appointed Date, the Transferee Company shall record the assets of the Coimbatore Undertaking vested in it in accordance with this Scheme, at the values arrived at by apportioning the amount of consideration in the ratio of their respective values, as appearing in the books of accounts of the Transferor Company at the close of the business of the day immediately preceding the Appointed Date.

12.3 It is hereby clarified that all transactions during the period between the Appointed Date and Effective Date relating to the Coimbatore Undertaking would be duly reflected in the financial statements of the Transferee Company at their respective transaction value upon this Scheme coming into effect, as may be decided by the Board of Directors (including committee(s) thereof) of the Transferee Company.

13. APPLICATIONS TO THE HIGH COURT

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make applications to the High Court, for sanctioning this Scheme under Sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Act, for an order or orders thereof for carrying this Scheme into effect.

14. MODIFICATIONS/ AMENDMENTS TO THIS SCHEME

14.1 The Transferor Company and the Transferee Company, by their respective Board of Directors, or such other person or persons as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may make and/ or consent to any modifications/ amendments to this Scheme or to any conditions or limitations that the High Court or any other authority may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate by them, provided that any such modifications/ amendments to this Scheme after the approval of this Scheme by the High Court shall be subject to the prior approval of the High Court. The Transferor Company and the Transferee Company, by their respective Board of Directors, or such other person or persons as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of this Scheme and/ or any matter concerned or connected therewith.

14.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate(s) of the Transferee Company may give and is hereby authorized to determine and give all such directions as are necessary, including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

15. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

This Scheme is conditional upon and subject to:

- (i) Approval of this Scheme by the concerned regulatory and/or governmental authorities, as applicable;
- (ii) Approval of this Scheme by the shareholders and/or creditors of the Transferor Company and the Transferee Company as may be directed by the High Court;
- (iii) The certified copies of the High Court's orders sanctioning this Scheme being filed with the Registrar of Companies, Mumbai; and
- (iv) All other sanctions and approvals as may be required by law in respect of this Scheme.

16. COSTS

All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or High Court's order including this Scheme or in relation to or in connection with negotiations leading up to this Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme shall be borne and paid by the Transferor Company.

17. REVOCATION OF THIS SCHEME

In the event of any of the said sanctions and approvals referred to in Clause 15 above not being obtained and/ or complied with and/ or satisfied and/ or this Scheme not being sanctioned by the High Court and/ or order or orders not being passed as aforesaid , this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the Transferor Company and the Transferee Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto, as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

Schedule A

Description of Plant and Machinery located at Coimbatore undertaking

Asset No	Particulars of Assets	Book Value (Rs.)
CB2008PW3003293	Himalaya Plate Blending Machine	1
CB2008PW3003326	Amada Turret Punch Press	1
CBEBG2513100416	Hauser Jig Grinding Machine (CTL)	58,062
CBEBG2513100521	Agie Classic V2 Wirecut CNC EDM Machine	14,16,875
CBEBG2513100960	Chiller Unit for Agie Classic V2 WEDM	43,610
CBEBG2513100601	Mannford Make Milling M/c Model SP-150VS (ETS-Coim) (actual 520 vs)	1,45,015
CBEBG2513100542	Mannford Make Milling M/c Model SP-150VS-ETS (Coim)	95,238
CBEBG2513100381	Bridgeport-CNC Milling Machine	1
	TOTAL	17,58,803

Schedule B

Description and location of the immovable properties:

The land along with buildings and structures thereon, situated in Coimbatore Registration District, Madhuknai Sub Registration District, in Coimbatore South Taluka, in Malumichampatti Village, admeasuring 24.66 Acres as per the details provided below:

Asset No	Asset Class	SF No.	FULL/ PART	In Acres	In Sqm	Bookvalue
A. LAND AT COIMBATORE						
400048388	Land	644/1	F	0.74	3000	2,68,756
400048389	Land	645/2	P	5.88	23787	21,35,522
400048390	Land	646/1	F	3.01	12200	10,93,184
400048391	Land	650/2	P	4.72	19084	17,14,228
400048392	Land	650/3	P	0.08	313	29,055
400048393	Land	651/4B	P	0.08	319	29,055
400048396	Land	607/3B	P	0.08	337	29,055
400048401	Land	643/2B	P	0.90	3649	3,26,866
400048404	Land	644/4	F	0.47	1900	1,70,696
800288	Land	651/2B	P	0.50	2025	1,91,079
800288	Land	650/1	F	0.75	3050	2,86,617
800288	Land	644/2	F	1.19	4800	4,54,766
800288	Land	644/3	F	2.80	11350	10,70,039
800198	Land	650/4	P	0.08	334	1,13,686
800198	Land	646/2	P	1.74	7025	24,72,670
800198	Land	649/2A1	-	0.00	0	-
800198	Land	647/1A1F	-	0.00	0	-
800302	Land	607/1B	P	0.97	3931	7,91,844
800303	Land	645/1A	P	0.67	2689	5,46,944
SUB-TOTAL (A)				24.66	99,793	1,17,24,062

Asset No.	Asset Class	Particulars of Assets	Book Value
A. BUILDINGS AND STRUCTURES ERECTED THEREON TOGETHER WITH THE OPEN SPACES AND APPURTENANCES AT COIMBATORE:			
400040204	Buildings (Factory)	Construction Of Module 3 & Ancilliary Bldg Ccm	16,04,62,076
400020651	Leased Out Buildings	Various Structural Work At Vmu Unit Coimbatore	5,26,202
400020652	Leased Out Buildings	Mezzanine Office Of Size 3.6 M X 22 M At Vmu Cbe	12,19,783
400020653	Leased Out Buildings	Gate Fabrication & Erection Charges-Fcpc Site	18,963
400020654	Leased Out Buildings	Building Factory Purchased From Audco India	23,23,33,144
400040202	Roads - non RCC Carpeted	Road For Module 3 & Ancilliary Building	63,74,832
400020655	Electrical Installations - General	Electrical Installations- Prodn Bld 2	21,43,226
400020656	Electrical Installations - General	Advanced Lighting Protection System Mkiv Intercept	29,422
400020693	Electrical Installations - General	Electrical Installation	51,06,555
400040203	Electrical Installations - General	Electrical Install For Mod 3 & Ancilliary Bldg Ccm	1,60,36,921

Asset No.	Asset Class	Particulars of Assets	Book Value
A. BUILDINGS AND STRUCTURES ERECTED THEREON TOGETHER WITH THE OPEN SPACES AND APPURTENANCES AT COIMBATORE:			
400020657	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020658	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020659	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020660	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020661	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020662	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020663	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020664	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020665	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020666	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020667	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020668	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020669	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020670	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020671	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020672	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020673	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020674	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020675	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020676	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020677	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020678	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020679	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020680	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401

Asset No.	Asset Class	Particulars of Assets	Book Value
	A. BUILDINGS AND STRUCTURES ERECTED THEREON TOGETHER WITH THE OPEN SPACES AND APPURTENANCES AT COIMBATORE:		
400020681	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020682	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020683	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020684	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020685	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020686	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020687	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020688	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020689	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020690	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020691	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
400020692	Plant and Machinery	Air Exit 24 Exhaust Fan Wd Frb 24 Base & Bottom	4,401
	SUB-TOTAL (B)		42,44,09,560
	TOTAL VALUE (A+B)		43,61,33,622

SCHEME OF AMALGAMATION
(Under Section 230-232 of the Companies Act, 2013)
OF
SPECTRUM INFOTECH PRIVATE LIMITED
WITH
LARSEN & TOUBRO LIMITED

PART I – GENERAL

PREAMBLE

1. This Scheme of Amalgamation is presented under Section 230-232 and other relevant provisions of the Companies Act, 2013 as an integrated and complete Scheme of Amalgamation between **Spectrum Infotech Private Limited**, referred to as the Transferor Company and **Larsen & Toubro Limited**, referred to as the Transferee Company and the dissolution of the Transferor Company without winding up.
2. **Spectrum Infotech Private Limited** is a private limited company incorporated under the provisions of the Companies Act, 1956, having its Registered office at L&T House, 38 Cubbon Road, Bangalore- 560001, Karnataka. The Transferor Company is a wholly owned subsidiary of the Transferee Company.
3. **Larsen & Toubro Limited** is a listed public limited company incorporated under the provisions of the Companies Act, 1913, having its Registered office at L&T House, Narottam Morarji Marg, Ballard Estate, Mumbai- 400001, Maharashtra.
4. The Scheme is in the interest of the Transferor and Transferee Companies, their shareholders and creditors.

The Scheme is divided into the following parts:

1. Part A – deals with Definitions.
2. Part B - deals with Capital Structure of the Transferor and Transferee Companies.
3. Part C- deals with Amalgamation of the Transferor Company with the Transferee Company.
4. Part D - deals with Accounting Treatment for the amalgamation in the books of Transferee Company.
5. Part E - deals with the general terms and conditions that would be applicable to the entire Scheme.
6. Part F – deals with other terms and conditions.

In addition to the above, the Scheme also provides for various other matters consequential or otherwise integral to it.

DESCRIPTION OF THE COMPANIES

- a) **SPECTRUM INFOTECH PRIVATE LIMITED (“Transferor Company”/“SIPL”)** was incorporated on 23rd June, 1995 and became a wholly owned subsidiary of the Transferee Company on 27th March, 2006. SIPL undertakes technology development and manufacture of avionics Line Replaceable Units (LRUs) for military applications. SIPL’s key products include avionics subsystems for Light Combat Aircraft such as Environmental Control and Fuel Monitoring Unit (“ECFM”), Cockpit Interface Unit and Video Cards for the Aeronautical Development Agency. SIPL concentrates largely on product development in embedded

solutions space, sensors, and signal processing domains of military avionics applications. SIPL has also developed embedded controllers for futuristic technologies such as automated ground vehicles (remote driving of tracked armoured fighting vehicles) and Laser Gun mounts. SIPL is certified by Centre for Military Airworthiness and Certification (CEMILAC) of the Ministry of Defence (MoD), India for the same and AS 9100. In addition, due to its association as a development partner for various DRDO laboratories/ Hindustan Aeronautics Limited (HAL) product development initiatives, it is a developed/ production partner to MoD/ HAL for such programs at series production phase. SIPL operates in a similar domain as the Defence & Aerospace SBG of L&T.

- b) **LARSEN & TOUBRO LIMITED (“Transferee Company”/“L&T”)** was incorporated on 7th February, 1946. L&T was established to acquire and take over as a going concern the business of engineers, manufactures, merchants and agents now carried on at Bombay and elsewhere in India under the name and style of Larsen & Toubro and carries on business as civil, mechanical, electrical, chemical and agricultural engineers, as manufacturers, and as importers and exporters, commission agents (and merchants and as agents for ship and ship-owners and as agents) for foreign manufactures and merchants. In particular the Transferee Company through its Defence and Aerospace SBG is involved in design, development and realization of Naval Platforms, Artillery systems, Land & Naval Weapon systems, Fire Control systems, Naval equipment and systems, Engineering systems for Land and Marine forces, Military Bridging systems, Communication systems, Missile sub systems and Rocket Motors for Space launch vehicles. The customers include Ministry of Defence, India, Defence Research and Development Organization, Defence Public Sector Undertakings, Department of Space, India etc.

RATIONALE FOR THE SCHEME OF AMALGAMATION:

The reasons and circumstances leading to and justifying the proposed Scheme of Amalgamation, which make it beneficial for all concerned, including the members of both the Companies, are as follows:

- a) The Transferor Company and the Transferee Company are operating in complementary/similar line of business and can be conveniently combined for mutual benefit.
- b) One of the reasons necessitating the merger is that the Transferor Company is a wholly owned subsidiary of the Transferee Company as the complete shareholding of the Transferor Company is held by the Transferee Company and its nominee.
- c) The amalgamation will improve organizational capability arising from the pooling of human capital that has diverse skills, talent and vast experience.
- d) The Scheme is commercially and economically viable and feasible and is in fact fair and reasonable.
- e) The proposed amalgamation will result in administrative and operations rationalization, organizational efficiencies, reduction in overheads, personnel costs, compliance cost and other administrative expenses.
- f) The proposed amalgamation would be beneficial from a revenue generation and cost optimization perspective as the Transferee Company would continue to reap the benefits of qualifications/certifications of the Transferor Company and its preferred vendor status with identified customer RFPs post amalgamation.
- g) The proposed amalgamation will prevent cost duplication and will result in synergies in operations. The synergies created by the amalgamation would increase operational efficiency and integrate business functions.
- h) Since the Transferor Company is already a wholly owned subsidiary of the Transferee Company, the management of the two aforementioned companies have evaluated the plan and strategy for both the Companies and feel that merging the two entities will be effective in obtaining synergy in the operations of the Transferor Company and the Transferee Company.

PART A - DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

- A-1. **“Act”** means Companies Act, 2013 and shall include any statutory modification(s), re-enactment(s) or amendment thereof from time to time;
- A-2. **“Appointed Date”** means 1st April, 2017 or such other date(s) as the National Company Law Tribunal at Bangalore, Karnataka and the National Company Law Tribunal at Mumbai, Maharashtra or such other

competent authority may approve;

- A-3. **“Board of Directors of the Transferee Company”** shall mean the Board of Directors of Larsen & Toubro Limited, any committee(s) constituted/to be constituted by the board of directors of the Transferee Company or any other person authorized/to be authorized by the board of directors of the Transferee Company or any committee thereof to exercise its powers including the powers in terms of this Scheme;
- A-4. **“Board of Directors of the Transferor Company”** shall mean the Board of Directors of Spectrum Infotech Private Limited, any committee(s) constituted/to be constituted by the board of directors of the Transferor Company or any other person authorized/to be authorized by the board of directors of the Transferor Company or any committee thereof to exercise its powers including the powers in terms of this Scheme;
- A-5. **“Tribunal”** means the National Company Law Tribunal, Bangalore and/or National Company Law Tribunal, Mumbai;
- A-6. **“Effective Date”** means the date on which certified copy of the order sanctioning the Scheme passed by the National Company Law Tribunal at Bangalore, Karnataka and the National Company Law Tribunal at Mumbai, Maharashtra is filed with the Registrar of Companies, Karnataka, Bangalore, and Registrar of Companies, Maharashtra Mumbai.
- A-7. **“Scheme”** means the Scheme of Amalgamation in its present form submitted to the National Company Law Tribunal at Bangalore, Karnataka and the National Company Law Tribunal at Mumbai, Maharashtra for its sanction with or without any modification(s)/amendment(s) as may be directed by the Tribunal;
- A-8. **“Transferee Company”** shall mean “Larsen & Toubro Limited”, a company incorporated under the Companies Act, 1913 and having its Registered office at L&T House, Narottam Morarji Marg, Ballard Estate, Mumbai- 400001, Maharashtra;
- A-9. **“Transferor Company”** shall mean “Spectrum Infotech Private Limited”, a company incorporated under the Companies Act, 1956 and having its Registered office at L&T House, 38 Cubbon Road, Bangalore- 560001, Karnataka;
- A-10. **“Undertaking”** means the entire business and all the undertakings of the Transferor Company and shall include:
- a) All the assets, properties, business and commercial rights or any other assets of the Transferor Company, whether appearing in the Financial Statements or not, as on the Appointed Date (hereinafter referred to as **“the Assets”**);
 - b) All the debts, liabilities, duties and obligations of the Transferor Company, whether appearing in the Financial Statements or not, as on the Appointed Date (hereinafter referred to as **“the Liabilities”**);
 - c) Without prejudice to the generality of sub-clause (a) above, the undertaking of the Transferor Company shall include without being limited to all the Transferor Company’s reserves and the authorised/ paid-up share capital, movable or immovable, tangible or intangible properties, buildings and structures, offices, residential and other premises, capital work in progress, sundry debtors, furniture, fixtures, office equipment, vehicles, appliances, accessories, power lines, deposits, all stocks, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stock, mutual funds), Cash & Bank balances, loans, advances, contingent rights or benefits, receivables, benefit of any deposits, financial assets, leases, powers, authorities, allotments, approvals, permits and consents, quotas, rights, entitlements, contracts, licenses, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, leases, licenses, fixed and other assets, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, and balances, loans, title, interests, other benefits (including tax benefits) and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, including but without being limited to trade and service names and marks, patents, knowhow, copyrights, and other intellectual property rights of any nature whatsoever (including application for registration of the same and right to use such intellectual rights) authorisations, permits, approvals, rights to use and avail of telephones, telex, facsimile, email, internet, leased line connections and installations, utilities, water, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programs, manuals, data, catalogues, sales and

advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad.

- d) All pre-qualifications, right to use the work experience, qualifications, capabilities, legacies and track record with the Ministry of Defence, India, Defence Research & Development Organization (DRDO), Hindustan Aeronautics Limited's initiatives, Government / Non – Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financials etc.) of the Transferor Company, acquired by reason of the completion of various projects and works, certificates of completion of projects or works issued by the clients and the right to use all these for qualifying for any tender or project that may be issued at any time;
- e) All records, files, papers, engineering and process information, computer programmes, software licenses, 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; and
- f) All present and future liabilities including contingent liabilities and shall further include any obligations under any licenses and/or permits.

PART B - CAPITAL STRUCTURE OF THE TRANSFEROR AND TRANSFEREE COMPANIES

The Authorized and the Issued, Subscribed and Paid Up Share Capital of the Transferor Company and Transferee Company as per their respective latest available Audited Balance Sheets as on 31st March, 2016 are as under:

- a) The share capital of Spectrum Infotech Private Limited, the Transferor Company as of 31st March, 2016 is as under:

Transferor Company	As at 31st March, 2016	
	Nos.	Rs.
SHARE CAPITAL		
AUTHORIZED		
Equity Shares of Rs. 10/- each	6,00,000	60,00,000
Total:	6,00,000	60,00,000
ISSUED, SUBSCRIBED AND PAID-UP	4,40,000	44,00,000
Total:	4,40,000	44,00,000

- b) The share capital of Larsen & Toubro Limited, the Transferee Company as of 31st March, 2016 is as follows:

Transferee Company	As at 31st March, 2016	
	Nos.	Rs.
SHARE CAPITAL		
AUTHORIZED		
Equity Shares of Rs. 2/- each	162,50,00,000	325,00,00,000
Total:	162,50,00,000	325,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP		
Equity Shares of Rs. 2/- each	93,14,78,845	186,29,57,690
Total:	93,14,78,845	186,29,57,690

Subsequent to the latest audited financial statements of the Transferor Company as on 31st March 2016, there has been no change in the Authorized, Issued, Subscribed and Paid-Up Share Capital of the Transferor Company as on date.

As regards, the Transferee Company, subsequent to the latest audited financial statements as on 31st March 2016, there has been an increase in the Issued, Subscribed and Paid-up Capital of the Transferee Company. Presently the Issued, Subscribed and Paid-up Capital of the Transferee Company is Rs. 186,53,53, 888/- (93,26,76,944 equity shares of Rs. 2/- each).

PART C – AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

Transfer And Vesting of the Undertaking

- C-1. Upon coming into effect of this Scheme and with effect from the Appointed Date, the entire Undertaking of the Transferor Company (including all the estate, assets, investments, rights, claims, title, interest and authorities including accretions and appurtenances) shall, subject to the provisions of Clauses C-2 and C-3 in relation to the mode of vesting and pursuant to the provisions of the Act and without any further act, instrument or deed, be and shall stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company as a going concern pursuant to the provisions of Section 232(3) of the Act and other applicable provisions of the said Act so as to become as and from the Appointed Date, the assets, estates, rights, title and interest of the Transferee Company. Without prejudice to the generality of the above, all benefits, concessions, reliefs including but not limited to the benefit/s under income tax (including tax relief under the Income Tax Act, 1961, such as credit for advance tax, taxes deducted at source, carry forward of Minimum Alternate Tax Credit, carry forward of tax losses including unabsorbed depreciation, continuity of tax holiday/ deduction available, if any, etc.), service tax (including benefits of any unutilized CENVAT/ service tax credits, etc.), excise, value added tax, sales tax (including deferment of sales tax), or any other registrations, etc., to which the Transferor Company is entitled to in terms of various statutes and/or schemes of Union, State, and Local Governments/ bodies and/or otherwise, shall be available to and vest in the Transferee Company.
- C-2. In respect of such of the assets of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same may be so transferred by the Transferor Company, and shall, upon such transfer, become the property of the Transferee Company.
- C-3. In respect of such of the assets belonging to the Transferor Company other than those referred to in Clause C-2 above, the same shall, as more particularly provided in Clause C-1 above, without any further act, instrument or deed be transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act. The mutation of the title to all such immovable assets belonging to the Transferor Company shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act or deed whatsoever, in favour of the Transferee Company.
- C-4. All debts, liabilities outstanding, reserves and receivables of the Transferor Company shall, on and from the Appointed Date, stand transferred to and vested in the Transferee Company without any further notice, acts or deeds and pursuant to provisions of Sections 232 of the Act or intimation to the debtors and the debtors shall be obliged to make payments to the Transferee Company on and after the Effective Date.
- C-5. All the licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, claims, leases, liberties, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued, which may accrue to the Transferor Company shall, pursuant to the provisions of Section 232(3) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date, the licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, claims, leases, liberties, rehabilitation schemes, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law. It is hereby clarified that all inter party transactions between the Transferor Company and the Transferee Company shall be considered as intra party transactions for all purposes from the Appointed Date.
- C-6. It is clarified that notwithstanding anything to the contrary contained herein, all rights relating to patents, designs and drawings, trademarks, service marks, logos, domain names and utility models, copyrights, inventions and brand names which are possessed and/or owned by the Transferor Company including the right to use the brand name, and business names and any similar rights and the benefit of any of the foregoing shall be available to Transferee Company.
- C-7. All assets, estates, rights, title, interest, licenses and authorities acquired by or permits, quotas, approvals, permissions, incentives, loans or benefits, subsidies, concessions, grants, rights, claims, leases, liberties,

rehabilitation schemes and other assets, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and/or all rights and benefits that have accrued or which may accrue to the Transferor Company after the Appointed Date and prior to the Effective Date in connection or in relation to the operation of the Undertaking shall upon coming into effect of this Scheme, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested or deemed to have been transferred to and vested in the Transferee Company.

C-8. Upon the coming into effect of this Scheme and with effect from the Appointed Date:

- (a) All the secured and unsecured debts, (whether in rupees or in foreign currency), all liabilities, duties and obligations of the Transferor Company along with any charge, encumbrance, lien or security thereon shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to have been transferred to and vested in, so as to become the debts, liabilities, duties and obligations of the Transferee Company, and further 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. It is clarified that in so far as the Assets of the Transferor Company are concerned, the security or charge over such Assets or any part thereof, relating to any loans, debentures or borrowing of the Transferor Company, shall, without any further act or deed continue to relate to such Assets or any part thereof, after the Effective Date and shall not relate to or be available as security in relation to any or any part of the assets of the Transferee Company.
- (b) All debentures, bonds, notes or other debt securities of the Transferor Company, whether convertible into equity or otherwise, (hereinafter referred to as the “**Transferor Company’s Securities**”), shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed become securities of the Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in, deemed to have been transferred to and vested and shall be exercised by or against the Transferee Company as if it were the Transferor Company in respect of the Transferor Company’s Securities so transferred.
- (c) Assets of the Transferee Company shall not relate to or be available as security in relation to the said borrowings of the Transferor Company unless the Transferee Company otherwise agrees.
- (d) Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.
- (e) All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company in relation to or in connection with the Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of Section 232(3) of the Act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- (f) The work experience, qualifications, pre-qualifications, right to use the work experience, capabilities, legacies and track record with the Ministry of Defence, India, Defence Research & Development Organization (DRDO), Hindustan Aeronautics Limited’s initiatives, Government / Non – Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financials etc.) of the Transferor Company acquired by reason of the completion of various projects and works and certificates of completion of projects or works issued by the clients of the Transferor Company shall in relation to or in connection with the Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to be part of and belonging to the Transferee Company and shall for all purposes be regarded as the work experience and qualification, pre-qualifications, capabilities and legacies (including technical parameters, past performance, track record, financials etc.) and certificates of completion of the Transferee Company.

C-9. For the removal of doubts it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstandings including any interest thereon, as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.

C-10. The provisions of this Scheme as they relate to the amalgamation of the Transferor Company into the Transferee Company have been drawn up to comply with the conditions relating to "amalgamation" as defined under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

C-11. Legal Proceedings:

Upon the coming into effect of this Scheme, all suits, actions, legal, taxation and any other proceedings of whatsoever nature including proceedings in respect of registrations of any patent, copyright, trademark, service names or marks, or designs (the "**Proceedings**") by or against the Transferor Company pending and/or arising before any judicial, quasi-judicial authority or tribunal on or before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and/or had arisen by or against the Transferee Company.

C-12. Contracts:

(a) Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements, incentives, licenses, engagements, approvals, registrations and assurances and other instruments of whatsoever nature ("**Contracts**") to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before 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 as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto. The Transferee Company may if and wherever necessary, enter into and/or issue and/or execute deeds, writings or confirmations at any time, enter into any tripartite arrangements, confirmations or novations prior to the Effective Date to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Clause.

(b) The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Company was a 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 Part C of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company.

C-13. Employees:

Upon the coming into effect of this Scheme:

(a) All the employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favourable than those subsisting with reference to the Transferor Company as on the said date. It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies, and shall not be entitled to avail of any schemes and benefits that are applicable and available to any of the employees of the Transferee Company, unless otherwise determined by the Transferee Company. The Transferee Company undertakes to

continue to abide by any agreement/ settlement, if any, entered into by the Transferor Company with any union/employee of the Transferor Company.

- (b) The existing provident fund, gratuity fund, and pension and/or superannuation fund created by the Transferor Company or any other special funds created or existing for the benefit of the employees of the Transferor Company shall at an appropriate stage on case to case basis be transferred to the relevant funds of the Transferee Company and till such time shall be maintained separately.

C-14. Saving of Concluded Transactions:

The transfer of the Undertakings, the continuance of Proceedings and the effectiveness of Contracts as mentioned hereinabove, shall not affect any transaction or Proceedings already concluded by the Transferor Company on or before 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 if done and executed on its behalf.

C-15. Re-organization of Share Capital:

As the entire Issued, Subscribed and Paid-up equity share capital of the Transferor Company is held by the Transferee Company and its nominee, upon the Scheme being effective, notwithstanding anything contrary in this Scheme, the said share capital of the Transferor Company will stand automatically cancelled and there will be no issue and allotment of shares to the Transferee Company as the Transferee Company and its nominee are the only shareholders of the Transferor Company.

PART D – ACCOUNTING TREATMENT FOR THE AMALGAMATION IN THE BOOKS OF TRANSFEEE COMPANY

D-1. General Accounting Treatment:

- (a) With effect from the Appointed Date and upon the Scheme becoming effective, the Transferee Company shall follow pooling of interest method for the purpose of amalgamation. The unabsorbed depreciation and losses of the Transferor Company, if any shall be treated as the unabsorbed depreciation and losses of the Transferee Company as on the Appointed Date and the Transferee Company shall be entitled to carry forward the losses and unabsorbed depreciation of the Transferor Company and to revise its tax returns and including any loss, returns, related tax deduction certificates and to claim refund, advance tax credits, etc., accordingly.
- (b) With effect from the Appointed Date and upon the Scheme becoming effective, any tax credits, tax receivables, advance/prepaid taxes, taxes deducted at source, the unabsorbed depreciation and losses of the Transferor Company shall be treated as the tax credits, tax receivables, advance/prepaid taxes, taxes deducted at source, the unabsorbed depreciation and losses of the Transferee Company as on the Appointed Date and the Transferee Company shall be entitled to claim in its tax return or in the statutorily prescribed manner the tax credits, tax receivables, advance, /prepaid taxes, taxes deducted at source, set-off /carry forward the loses and unabsorbed depreciation of the Transferor Company and to revise its tax returns and including any loss, related tax deduction certificates and to claim refund, advance tax credits, tax receivables, etc., accordingly.
- (c) All assets and liabilities, including reserves, of the Transferor Company shall be recorded in the books of accounts of the Transferee Company at their existing carrying amounts and in the same form. The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee in the same form in which they appeared in the financial statements of the Transferor.
- (d) In case of any difference in accounting policies of the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the “Surplus in Profit & Loss” account of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position of the Transferee Company on the basis of a consistent accounting policy and in conformity with applicable standards including the Indian Accounting Standard 103 (Ind AS 103) “Business Combinations” laid down by the Institute of Chartered Accountants of India.
- (e) To the extent that there are inter-company loans, deposits, obligations, balances or other outstanding including any interest thereon, as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and

corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.

- (f) The difference between, the amount of Investment in transferor company, as appearing in books of Transferee Company, and share capital of the Transferor Company shall be transferred to Capital Reserve and will be presented separately from other capital reserves.

PART E – GENERAL TERMS & CONDITIONS APPLICABLE TO THE ENTIRE SCHEME

E-1. Conduct of Business as and from the Appointed Date till the Effective Date:

- (a) The Transferor Company shall carry on and be deemed to carry on its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all profits accruing to the Transferor Company or losses arising or incurred by it shall for all purposes be treated as the profits or losses of the Transferee Company as the case may be.
- (b) The Transferor Company hereby undertakes to carry on its business until the effective date with reasonable diligence and shall not, without the consent of the Transferee Company, alienate, charge or otherwise deal with the Undertaking or any part thereof except in the ordinary course of its business.
- (c) The Transferor Company shall not undertake any new business or any substantial expansion of its existing business or change the general character or nature of its business except with the concurrence of the Transferee Company.

E-2. Dividend:

- (a) The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date.
- (b) The holders of the equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- (c) It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of any of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective board of directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

E-3. Resolutions:

Upon the coming into effect of this Scheme, the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

E-4. Dissolution of Transferor Company:

Pursuant to the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up, without any further act, deed or instrument.

E-5. Application to the Tribunal :

The Transferor Company and the Transferee Company shall with all reasonable despatch, make all necessary applications and/or petitions under Section 232 and other applicable provisions of the Act (as maybe necessary) to the Tribunal, for sanctioning the Scheme and for dissolution of the Transferor Company without winding up under the provisions of law and obtain all approvals as may be required under law.

E-6. Modification or Amendments to the Scheme:

- (a) The Transferor Company and the Transferee Company may assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to this Scheme or to any conditions or limitations which either the Boards of Directors or a committee or committees of the

concerned Board or any Director authorised in that behalf by the concerned Board of Directors (hereinafter referred to as the “**Delegates**”) of the Transferor Company and the Transferee Company deem fit, subject to the approval of the Tribunal or any other authorities under law may deem fit to approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or to review the position relating to the satisfaction of the conditions to this Scheme and if necessary, to waive any of those (to the extent permissible under law) for bringing this Scheme into effect. In the event that any of the conditions that may be imposed by the Tribunal or other authorities which the Transferor Company or the Transferee Company may find unacceptable for any reason, then the Transferor Company and the Transferee Company are at liberty to withdraw the Scheme. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by the Delegates of the respective Companies.

- (b) For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegate of the Transferor Company and Transferee Company may give and are authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

E-7. **Taxes:**

- (a) Any tax liabilities under the Income Tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956, Services Tax, applicable State VAT laws or other applicable laws / regulations dealing with taxes / duties / levies (hereinafter in this Clause referred to as “Tax Laws”) allocable or related to the business of the Transferor Company to the extent not provided for or covered by the provision for tax in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company. Any surplus in the provision for taxation / duties / levies account including advance tax and tax deducted at source (TDS) as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- (b) Any refund under the Tax Laws due to the Transferor Company consequent to the assessment made on the Transferee Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- (c) All taxes (including income tax, customs duty, service tax, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, in so far as it relates to the tax payment (including, without limitation, custom duty, income tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- (d) The Transferee Company shall be entitled to tax benefits under Section 72A or any other provision of the Income Tax Act, 1961 towards brought forward losses and unabsorbed depreciation of the Transferor Company, if any from the taxable profits of the Transferee Company with effect from the Appointed Date. The Transferee Company shall continue to enjoy the tax benefits / concessions provided to the Transferor Company through notifications/Circulars issued by the concerned Authorities from time to time.
- (e) All compliances with respect to advance tax, withholding taxes or tax deduction at source, service tax, VAT, other indirect taxes, etc. to be done or done by the Transferor Company in relation to the Transferred Undertaking shall for all purposes be treated as compliances to be done or done by the Transferee Company.
- (f) Upon the coming into effect of the Scheme, the Transferee Company may, if it considers necessary or expedient, revise (with retrospective effect if applicable) its income tax returns, TDS returns,

services tax returns, sales tax returns and other tax returns, and claim refunds and/or credits, etc. pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.

E-8. Scheme conditional on approval/sanctions:

This Scheme is conditional upon and subject to:

- (a) The requisite order/s of the Tribunal being obtained;
- (b) Such other sanctions and approvals, including sanctions of any governmental or regulatory authority, creditor, lessor, or contracting party as may be required by law or contract in respect of the Scheme, being obtained; and
- (c) The certified copy/copies of the order/s referred to in this Scheme being filed with the Registrar of Companies, Karnataka, Bangalore and the Registrar of Companies, Maharashtra, Mumbai as applicable.

E-9. The Boards of Directors of the Transferor Company and the Transferee Company shall, upon the conditions being satisfied, or upon waiver of any condition that is capable of being waived, declare the Scheme as having come into effect.

PART F – OTHER TERMS & CONDITIONS

F-1. In the event of the said sanction and approvals not being obtained or waived and/or the Scheme not being sanctioned by the Tribunal, the Scheme shall become null and void, and each party shall bear its respective costs, charges and expenses in connection with the Scheme of Amalgamation.

F-2. (a) In the event of this Scheme failing to take effect finally, including without limitation, due to the sanction and approvals referred to in Clause E-8 above not being obtained and/or complied with and /or satisfied and/or waived and/or this Scheme not being sanctioned by the Tribunal and/or order or orders not being passed as aforesaid, before 31st March, 2018 or such other date as may be mutually agreed upon by the respective Board of Directors of the Transferor Company and the Transferee Company who are hereby empowered and authorized to agree to and extend the aforesaid period from time to time in exercise of their powers through and by the respective Delegates, this Scheme shall stand revoked/ cancelled and be of no effect and become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or the shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law.

(b) Further, the Boards of Directors of the Transferor Company and the Transferee Company, including through or by the respective Delegates shall be entitled to revoke, cancel and declare the Scheme to be of no effect if such Boards of Directors are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on the Transferor Company and/or the Transferee Company.

F-3. If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme. The Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors), (either by themselves or through a committee or authorized officers appointed by them in this behalf), may, in their full and absolute discretion, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time.

F-4. In the event of non fulfillment of any or all of the obligations under this Scheme by any party towards any other party inter-se or to third parties and non-performance of which will place the other party under any obligation, then such defaulting party will indemnify all costs and interest to such other affected party.

F-5. All costs, charges, levies and expenses including any taxes and duties of the Transferor Company and Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.

SCHEME OF AMALGAMATION

(Under Section 230-232 of the Companies Act, 2013)

OF

L&T SHIPBUILDING LIMITED

WITH

LARSEN & TOUBRO LIMITED

PART I – GENERAL

PREAMBLE

1. This Scheme of Amalgamation is presented under Sections 230-232 and other relevant provisions of the Companies Act, 2013 as an integrated and complete Scheme of Amalgamation between **L&T Shipbuilding Limited**, the Transferor Company and **Larsen & Toubro Limited**, the Transferee Company and the dissolution of the Transferor Company without winding up.
2. The Scheme is in the interest of the Transferor and Transferee Companies, their respective shareholders and creditors.

DESCRIPTION OF THE COMPANIES

- a) **L&T SHIPBUILDING LIMITED (“Transferor Company”/ “LTSB”)** was incorporated under the provisions of the Companies Act, 1956 on 13th November 2007 and became a wholly owned subsidiary of the Transferee Company on 10th April 2019 having its Registered office at Ground Floor, TC-1 Building, L&T Construction Complex, Mount Poonamallee Road, Manapakkam, Chennai- 600089. LTSB is inter alia engaged in the business of shipbuilding, naval architecture, marine engineering, ocean engineering, heavy engineering and general engineering. LTSB currently operates a modern shipyard from Kattupalli, Chennai that is engaged in the construction of shipyards, building of warships, submarines, auxiliary vessels/crafts and specialized commercial ships and undertakes repairs and refits of both defence and commercial ships. Initially, it was also engaged in the business of the construction, development, operating, maintaining of Kattupalli Port however, the same was divested as a part of rationalization of its business operations.
- b) **LARSEN & TOUBRO LIMITED (“Transferee Company”/ “L&T”)** is a listed public limited company incorporated under the provisions of the Companies Act, 1913 on 7th February, 1946 having its Registered office at L&T House, Narottam Morarji Marg, Ballard Estate, Mumbai- 400001, Maharashtra. One of the Objects for which L&T is incorporated is to, inter alia, carry on business as civil, mechanical, electrical, chemical and agricultural engineers, as manufacturers, and as importers and exporters, commission agents (and merchants and as agents for ship and ship-owners and as agents) for foreign manufactures and merchants. The Transferee Company is also engaged in the construction of ships, building of warships, submarines, auxiliary vessels/crafts and specialized commercial ships at Hazira, State of Gujarat.

RATIONALE FOR THE SCHEME OF AMALGAMATION:

The reasons and circumstances leading to and justifying the proposed Scheme of Amalgamation, which make it beneficial for all concerned, including the members of both the Companies, are as follows:

- a) The Transferor Company and the Transferee Company are operating in complementary/similar lines of business that can be conveniently combined for mutual benefit.

- b) The Transferor Company does not have adequate financial strength, qualification criteria etc. for obtaining orders in relation to majority of the defence contracts. It hence relies on the Transferee Company and its license/s for construction of ships, building of warships, submarines, auxiliary vessels/crafts and specialized commercial ships and subcontracting the works to it. This results in multiple layers of contracts, approvals etc. resulting in higher costs for management, administration etc.
- c) Transferee Company by virtue of its higher financial strength has the ability and banking facilities to meet large value Bid & Advance Payment Guarantees which are required for high value defence orders. Hence, the merger can enhance the ability to Bid for and issue Guarantees for large value defence orders.
- d) The proposed merger hence can facilitate utilization of the shipyard facility in an optimum manner by leveraging superior pre qualification and financial capability of the Transferee Company and by also achieving better execution through pooling of human capital with diverse skills, talent and vast experience.
- e) There has been confusion among customers in understanding the legal status of the Transferor Company and the Transferee Company during prequalification and while awarding contracts. Competition has also been leveraging Transferor Company financials for negative propaganda, despite Transferee Company's strong balance sheet.
- f) The proposed merger provides an opportunity to optimize the utilization of the Transferor Company's facilities (including Kattupalli Shipyard) for businesses other than those presently carried on by the Transferor Company.
- g) One of the reasons necessitating the merger is that the Transferor Company is a wholly owned subsidiary of the Transferee Company as the complete shareholding of the Transferor Company is held by the Transferee Company and its nominees. It is also relevant to note in this regard that a portion of the equity stake of the Transferor Company was held by Tamil Nadu Industrial Development Corporation Limited (TIDCO) until April 10, 2019 and hence Transferor Company was initially setup as a separate legal entity. With TIDCO's exit and consequently as the Transferor Company is now a wholly owned subsidiary of the Transferee Company, the Transferor Company's operations would roll back into the "Defence" vertical of the Transferee Company, post the merger.
- h) The amalgamation will improve organizational capability arising from the pooling of human capital that has diverse skills, talent and vast experience.
- i) The Scheme is commercially and economically viable and feasible and is in fact fair and reasonable.
- j) The proposed amalgamation will result in administrative and operations rationalization, organizational efficiencies, reduction in overheads, personnel costs, costs of ERP, compliance cost and other administrative expenses.
- k) The proposed amalgamation would be beneficial from a revenue generation and cost optimization perspective as the Transferee Company would continue to reap the benefits of qualifications/certifications of the Transferor Company post amalgamation.
- l) The proposed amalgamation will prevent cost duplication and will result in synergies in operations. The synergies created by the amalgamation would increase operational efficiency and integrate business functions.
- m) The higher financial strength (due to the merger into the Transferee Company) will help in optimizing funding cost for the shipyard and make the business of the Transferor Company more commercially viable.
- n) Since the Transferor Company is already a wholly owned subsidiary of the Transferee Company, the management of the two aforementioned companies have evaluated the plan and strategy for both the Companies and feel that merging the two entities will be effective in obtaining synergy in the operations of the Transferor Company and the Transferee Company.

PARTS OF THE SCHEME

The Scheme is divided into the following parts:

1. Part A – deals with Definitions and Interpretations.
2. Part B - deals with Capital Structure of the Transferor and Transferee Companies.
3. Part C - deals with Amalgamation of the Transferor Company with the Transferee Company.

4. Part D - deals with Accounting Treatment for the amalgamation in the books of Transferee Company.
5. Part E - deals with the general terms and conditions that would be applicable to the entire Scheme.
6. Part F – deals with other terms and conditions.

In addition to the above, the Scheme also provides for various other matters consequential or otherwise integral to it.

TREATMENT OF THE SCHEME FOR THE PURPOSES OF INCOME TAX ACT, 1961

The amalgamation of the Transferor Company with the Transferee Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2 (1B) of the Income Tax Act, 1961. If any of the terms or provisions of Part C of the Scheme is/are found or interpreted to be inconsistent with the provisions of Section 2 (1B) of the Income Tax Act, 1961 at a later date including resulting from an amendment of a law or for any other reason whatsoever, the provisions of Section 2 (1B) of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of Section 2 (1B) of the Income Tax Act, 1961. Such modification/s will however not affect the other parts of the Scheme.

PART A

DEFINITIONS & INTERPRETATIONS

In this Scheme (as defined hereunder), unless inconsistent with the meaning or context thereof, the following expressions shall have the meanings respectively assigned against them:

- A-1. **“Act”** means the Companies Act, 2013 and shall include any statutory modification(s), re-enactment(s) or amendment thereof from time to time;
- A-2. **“Appointed Date”** means 1st April 2019 or such other date(s) as the National Company Law Tribunal at Chennai, Tamil Nadu and the National Company Law Tribunal at Mumbai, Maharashtra or such other Appropriate Authority may approve;
- A-3. **“Appropriate Authority”** means any governmental, statutory, departmental or public body or authority, including the relevant Registrar of Companies and/or the Regional Director.
- A-4. **“Board of Directors of the Transferee Company”** shall mean the Board of Directors of L&T, any committee(s) constituted/to be constituted by the board of directors of L&T or any other person authorized/to be authorized by the board of directors of L&T or any committee thereof to exercise its powers including the powers in terms of this Scheme;
- A-5. **“Board of Directors of the Transferor Company”** shall mean the Board of Directors of LTSB, any committee(s) constituted/to be constituted by the board of directors of LTSB or any other person authorized/to be authorized by the board of directors of the LTSB or any committee thereof to exercise its powers including the powers in terms of this Scheme;
- A-6. **“Effective Date”** means the latter of the dates on which certified copy of the order sanctioning the Scheme passed by the National Company Law Tribunal at Chennai, Tamil Nadu and the National Company Law Tribunal at Mumbai, Maharashtra is filed with the Registrar of Companies, Tamil Nadu and Registrar of Companies, Mumbai, Maharashtra, respectively;
- A-7. **“Kattupalli Shipyard”** shall mean the shipyard constructed and operated by the Transferor Company with all lands, relevant portion of the waterfront (including the wharfs and the marine structures comprised therein and the Southern Breakwater), assets and facilities comprised therein as the same is delineated on the map in **Annexure 1** hereto and shall include the Modular Fabrication Facility;
- A-8. **“Scheme”** means the Scheme of Amalgamation in its present form as submitted to the National Company Law Tribunal at Chennai, Tamil Nadu and the National Company Law Tribunal at Mumbai, Maharashtra for its sanction with or without any modification(s)/amendment(s) as may be directed by it;
- A-9. **“Transferee Company”** shall mean “Larsen & Toubro Limited”, a company incorporated under the Companies Act, 1913 and having its Registered office at L&T House, Narottam Morarji Marg, Ballard Estate, Mumbai- 400001, Maharashtra;

- A-10. **“Transferor Company”** shall mean “L&T Shipbuilding Limited”, a company incorporated under the Companies Act, 1956 and having its Registered office at Ground Floor, TC-1 Building, L&T Construction Complex, Mount Poonamallee Road, Manapakkam, Chennai- 600089, Tamil Nadu;
- A-11. **“Tribunal”** means the National Company Law Tribunal, Chennai and/or National Company Law Tribunal, Mumbai as constituted by the Central Government under the Companies Act 2013 as amended from time to time and the National Company Law Appellate Tribunal, New Delhi;
- A-12. **“Undertaking”** means the entire business and all the undertaking of the Transferor Company and shall include:
- a) All the assets, properties, business and commercial rights or any other assets of the Transferor Company, whether appearing in the financial statements or not of the Transferor Company, as on the Appointed Date (hereinafter referred to as **“the Assets”**);
 - b) All the debts, liabilities, duties and obligations of the Transferor Company, whether appearing in the financial statements of the Transferor Company or not, as on the Appointed Date (hereinafter referred to as **“the Liabilities”**);
 - c) Without prejudice to the generality of sub-clause (a) above, the undertaking of the Transferor Company shall include (without being limited to all the Transferor Company’s reserves and the authorised/ paid-up share capital), movable or immovable, tangible or intangible properties, buildings and structures, offices, residential and other premises, capital work in progress, sundry debtors, furniture, fixtures, office equipment, vehicles, appliances, accessories, power lines, deposits, all stocks, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stock, mutual funds), Cash & Bank balances, loans, advances, contingent rights or benefits, receivables (including tax refunds), benefit of any deposits, financial assets, leases, powers, authorities, allotments, approvals, permits and consents, quotas, rights, entitlements, contracts, licenses, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, leases, licenses, fixed and other assets, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, and balances, loans, title, interests, other benefits (including tax benefits) and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, including but without being limited to trade and service names and marks, patents, knowhow, copyrights, and other intellectual property rights of any nature whatsoever (including application for registration of the same and right to use such intellectual rights) authorizations, permits, approvals, rights to use and avail of telephones, telex, facsimile, email, internet, leased line connections and installations, utilities, water, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programs, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad.
 - d) All records, files, papers, engineering and process information, computer programmes, software licenses, 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; and;
 - e) All present and future liabilities including contingent liabilities and shall further include any obligations under any licenses and/or permits.

PART B - CAPITAL STRUCTURE OF THE TRANSFEROR AND TRANSFEREE COMPANIES

The Authorized and the Issued, Subscribed and Paid Up Share Capital of the Transferor Company and Transferee Company as per their respective latest available Audited Balance Sheets as on 31st March, 2019 are as under:

a) The share capital of L&T Shipbuilding Limited, the Transferor Company as of 31st March, 2019 is as under:

Transferor Company	As at 31st March, 2019	
	Nos.	Rs.
SHARE CAPITAL		
AUTHORIZED – EQUITY		
Equity Shares of Rs. 10/- each	130,00,00,000	1300,00,00,000
Total:	130,00,00,000	1300,00,00,000
AUTHORIZED – PREFERENCE		
Preference Shares of Rs. 10/- each	340,00,00,000	3400,00,00,000
Total:	340,00,00,000	3400,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL	44,40,00,000	444,00,00,000
Total:	44,40,00,000	444,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP PREFERENCE SHARE CAPITAL	Nos.	Rs.
12% Cumulative Redeemable Preference Shares of face value of Rs. 10/- each	25,00,00,000	250,00,00,000
9% Non-Cumulative Redeemable Preference Shares of face value of Rs. 10/- each	222,81,89,988	2228,18,99,880
Total:	247,81,89,988	2478,18,99,880

b) The share capital of Larsen & Toubro Limited, the Transferee Company as of 31st March, 2019 is as follows:

Transferee Company	As at 31st March, 2019	
	Nos.	Rs.
SHARE CAPITAL		
AUTHORIZED		
Equity Shares of Rs. 2/- each	162,50,00,000	325,00,00,000
Total:	162,50,00,000	325,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP		
Equity Shares of Rs. 2/- each	140,27,29,385	280,54,58,770

Subsequent to the latest audited financial statements of the Transferee Company, there has been an increase in the issued, subscribed and paid up share capital of the Transferee Company. Presently the issued, subscribed and paid up capital of the Transferee Company is 140,30,91,278 equity shares of Rs. 2 each aggregating to Rs. 280,61,82,556.

PART C – AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

Transfer And Vesting of the Undertaking

C-1. Upon coming into effect of this Scheme and with effect from the Appointed Date, the entire Undertaking of the Transferor Company (including all the estate, assets, investments, rights, claims, title, interest and authorities including accretions and appurtenances) shall, subject to the provisions of Clauses C-2 and C-3 in relation to the mode of vesting and pursuant to the provisions of the Act and without any further act, instrument or deed, be and shall stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company as a going concern pursuant to the provisions of Section 232(3) of the Act and other applicable provisions of the said Act so as to become as and from the Appointed Date, the assets, estates, rights, title and interest of the Transferee Company. Without prejudice to the generality of the above, all benefits, concessions, reliefs including but not limited to the benefit/s under income tax (including tax relief under the Income Tax Act, 1961, such as credit for advance tax, taxes deducted at source, carry

forward of Minimum Alternate Tax Credit, carry forward of tax losses including unabsorbed depreciation, continuity of tax holiday/ deduction available, if any, etc.), service tax (including benefits of any unutilized CENVAT/ service tax credits, etc.), credit for Goods and Services Tax, excise, value added tax, sales tax (including deferment of sales tax), the SEZ status and benefits associated therein, such other tax or other benefits under any laws or any other registrations, etc., to which the Transferor Company is entitled to in terms of various statutes and/or schemes of Union, State, and Local Governments/ bodies and/or otherwise, shall be available to and vest in the Transferee Company.

- C-2. In respect of such of the assets of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same may be so transferred by the Transferor Company, and shall, upon such transfer, become the property of the Transferee Company.
- C-3. In respect of such of the assets belonging to the Transferor Company other than those referred to in Clause C-2 above, the same shall, as more particularly provided in Clause C-1 above, without any further act, instrument or deed be transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act. The mutation of the title to all such immovable assets belonging to the Transferor Company shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act or deed whatsoever, in favour of the Transferee Company.
- C-4. All debts, liabilities outstanding, reserves and receivables of the Transferor Company shall, on and from the Appointed Date, stand transferred to and vested in the Transferee Company without any further notice, acts or deeds and pursuant to provisions of Sections 232 of the Act or intimation to the debtors and the debtors shall be obliged to make payments to the Transferee Company on and after the Effective Date.
- C-5. All the licenses (including hardware and software licenses), permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, no objection certificates claims, leases (including the lease/s entered into with the Tamil Nadu Industrial Development Corporation Limited), liberties, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued, which may accrue to the Transferor Company shall, pursuant to the provisions of Section 232(3) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date, the licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, no objection certificates, claims, leases (including the lease/s entered into with the Tamil Nadu Industrial Development Corporation Limited), liberties, rehabilitation schemes, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law. It is hereby clarified that all inter party transactions between the Transferor Company and the Transferee Company shall be considered as intra party transactions for all purposes from the Appointed Date.
- C-6. The benefit of all transferable statutory and regulatory permissions, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Company shall vest in and become available to the Transferee Company pursuant to the Scheme.
- C-7. Without prejudice to the generality of the clauses C-5 and C-6, the approvals, licenses etc. shall stand transferred to the Transferee Company pursuant to the Scheme without any further act, instrument or deed.
- C-8. It is clarified that notwithstanding anything to the contrary contained herein, all rights relating to patents, designs and drawings, trademarks, service marks, logos, domain names and utility models, copyrights, inventions and brand names which are possessed and/or owned by the Transferor Company including the right to use the brand name, and business names and any similar rights and the benefit of any of the foregoing shall be available to Transferee Company.
- C-9. All assets, estates, rights, title, interest, licenses and authorities acquired by or permits, quotas, approvals, permissions, incentives, loans or benefits, subsidies, concessions, grants, rights, claims, leases, liberties, rehabilitation schemes and other assets, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and/or all rights and benefits that have accrued or which may accrue to the Transferor Company after the Appointed Date and prior to the Effective Date in connection or in relation to

the operation of the Undertaking shall upon coming into effect of this Scheme, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested or deemed to have been transferred to and vested in the Transferee Company.

C-10. Upon the coming into effect of this Scheme and with effect from the Appointed Date:

- (a) All the secured and unsecured debts, (whether in rupees or in foreign currency), all liabilities, duties and obligations of the Transferor Company along with any charge, encumbrance, lien or security thereon shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to have been transferred to and vested in, so as to become the debts, liabilities, duties and obligations of the Transferee Company, and further 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. It is clarified that in so far as the Assets of the Transferor Company are concerned, the security or charge over such Assets or any part thereof, relating to any loans, debentures or borrowing of the Transferor Company, shall, without any further act or deed continue to relate to such Assets or any part thereof, after the Effective Date and shall not relate to or be available as security in relation to any or any part of the assets of the Transferee Company.
- (b) All debentures, bonds, notes or other debt securities of the Transferor Company, whether convertible into equity or otherwise, (hereinafter referred to as the “**Transferor Company’s Securities**”), shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed become securities of the Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in, deemed to have been transferred to and vested and shall be exercised by or against the Transferee Company as if it were the Transferor Company in respect of the Transferor Company’s Securities so transferred.
- (c) Assets of the Transferee Company shall not relate to or be available as security in relation to the said borrowings of the Transferor Company unless the Transferee Company otherwise agrees.
- (d) Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.
- (e) All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company in relation to or in connection with the Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of Section 232(3) of the Act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- (f) The technical qualifications, right to use the accreditations/pre-qualifications, work experience, track record with customers or other parties, contracts with clients and with vendors, of the Transferor Company (acquired by reason of its operations in the past) in relation to or in connection with the Undertaking shall be deemed to be part of and belonging to the Transferee Company and shall for all purposes be regarded as the work experience and technical qualification, of the Transferee Company with effect from the Appointed Date.

C-11. For the removal of doubts it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstandings including any interest thereon, as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.

C-12. **Legal Proceedings:**

- (a) All proceedings of whatsoever nature (legal and others, including any suits, actions, appeals, arbitrations, execution proceedings, revisions, writ petitions, proceedings in respect of registrations of any patent, copyright, trademark, service names or marks, or designs, or any other intellectual property right, if any) by or against the Transferor Company shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer and vesting of the Undertaking of the Transferor Company or anything contained in this Scheme but the said proceedings, shall, till the Effective Date be continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.
- (b) Upon the coming into effect of this Scheme, all suits, actions, legal, taxation and any other proceedings of whatsoever nature including proceedings in respect of registrations of any patent, copyright, trademark, service names or marks, or designs (the “**Proceedings**”) by or against the Transferor Company pending and/or arising before any judicial, quasi-judicial authority or tribunal on or before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and/or had arisen by or against the Transferee Company.
- (c) The Transferee Company undertakes to have accepted on behalf of itself, all suits, claims, actions and legal proceedings initiated by or against the Transferor Company transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company and any payment and expenses made thereto shall be the liability of the Transferee Company only upon effectiveness of the Scheme and not otherwise.

C-13. **Contracts:**

- (a) Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements, incentives, licenses, engagements, approvals, registrations and assurances and other instruments of whatsoever nature (“**Contracts**”) to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before 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 as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto. The Transferee Company may if and wherever necessary, enter into and/or issue and/or execute deeds, writings or confirmations at any time, enter into any tripartite arrangements, confirmations or novations prior to the Effective Date to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Clause.
- (b) The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Company was a 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 Part C of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company.

C-14. **Staff, Workmen and Employees:**

Upon the coming into effect of this Scheme:

- (a) All the employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favourable than those subsisting with reference to the Transferor Company as on the said date. It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies, and shall not be entitled to avail of any schemes and benefits that are applicable and available to any of the employees of the Transferee Company, unless otherwise determined by the Transferee Company. The Transferee Company undertakes to

continue to abide by any agreement/ settlement, if any, entered into by the Transferor Company with any union/employee of the Transferor Company.

- (b) The existing provident fund, gratuity fund, and pension and/or superannuation fund created by the Transferor Company or any other special funds created or existing for the benefit of the employees of the Transferor Company shall at an appropriate stage on case to case basis be transferred to the relevant funds of the Transferee Company and till such time shall be maintained separately.

C-15. Saving of Concluded Transactions:

The transfer of the Undertakings, the continuance of Proceedings and the effectiveness of Contracts as mentioned hereinabove, shall not affect any transaction or Proceedings already concluded by the Transferor Company on or after the Appointed Date for Amalgamation 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 if done and executed on behalf of the Transferee Company.

C-16. Re-organization of Share Capital:

- (a) As the entire Issued, Subscribed and Paid-up equity share capital of the Transferor Company is held by the Transferee Company and its nominees, upon the Scheme being effective, notwithstanding anything contrary in this Scheme, the said share capital of the Transferor Company will stand automatically cancelled and there will be no issue and allotment of fresh shares to the Transferee Company as the Transferee Company and its nominees are the only shareholders of the Transferor Company.
- (b) As the entire Issued, Subscribed and Paid-up preference share capital of the Transferor Company is held by the Transferee Company, upon the Scheme being effective, notwithstanding anything contrary in this Scheme, the said preference share capital of the Transferor Company will stand automatically cancelled and there will be no issue and allotment of fresh preference shares to the Transferee Company.

PART D – ACCOUNTING TREATMENT FOR THE AMALGAMATION IN THE BOOKS OF TRANSFEEE COMPANY

D-1. General Accounting Treatment:

- (a) With effect from the Appointed Date and upon the Scheme becoming effective, the Transferee Company shall follow pooling of interest method in Appendix C of Indian Accounting Standard 103 (Ind AS 103) (Business Combinations of entities under common control) for the purpose of amalgamation..
- (b) All assets and liabilities, including reserves, of the Transferor Company shall be recorded in the books of accounts of the Transferee Company at their existing carrying amounts and in the same form. The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee in the same form in which they appeared in the financial statements of the Transferor.
- (c) In case of any difference in accounting policies of the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the “Surplus in Profit & Loss” account of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position of the Transferee Company on the basis of a consistent accounting policy and in conformity with applicable standards including the Indian Accounting Standard 103 (Ind AS 103) “Business Combinations” laid down by the Institute of Chartered Accountants of India.
- (d) To the extent that there are inter-company loans, deposits, obligations, balances or other outstanding including any interest thereon, as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.
- (e) The difference between, the amount of Investment in transferor company, as appearing in books of Transferee Company, and share capital of the Transferor Company shall be transferred to Capital Reserve and will be presented separately from other capital reserves.

PART E – GENERAL TERMS & CONDITIONS APPLICABLE TO THE ENTIRE SCHEME

E-1. Conduct of Business as and from the Appointed Date till the Effective Date:

- (a) The Transferor Company shall carry on and be deemed to carry on its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all profits accruing to the Transferor Company or losses arising or incurred by it shall for all purposes be treated as the profits or losses of the Transferee Company as the case may be.
- (b) The Transferor Company hereby undertakes to carry on its business until the effective date with reasonable diligence and shall not, without the consent of the Transferee Company, alienate, charge or otherwise deal with the Undertaking or any part thereof except in the ordinary course of its business.
- (c) The Transferor Company shall not undertake any new business or any substantial expansion of its existing business or change the general character or nature of its business except with the concurrence of the Transferee Company.

E-2. Dividend:

- (a) The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date.
- (b) The holders of the equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- (c) It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of any of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective board of directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

E-3. Resolutions:

Upon the coming into effect of this Scheme, the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

E-4. Dissolution of Transferor Company:

Pursuant to the Scheme becoming effective and with effect from the Effective Date, the Transferor Company shall be dissolved without being wound up, without any further act, deed or instrument. On and from the Effective Date, the name of the Transferor Company shall be removed from the records of the Registrar of Companies and records relating to the Transferor Company shall be transferred and merged with the records of the Transferee Company.

E-5. Application to the Central Government or Tribunal :

The Transferor Company and the Transferee Company shall with all reasonable dispatch, make all necessary applications and/or petitions under Section 232 and other applicable provisions of the Act (as maybe necessary) to the Tribunal, for sanctioning the Scheme and for dissolution of the Transferor Company without winding up under the provisions of law and obtain all approvals as may be required under law.

E-6. Modification or Amendments to the Scheme:

- (a) The Transferor Company and the Transferee Company may assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to this Scheme or to any conditions or limitations which either the Boards of Directors or a committee or committees of the concerned Board or any Director authorised in that behalf by the concerned Board of Directors

(hereinafter referred to as the “Delegates”) of the Transferor Company and the Transferee Company deem fit, subject to the approval of the Tribunal or any other authorities under law may deem fit to approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or to review the position relating to the satisfaction of the conditions to this Scheme and if necessary, to waive any of those (to the extent permissible under law) for bringing this Scheme into effect. In the event that any of the conditions that may be imposed by the Tribunal or other authorities which the Transferor Company or the Transferee Company may find unacceptable for any reason, then the Transferor Company and the Transferee Company are at liberty to withdraw the Scheme. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by the Delegates of the respective Companies.

- (b) For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegate of the Transferor Company and Transferee Company may give and are authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

E-7. Taxes:

- (a) Any tax liabilities under the Income Tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956, Services Tax, goods and services tax, applicable State VAT laws or other applicable laws / regulations dealing with taxes / duties / levies (hereinafter in this Clause referred to as “Tax Laws”) allocable or related to the business of the Transferor Company to the extent not provided for or covered by the provision for tax in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company. Any surplus in the provision for taxation / duties / levies account including advance tax and tax deducted at source (TDS) as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- (b) With effect from the Appointed Date and upon the Scheme becoming effective, any tax credits, tax receivables, advance/prepaid taxes, taxes deducted at source, the unabsorbed depreciation and losses of the Transferor Company shall be treated as the tax credits, tax receivables, advance/prepaid taxes, taxes deducted at source, the unabsorbed depreciation and losses of the Transferee Company as on the Appointed Date and the Transferee Company shall be entitled to claim in its tax return or in the statutorily prescribed manner such tax credits, tax receivables, advance, /prepaid taxes, taxes deducted at source, set-off /carry forward the loses and unabsorbed depreciation of the Transferor Company and to revise its tax returns and including any loss, related tax deduction certificates and to claim refund, advance tax credits, tax receivables, etc., accordingly.
- (c) Any refund under the Tax Laws due to the Transferor Company consequent to the assessment made on the Transferee Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- (d) All taxes (including income tax, customs duty, service tax, Goods and Services Tax etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, in so far as it relates to the tax payment (including, without limitation, custom duty, income tax, service tax, VAT, Goods and Services Tax etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- (e) The unabsorbed depreciation and losses of the Transferor Company, if any shall be treated as the unabsorbed depreciation and losses of the Transferee Company as on the Appointed Date. The Transferee Company shall be entitled to tax benefits under Section 72A or any other provision of the Income Tax Act, 1961 towards brought forward losses and unabsorbed depreciation of the Transferor

Company, if any from the taxable profits of the Transferee Company with effect from the Appointed Date and the Transferor Company shall be entitled to carry forward such losses and unabsorbed depreciation of the Transferor Company and to revise its tax returns and including any loss, returns, related tax deduction certificates and to claim refund, advance tax credits, etc., accordingly. The Transferee Company shall continue to enjoy the tax benefits / concessions available to the Transferor Company through notifications/Circulars issued by the concerned Authorities from time to time.

- (f) All compliances with respect to advance tax, withholding taxes or tax deduction at source, service tax, VAT, other indirect taxes (including Goods and Services tax), etc. to be done or done by the Transferor Company in relation to the Transferred Undertaking shall for all purposes be treated as compliances to be done or done by the Transferee Company.
- (g) Upon the coming into effect of the Scheme, the Transferee Company may, if it considers necessary or expedient, revise (with retrospective effect if applicable) its income tax returns, TDS returns, services tax returns, sales tax returns and other tax returns, and claim refunds and/or credits, etc. pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.

E-8. Scheme conditional on approval/sanctions:

This Scheme is conditional upon and subject to:

- (a) The requisite order/s of the Tribunal being obtained;
- (b) Such other sanctions and approvals, including sanctions of any governmental or regulatory authority, creditor, lessor, or contracting party [including Tamil Nadu Industrial Development Corporation Limited (TIDCO), Tamil Nadu Maritime Board (TNMB) and Special Economic Zones (SEZ)] as may be required by law or by contract in respect of the Scheme, being obtained; and
- (c) The certified copy/copies of the order/s referred to in this Scheme being filed with the Registrar of Companies, Chennai, Tamil Nadu and the Registrar of Companies, Mumbai, Maharashtra as applicable.

E-9. Effect of Non-Receipt of Approvals/Sanctions:

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 Tribunal or such other competent authority and/ or the order not being passed as aforesaid before March 31, 2021 or within such further period or periods as may be agreed upon between the Transferor and Transferee Companies by their Board of Directors (and which the Board of Directors of the Transferor Company and the Transferee Company are hereby empowered and authorized 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

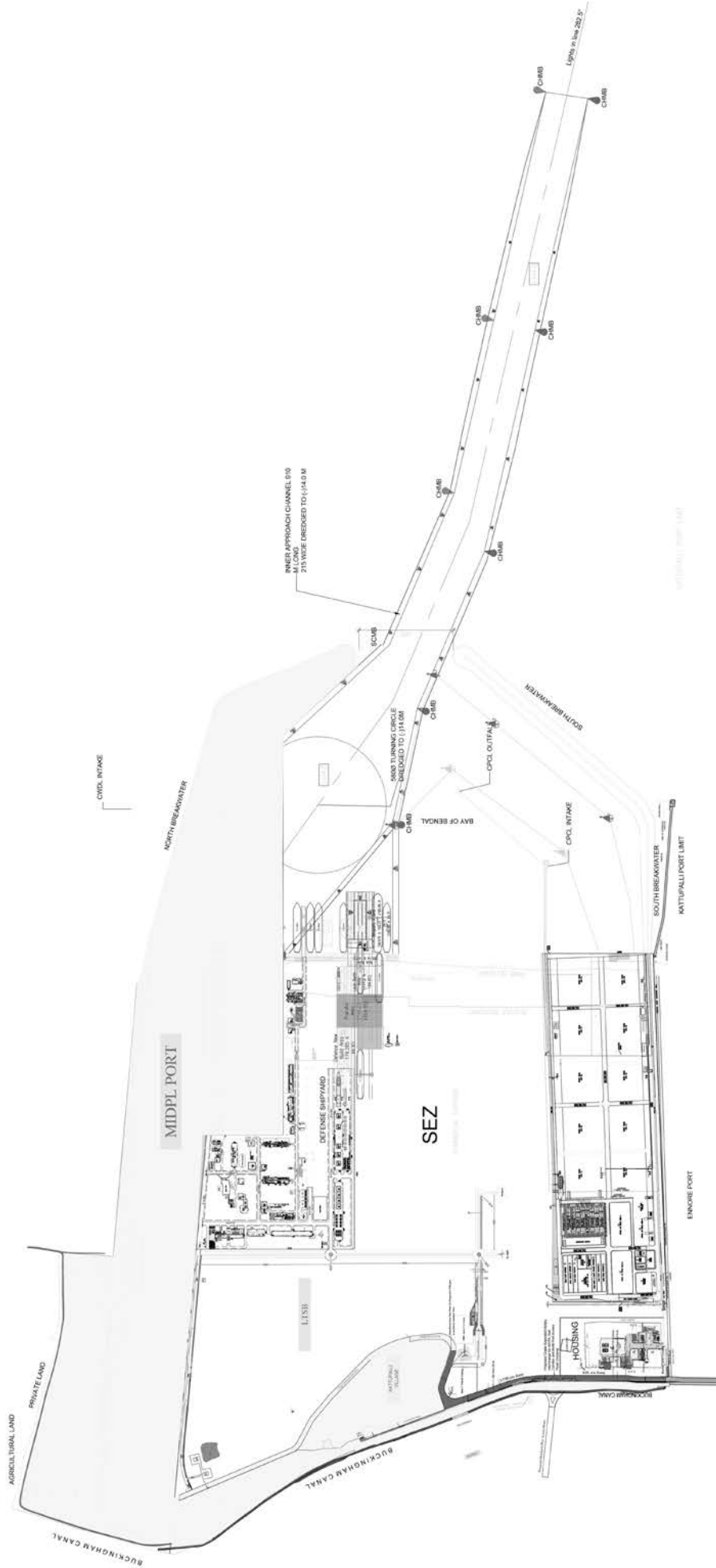
E-10. Severability:

- (a) If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme. The Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors), (either by themselves or through a committee or authorized officers appointed by them in this behalf), may, in their full and absolute discretion, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time.
- (b) In the event of non-fulfillment of any or all of the obligations under this Scheme by any party towards any other party inter-se or to third parties and non-performance of which will place the other party under any obligation, then such defaulting party will indemnify all costs and interest to such other affected party.

E-11. Costs, Charges & Expenses:

All costs, charges, levies and expenses including any taxes and duties of the Transferor Company and Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.

Annexure 1



SCHEME OF AMALGAMATION

(Under Sections 230-232 of the Companies Act, 2013)

OF

L&T HYDROCARBON ENGINEERING LIMITED

WITH

LARSEN & TOUBRO LIMITED

UNDER SECTIONS 230 TO 232 READ WITH OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES FRAMED THEREUNDER.

PREAMBLE

1. This Scheme of Amalgamation ("**Scheme**") provides for the Amalgamation between **L&T Hydrocarbon Engineering Limited**, the Transferor Company and **Larsen & Toubro Limited**, the Transferee Company and the dissolution of the Transferor Company without winding up. The Scheme is made pursuant to the provisions of Sections 230-232 and other relevant provisions of the Companies Act, 2013 ("**the Act**").
2. The Scheme is in the interest of the Transferor and Transferee Companies, their respective shareholders and creditors.

PARTS OF THE SCHEME

The Scheme is divided into the following five parts:

- i. Part A – deals with the Introduction, Rationale/Purpose and Definitions & Interpretations.
- ii. Part B – deals with the Capital Structure of the Transferor Company and Transferee Company.
- iii. Part C – deals with Amalgamation of the Transferor Company with the Transferee Company.
- iv. Part D – deals with the Accounting Treatment for the Amalgamation in the books of Transferee Company.
- v. Part E – deals with the General Terms and Conditions that would be applicable to the entire Scheme.

In addition to the above, the Scheme also provides for various other matters consequential or otherwise integral to it.

PART A-INTRODUCTION, RATIONALE/PURPOSE AND DEFINITIONS & INTERPRETATIONS.

3. INTRODUCTION

- 3.1 **L&T HYDROCARBON ENGINEERING LIMITED** ("**Transferor Company**")/ "**LTHE**") was originally incorporated on 2nd April 2009 under the name and style of "L&T Technologies Limited" as a public limited company incorporated under the provisions of the Companies Act, 1956. However, its name was later changed to "L&T Hydrocarbon Engineering Limited" w.e.f. from 21st May 2013 having CIN U11200MH2009PLC191426 and having its Registered office at L&T House, N.M Marg, Ballard Estate, Mumbai- 400 001, Maharashtra. Subsequently, in the year 2013, under a Scheme of Demerger, the Hydrocarbon business of the Transferee Company was demerged to the Transferor Company primarily to facilitate business growth through focused

attention on the Hydrocarbon business, create increased opportunities for leadership development and foster significant participation in international markets. LTHE, the Transferor Company is a wholly owned subsidiary of Larsen & Toubro Limited, the Transferee Company. LTHE is inter-alia engaged in the business of providing “design to build” engineering, procurement and construction solutions on turnkey basis in oil & gas, petroleum refining, chemicals & petrochemicals, fertilizer sectors and cross-country pipelines. In addition to its services of providing delivery of complete end to end solutions including front end design through engineering, procurement, fabrication, project management, construction and installation up to commissioning services, it also provides basic & detailed engineering design, documentation, environmental impact assessment or any other study.

- 3.2 **LARSEN & TOUBRO LIMITED (“Transferee Company”/ “L&T”)** is a listed public limited company incorporated under the provisions of the Companies Act, 1913 on 7th February, 1946 having its Registered office at L&T House, N.M Marg, Ballard Estate, Mumbai- 400001, Maharashtra. One of the Objects for which L&T is incorporated is to, inter alia, carry on business as civil, mechanical, electrical, chemical and agricultural engineers, as manufacturers, and as importers and exporters, commission agents (and merchants and as agents for ship and ship-owners and as agents) for foreign manufacturers and merchants. The Transferee Company is also engaged in carrying on the engineering and contracting business and capable of undertaking construction of whole or part of plants or industrial complexes on a turnkey or any other basis including but not limited to oil & gas, chemicals & petrochemicals and fertilizer sectors and to erect refineries, mills, machineries, laboratories, workshops and other buildings, works and appliances, construction of rigs and offshore platforms.
- 3.3 The Board of Directors of the Transferor Company and the Transferee Company have decided to amalgamate the Transferor Company with the Transferee Company in accordance with the Act and in compliance with Section 2 (1B) of the Income Tax Act, 1961.

4. **RATIONALE/PURPOSE OF THE SCHEME OF AMALGAMATION:**

The reasons and circumstances leading to and justifying the proposed Scheme of Amalgamation, which make it beneficial for all concerned, including the members of both the Companies, are as follows:

- a) The Transferee Company and the Transferor Company are collectively engaged in the Engineering, Projects & Construction (“EPC”) Contracting business covering various sectors such as infrastructure, hydrocarbons, thermal power, heavy engineering, defence etc., Both the Companies as part of the group business strategy, are proposing to integrate the current Hydrocarbon business (Transferor Company) and the EPC Power business of the Transferee Company, thereby resulting in the creation of a focused “energy” portfolio.
- b) The business of the Transferor Company can also leverage the superior pre-qualification and financial capability of the Transferee Company ;
- c) The Transferee Company by virtue of its superior financial strength, strong financial fundamentals and a robust balance sheet, has the ability and banking facilities to cater to the requirement of large value Bid & Advance Payment Guarantees which are required for high value orders. Hence, the proposed amalgamation of the Transferor Company with the Transferee Company can enhance the ability to Bid for large value orders;
- d) One of the other reasons necessitating the amalgamation is that the Transferor Company is a wholly owned subsidiary of the Transferee Company. Resultantly, the management of the Transferor and Transferee Companies have evaluated the plan and strategy for both the Companies and feel that amalgamating the two entities will be effective in obtaining synergy in the operations of both the Companies;
- e) The amalgamation will improve organizational capability arising from the pooling of human capital that has diverse skills, talent and vast experience;
- f) The management has decided to consolidate the various business lines of the Transferor Company and the Transferee Company to enable cost competitiveness;
- g) The Scheme is commercially and economically viable and feasible and is in fact fair and reasonable;
- h) The proposed amalgamation will result in administrative and operations rationalization, organizational efficiencies, reduction in overheads, personnel costs, costs of ERP, compliance cost and other

administrative expenses. It will prevent cost duplication and will result in synergies in operations. The synergies created by the amalgamation would increase operational efficiency and integrate business functions;

5. DEFINITIONS & INTERPRETATIONS:

In this Scheme (as defined hereunder), unless inconsistent with the meaning or context thereof, the following expressions shall have the meanings respectively assigned against them:

- 5.1 **“Act”** means the Companies Act, 2013 and shall include any statutory modification(s), re-enactment(s) or amendment thereof from time to time;
- 5.2 **“Amalgamation”** means the amalgamation of Transferor Company with the Transferee Company in terms of the Scheme in its present form or with any modification(s) as approved for sanction by the National Company Law Tribunal at Mumbai, Maharashtra or the National Company Law Appellate Tribunal at New Delhi or as such other Appropriate Authority may approve;
- 5.3 **“Applicable Law”** means any statute, notification, bylaws, rules, regulations, guidelines, rules of common law, policy, code, directives, ordinances, orders or instructions having force of law enacted or issued by any appropriate authority including any statutory modification or re-enactment thereof for the time being in force;
- 5.4 **“Appointed Date”** for the purposes of the Scheme means 1st April 2021 or such other date(s) as the National Company Law Tribunal at Mumbai, Maharashtra or the National Company Law Appellate Tribunal at New Delhi or such other Appropriate Authority may approve;
- 5.5 **“Appropriate Authority”** means any governmental, statutory, departmental or public body or authority, including the relevant Registrar of Companies and/or the Regional Director;
- 5.6 **“Board of Directors of the Transferee Company”** shall mean the Board of Directors of L&T, and shall, unless it is repugnant to the context, includes any committee(s) constituted/to be constituted by the board of directors of L&T or any other person authorized/to be authorized by the board of directors of the L&T or any committee thereof to exercise its powers including the powers in terms of this Scheme;
- 5.7 **“Board of Directors of the Transferor Company”** shall mean the Board of Directors of LTHE, and shall, unless it is repugnant to the context, includes committee(s) constituted/to be constituted by the board of directors of LTHE or any other person authorized/to be authorized by the board of directors of LTHE or any committee thereof to exercise its powers including the powers in terms of this Scheme;
- 5.8 **“Effective Date”** shall mean the latter of the dates on which certified copy of the order(s) sanctioning the Scheme passed by the National Company Law Tribunal at Mumbai, Maharashtra is filed with the Registrar of Companies, Mumbai, Maharashtra. References in the Scheme to the date of “coming into effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date;
- 5.9 **“Employees”** means all the permanent employees of the Transferor Company who are on the payroll of the Transferor Company as on the Effective Date;
- 5.10 **“Scheme”** means the Scheme of Amalgamation in its present form as submitted to the National Company Law Tribunal at Mumbai, Maharashtra or this Scheme with such modification(s)/ amendment(s), if any, as may be directed by any Appropriate Authority and accepted by the respective Board of Directors of the Transferor Company and/or Transferee Company and /or directed to be made by the National Company Law Tribunal at Mumbai, Maharashtra;
- 5.11 **“Transferee Company”** shall mean “Larsen & Toubro Limited”, a company incorporated under the Companies Act, 1913 and having its Registered office at L&T House, N.M Marg, Ballard Estate, Mumbai- 400001, Maharashtra;
- 5.12 **“Transferor Company”** shall mean “L&T Hydrocarbon Engineering Limited”, a company incorporated under the Companies Act 1956 on 2nd April 2009 under the name and style of “L&T Technologies Limited”, subsequently changed to “L&T Hydrocarbon Engineering Limited” w.e.f. from 21st May 2013, and having its Registered office at L&T House, N.M Marg, Ballard Estate, Mumbai- 400001, Maharashtra;

- 5.13 **“Tribunal”** means National Company Law Tribunal, Mumbai as constituted by the Central Government under the Companies Act 2013 as amended from time to time;
- 5.14 **“Undertaking”** means the entire business and all the undertaking of the Transferor Company and shall include:
- a) All the tangible and intangible assets, properties, business and commercial rights or any other assets of the Transferor Company, whether appearing in the financial statements or not, as on the Appointed Date (hereinafter referred to as **“the Assets”**);
 - b) All the debts, liabilities, duties and obligations of the Transferor Company, whether appearing in the financial statements or not, as on the Appointed Date (hereinafter referred to as **“the Liabilities”**);
 - c) Without prejudice to the generality of sub-clause (a) above, the undertaking of the Transferor Company shall include (without being limited to all the Transferor Company’s reserves and the authorised/ paid-up share capital), movable or immovable, tangible or intangible properties, buildings and structures, offices, residential and other premises, capital work in progress, sundry debtors, furniture, fixtures, office equipment, vehicles, appliances, accessories, power lines, deposits, all stocks, assets, investments of all kinds including investments in subsidiaries and other affiliates (including shares, scrips, stocks, bonds, debenture stock, mutual funds), Cash & Bank balances, bank deposits, loans, advances, contingent rights or benefits, receivables (including tax refunds, tax credits), benefit of any deposits, financial assets, leases, powers, authorities, allotments, approvals, permits and consents, quotas, rights, entitlements, contracts, licenses, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, leases, licenses, fixed and other assets, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, and balances, loans, title, interests, other benefits (including tax benefits) and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, including but without being limited to trade and service names and marks, patents, knowhow, copyrights, and other intellectual property rights of any nature whatsoever (including application for registration of the same and right to use such intellectual rights) authorizations, permits, approvals, rights to use and avail of telephones, telex, facsimile, email, internet, leased line connections and installations, utilities, water, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programs, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;
 - d) All records, files, papers, engineering and process information, computer programmes, software licenses, 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; and;
 - e) All present and future liabilities including contingent liabilities and shall further include any obligations under any licenses and/or permits;
 - f) All agreements (including agreements for lease or license of the properties), rights, contracts (including customer contracts of every nature and revenue and receipts associated therewith), entitlements, pre-qualifications, permits, licenses, registrations, insurance policies, approvals, consents, engagements, arrangements, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever (including but not limited to benefits of tax relief under the Income Tax Act, 1961;
 - g) Security deposits, advances, earnest monies, advance lease rentals or other payments made to or received from the lessors or suppliers or service providers;

- h) Right to use the work experience, qualifications, capabilities, legacies and track record with national & international hydrocarbon companies, Government / Non – Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financials etc.) of the Transferor Company, whether or not pertaining to the Transferor Company, acquired by reason of the completion of various projects and works, certificates of completion of projects or works issued by the clients and the right to use all these for qualifying for any tender or project that may be issued at any time.

PART B - SHARE CAPITAL STRUCTURE OF THE TRANSFEROR AND TRANSFEREE COMPANIES.

6. The Authorized and the Issued, Subscribed and Paid-Up Share Capital of the Transferor Company and Transferee Company as per their respective latest available Audited Balance Sheets as on 31st March 2021 are as under:

- 6.1 The Share Capital of L&T Hydrocarbon Engineering Limited, the Transferor Company as of 31st March 2021 is as under:

Transferor Company	As at 31st March, 2021	
	No. of shares	Amount in Rs.
SHARE CAPITAL		
AUTHORIZED – EQUITY		
Equity Shares of Rs. 10/- each	201,20,00,000	2012,00,00,000
Total:	201,20,00,000	2012,00,00,000
AUTHORIZED – PREFERENCE		
Preference Shares of Rs. 10/- each	100,00,00,000	1000,00,00,000
Total:	301,20,00,000	3012,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL		
Equity Shares of Rs. 10/- each	100,00,50,000	1000,05,00,000
Total:	100,00,50,000	1000,05,00,000
ISSUED, SUBSCRIBED AND PAID-UP PREFERENCE SHARE CAPITAL	No. of shares	Amount in Rs.
10% Optionally Convertible Redeemable Preference Shares of face value of Rs. 10/- each	50,00,00,000	500,00,00,000
Total:	50,00,00,000	500,00,00,000

- 6.2 The Share Capital of Larsen & Toubro Limited, the Transferee Company as of 31st March 2021 is as under:

Transferee Company	As at 31st March, 2021	
	Nos.	Rs.
SHARE CAPITAL		
AUTHORIZED		
Equity Shares of Rs. 2/- each	25,12,50,00,000	50,25,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP		
Equity Shares of Rs. 2/- each	140,45,55,297	280,91,10,594

- 6.3 Subsequent to the latest audited financial statements of the Transferor Company and Transferee Company, there has been a change in the Issued, Subscribed and Paid-up Share Capital of the Transferee Company on account of exercise of Employee Stock Options. Presently the Issued, Subscribed and Paid-Up Capital of the Transferee Company is 140,46,04,911 equity shares of Rs. 2 each aggregating to Rs. 280,92,09,822/-.

PART C – TRANSFER AND VESTING OF THE UNDERTAKING OF THE TRANSFEROR COMPANY INTO THE TRANSFEREE COMPANY.

7. Upon coming into effect of this Scheme and with effect from the Appointed Date:
- 7.1 Subject to the provisions of the Scheme, the entire Undertaking of the Transferor Company including all the estate, assets, investments, rights, claims, title, interest and privileges, powers and authorities including accretions and appurtenances) shall, subject to the provisions of Clauses 7.2 and 7.3 in relation to the mode of vesting and pursuant to the provisions of the Act and without any further act, instrument or deed, be and shall stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company as a going concern pursuant to the provisions of Section 232(3) of the Act and other applicable provisions of the said Act so as to become as and from the Appointed Date, the assets, estates, rights, title and interest of the Transferee Company. Without prejudice to the generality of the above, all benefits, concessions, reliefs including but not limited to the benefit/s under income tax (including tax relief under the Income Tax Act, 1961, such as credit for advance tax, taxes deducted at source, carry forward of Minimum Alternate Tax Credit, carry forward of tax losses including unabsorbed depreciation, continuity of tax holiday/ deduction available, if any, etc.), service tax (including benefits of any unutilized CENVAT/ service tax credits, etc.), customs, benefits under EXIM and various export incentives, credit for Goods and Services Tax, excise, value added tax, sales tax (including deferment of sales tax), the SEZ status and benefits associated therein, such other tax or other benefits under any laws or any other registrations, etc., to which the Transferor Company is entitled to in terms of various statutes and/or schemes of Union, State, and Local Governments/ bodies and/or otherwise, shall be available to and vest in the Transferee Company;
- 7.2 In respect of such of the assets of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same may be so transferred by the Transferor Company, and shall, upon such transfer, become the property of the Transferee Company;
- 7.3 In respect of such of the assets belonging to the Transferor Company other than those referred to in Clause 7.2 above, the same shall, as more particularly provided in Clause 7.1 above, without any further act, instrument or deed be transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act. The mutation of the title to all such immovable assets belonging to the Transferor Company shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act or deed whatsoever, in favour of the Transferee Company;
- 7.4 All debts, liabilities outstanding, reserves and receivables of the Transferor Company shall, on and from the Appointed Date, stand transferred to and vested in the Transferee Company without any further notice, acts or deeds and pursuant to provisions of Sections 232 of the Act or intimation to the debtors and the debtors shall be obliged to make payments to the Transferee Company on and after the Effective Date;
- 7.5 All the licenses (including hardware and software licenses), permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, no objection certificates claims, leases, liberties, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued, which may accrue to the Transferor Company shall, pursuant to the provisions of Section 232(3) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date, the licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, no objection certificates, claims, leases, liberties, rehabilitation schemes, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law. It is hereby clarified that all inter party transactions between the Transferor Company and the Transferee Company shall be considered as intra party transactions for all purposes from the Appointed Date;
- 7.6 The benefit of all transferable statutory and regulatory permissions, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Company shall vest in and become available to the Transferee Company pursuant to the Scheme;

- 7.7 Without prejudice to the generality of the clauses 7.5 and 7.6, the approvals, licenses etc. shall stand transferred to the Transferee Company pursuant to the Scheme without any further act, instrument or deed;
- 7.8 It is clarified that notwithstanding anything to the contrary contained herein, all rights relating to patents, designs and drawings, trademarks, service marks, logos, domain names and utility models, copyrights, inventions and brand names which are possessed and/or owned by the Transferor Company including the right to use the brand name, and business names and any similar rights and the benefit of any of the foregoing shall be available to Transferee Company;
- 7.9 All assets, estates, rights, title, interest, licenses and authorities acquired by or permits, quotas, approvals, permissions, incentives, loans or benefits, subsidies, concessions, grants, rights, claims, leases, liberties, rehabilitation schemes and other assets, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and/or all rights and benefits that have accrued or which may accrue to the Transferor Company after the Appointed Date and prior to the Effective Date in connection or in relation to the operation of the Undertaking shall upon coming into effect of this Scheme, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested or deemed to have been transferred to and vested in the Transferee Company;
- 7.10 Since each of the permissions, approvals, licenses, consents, sanctions, remissions, special reservations, incentives, concessions and other authorizations, if any, of the Transferor Company shall stand transferred by the order of the Tribunal to the Transferee Company, the Transferee Company shall file relevant intimations, for the record of the statutory authorities so that the same can be taken on file, pursuant to the vesting of the orders of the Tribunal;
- 7.11 The technical qualifications, right to use the accreditations/pre-qualifications, work experience, track record with customers or other parties, contracts with clients and with vendors, of the Transferor Company (acquired by reason of its operations in the past) in relation to or in connection with the Undertaking shall be deemed to be part of and belonging to the Transferee Company and shall for all purposes be regarded as the work experience and technical qualification, of the Transferee Company with effect from the Appointed Date;
- 7.12 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Transferor Company shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. Similarly, the banker of the Transferee Company shall honour all cheques issued by the Transferor Company for payment after the Effective Date. If required, the Transferor Company may allow maintaining of bank accounts in the name of Transferor Company by the Transferee Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company in connection with the business / tax refunds etc. of the Transferor Company. It is hereby expressly clarified that any proceedings by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company shall be instituted, or as the case may be, continued, by or against, the Transferee Company after the coming into effect of the Scheme.
8. Upon the coming into effect of this Scheme and with effect from the Appointed Date:
- 8.1 All the secured and unsecured debts, (whether in rupees or in foreign currency), all liabilities, duties and obligations of the Transferor Company along with any charge, encumbrance, lien or security thereon shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to have been transferred to and vested in, so as to become the debts, liabilities, duties and obligations of the Transferee Company, and further 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. It is clarified that in so far as the Assets of the Transferor Company are concerned, the security or charge over such Assets or any part thereof, relating to any loans, debentures or borrowing of the Transferor Company, shall, without any further act or deed continue to relate to such Assets or any part thereof, after the Effective Date and shall not relate to or be available as security in relation to any or any part of the assets of the Transferee Company;
- 8.2 All debentures, bonds, notes or other debt securities of the Transferor Company, whether convertible into equity or otherwise, as maybe applicable (hereinafter referred to as the **“Transferor Company’s**

Securities”), shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed become securities of the Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in, deemed to have been transferred to and vested and shall be exercised by or against the Transferee Company as if it were the Transferor Company in respect of the Transferor Company’s Securities so transferred;

- 8.3 Assets of the Transferee Company shall not relate to or be available as security in relation to the said borrowings of the Transferor Company unless the Transferee Company otherwise agrees;
- 8.4 Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company;
- 8.5 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company in relation to or in connection with the Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of Section 232(3) of the Act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same;
- 8.6 For the removal of doubts it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstanding(s) including any interest thereon, as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.

9. **Legal Proceedings:**

- 9.1 All proceedings of whatsoever nature (legal, taxation or otherwise and others, including any suits, actions, appeals, arbitrations, execution proceedings, revisions, writ petitions, proceedings in respect of registrations of any patent, copyright, trademark, service names or marks, or designs, or any other intellectual property right, if any) (hereinafter called the “**Proceedings**”) by or against the Transferor Company shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer and vesting of the Undertaking of the Transferor Company or anything contained in this Scheme but the said Proceedings, shall, till the Effective Date be continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made;
- 9.2 Upon the coming into effect of this Scheme, the Proceedings by or against the Transferor Company pending and/or arising before any judicial, quasi-judicial authority or tribunal on or before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and/or had arisen by or against the Transferee Company;
- 9.3 The Transferee Company undertakes to have accepted on behalf of itself, all the Proceedings initiated by or against the Transferor Company transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company and any payment and expenses made thereto shall be the liability of the Transferee Company only upon effectiveness of the Scheme and not otherwise.

10. **Contracts:**

- 10.1 Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all customer contracts, derivative contracts, hedging instruments, forward and option contracts, deeds, bonds, agreements, arrangements, incentives, licenses, engagements, approvals, registrations and assurances and other instruments of whatsoever nature (“**Contracts**”) to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before 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 as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto. The Transferee Company may if and wherever necessary, enter into and/or issue and/or execute deeds, writings or confirmations at any time, enter into any tripartite arrangements, confirmations or novations prior to the

Effective Date to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Clause;

10.2 The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Company was a 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 Part C of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company.

11. Employees:

Upon the coming into effect of this Scheme:

11.1 All the Employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favourable than those subsisting with reference to the Transferor Company as on the said date. It is clarified that the Employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies, and shall not be entitled to avail of any schemes and benefits that are applicable and available to any of the employees of the Transferee Company, unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, entered into by the Transferor Company with any union/employee of the Transferor Company;

11.2 The existing provident fund, gratuity fund, and pension and/or superannuation fund created by the Transferor Company or any other special funds created or existing for the benefit of the Employees of the Transferor Company shall at an appropriate stage on case to case basis be transferred to the relevant funds of the Transferee Company and till such time shall be maintained separately.

12. Saving of Concluded Transactions:

The transfer of the Undertaking, the continuance of Proceedings and the effectiveness of Contracts as mentioned hereinabove, shall not affect any transaction or Proceedings already concluded by the Transferor Company on or after the Appointed Date for Amalgamation 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 if done and executed on behalf of the Transferee Company.

13. Re-organization of Share Capital:

As the entire Issued, Subscribed and Paid-up Equity and Preference Share Capital of the Transferor Company is held by the Transferee Company and its nominees, upon the Scheme being effective, notwithstanding anything contrary in this Scheme, the said Share Capital of the Transferor Company will stand automatically cancelled and there will be no issue and allotment of fresh shares to the Transferee Company as the Transferee Company and its nominees are the only shareholders of the Transferor Company.

14. Increase In Authorized Share Capital of Transferee Company

14.1 Upon the Scheme coming into effect, the Authorized Capital of the Transferor Company as on Effective Date, shall be deemed to be added to Authorized Share Capital of the Transferee Company as on such date without any further act, deed, procedures or formalities. The filing fees and stamp duty, if any, paid by the Transferor Company on its Authorized Share Capital, shall be deemed to have been so paid by the Transferee Company on such increase in Authorized Share Capital and accordingly, the Transferee Company shall not be required to pay any fee/stamp duty for its increased Authorized Share Capital;

- 14.2 Upon coming into effect of the Scheme, Clause no. V (A) of the Memorandum of Association of the Transferee Company shall without any further act, deed or instrument, be substituted by the following clause:

“The Authorised Share Capital of the Company is Rs. 8037,00,00,000 (Rupees Eight Thousand Thirty Seven Crore only) is divided into 4018,50,00,000 (Four Thousand Eighteen Crore Fifty Lakh) Equity shares of Rs. 2/- (Rupees Two only) each.”

- 14.3 It shall be deemed that the members of the Transferee Company have also resolved and accorded all relevant consents under Section 13 of the Act. It is clarified that there will be no need to pass a separate shareholders' resolution as required under Section 13 of the Act for the amendment of Memorandum of Association of the Transferee Company as above.

15. Treatment of the Scheme for the purposes of Income Tax Act, 1961

The amalgamation of the Transferor Company with the Transferee Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2 (1B) of the Income Tax Act, 1961. If any of the terms or provisions of Part C of the Scheme is/are found or interpreted to be inconsistent with the provisions of Section 2 (1B) of the Income Tax Act, 1961 at a later date including resulting from an amendment of a law or for any other reason whatsoever, the provisions of Section 2 (1B) of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of Section 2 (1B) of the Income Tax Act, 1961. Such modification/s will however not affect the other parts of the Scheme.

PART D – ACCOUNTING TREATMENT FOR THE AMALGAMATION IN THE BOOKS OF TRANSFEEE COMPANY

16. General Accounting Treatment:

- 16.1 With effect from the Appointed Date and upon the Scheme becoming effective, the Transferee Company shall follow pooling of interest method specified in Appendix C of Indian Accounting Standard 103 (Ind AS 103) (Business Combinations of entities under common control) for the purpose of accounting for the amalgamation read with clarifications issued by Institute of Chartered Accountants of India (“ICAI”);
- 16.2 All assets and liabilities, including reserves, of the Transferor Company shall be recorded in the books of accounts of the Transferee Company at their existing carrying amounts and in the same form as appearing in the consolidated financial statements of the Transferee Company. The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company;
- 16.3 In case of any difference in accounting policies of the Transferor Company and the Transferee Company the accounting policies followed by the Transferee Company shall prevail;
- 16.4 To the extent that there are inter-company loans, deposits, obligations, balances or other outstanding including any interest thereon, as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the cancellation of such assets or liabilities as the case may be; and
- 16.5 The surplus/ deficit, if any arising after taking the effect of above clauses shall be transferred to “Capital Reserve” in the financial statements of the Transferee Company and shall be presented separately from other capital reserves with disclosure of its nature and purpose in the notes.
- 16.6 On the Scheme becoming effective, the financial statements of Transferee Company (including comparative period presented in the financial statements of Transferee Company, if required) shall be restated for the accounting impact of Amalgamation, as stated above, as if amalgamation had occurred from the acquisition date (date when common control was established) or beginning of the said comparative period; whichever is later.

PART E – GENERAL TERMS & CONDITIONS APPLICABLE TO THE ENTIRE SCHEME

17. Conduct of Business as and from the Appointed Date till the Effective Date:

- 17.1 The Transferor Company shall carry on and be deemed to carry on its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all profits accruing to the Transferor Company or losses arising or incurred by it shall for all purposes be treated as the profits or losses of the Transferee Company as the case may be;
- 17.2 The Transferor Company hereby undertakes to carry on its business until the effective date with reasonable diligence and shall not, without the consent of the Transferee Company, alienate, charge or otherwise deal with the Undertaking or impair any assets or write off any investments or any part thereof except in the ordinary course of its business;
- 17.3 The Transferor Company shall not undertake any new business or change the general character or nature of its business except with the concurrence of the Transferee Company.

18. Dividend:

- 18.1 The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective equity and preference shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date;
- 18.2 The holders of the equity and preference shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends;
- 18.3 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of any of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective board of directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

19. Resolutions:

Upon the coming into effect of this Scheme, the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

20. Dissolution of Transferor Company:

Pursuant to the Scheme becoming effective and with effect from the Effective Date, the Transferor Company shall be dissolved without being wound up, without any further act, deed or instrument. On and from the Effective Date, the name of the Transferor Company shall be removed from the records of the Registrar of Companies and records relating to the Transferor Company shall be transferred and merged with the records of the Transferee Company.

21. Application to the Central Government or Tribunal :

The Transferor Company and the Transferee Company shall with all reasonable dispatch, make all necessary applications and/or petitions under Section 232 and other applicable provisions of the Act (as maybe necessary) to the Tribunal, for sanctioning the Scheme and for dissolution of the Transferor Company without winding up under the provisions of law and obtain all approvals as may be required under law.

22. Modification or Amendments to the Scheme:

- 22.1 The Transferor Company and the Transferee Company may assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to this Scheme or to any conditions or limitations which either the Boards of Directors or a committee or committees of the concerned Board or any Director authorised in that behalf by the concerned Board of Directors (hereinafter referred to as the “**Delegates**”) of the Transferor Company and the Transferee Company

deem fit, subject to the approval of the Tribunal or any other authorities under law may deem fit to approve or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or to review the position relating to the satisfaction of the conditions to this Scheme and if necessary, to waive any of those (to the extent permissible under law) for bringing this Scheme into effect. In the event that any of the conditions that may be imposed by the Tribunal or other authorities which the Transferor Company or the Transferee Company may find unacceptable for any reason, then the Transferor Company and the Transferee Company are at liberty to modify or withdraw the Scheme. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by the Delegates of the respective Companies;

22.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegate of the Transferor Company and Transferee Company may give and are authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

23. Taxes:

23.1 Any tax liabilities under the Income Tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956, Services Tax, Goods and Services Tax Act, 2017, applicable State VAT laws or other applicable laws / regulations dealing with taxes / duties / levies (hereinafter in this Clause referred to as "Tax Laws") allocable or related to the business of the Transferor Company to the extent not provided for or covered by the provision for tax in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company. Any surplus in the provision for taxation / duties / levies account including advance tax and tax deducted at source (TDS) as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company;

23.2 With effect from the Appointed Date and upon the Scheme becoming effective, any tax credits, tax receivables, advance/prepaid taxes, taxes deducted at source, the unabsorbed depreciation and losses of the Transferor Company shall be treated as the foreign tax credits, tax receivables, advance/prepaid taxes, benefits under custom duty draw backs, rebates and EXIM and various export incentives, taxes deducted at source, the unabsorbed depreciation and losses of the Transferee Company as on the Appointed Date and the Transferee Company shall be entitled to claim in its tax return or in the statutorily prescribed manner such foreign tax credits, tax receivables, advance, / prepaid taxes, benefits under custom duty draw backs, rebates and under EXIM and various export incentives, taxes deducted at source, set-off /carry forward the losses and unabsorbed depreciation of the Transferor Company and to revise its tax returns and including any loss, related tax deduction certificates and to claim refund, advance tax credits, tax receivables, etc., accordingly;

23.3 Any refund under the Tax Laws due to the Transferor Company consequent to the assessment made on the Transferee Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company;

23.4 All taxes (including income tax, customs duty, service tax, Goods and Services Tax etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, in so far as it relates to the tax payment (including, without limitation, custom duty, income tax, service tax, VAT, Goods and Services Tax etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly;

- 23.5 The Transferee Company shall be entitled to tax benefits under Section 72A or any other provision of the Income Tax Act, 1961 towards brought forward losses and unabsorbed depreciation of the Transferor Company, if any from the taxable profits of the Transferee Company with effect from the Appointed Date and the Transferee Company shall be entitled to carry forward such losses and unabsorbed depreciation of the Transferor Company and to revise its tax returns and including any loss, returns, related tax deduction certificates and to claim refund, advance tax credits, etc., accordingly. The Transferee Company shall continue to enjoy the tax benefits / concessions available to the Transferor Company through notifications/Circulars issued by the concerned Authorities from time to time;
- 23.6 All compliances and returns filed with respect to advance tax, withholding taxes or tax deduction at source, Goods and Service tax, other indirect taxes (including Services tax, VAT Customs, etc.) or any other applicable Act, to be done or done by the Transferor Company in relation to the Transferred Undertaking shall for all purposes be treated as compliances to be done or done by the Transferee Company;
- 23.7 Upon the coming into effect of the Scheme, the Transferee Company may, if it considers necessary or expedient, revise (with retrospective effect if applicable) its income tax returns, TDS returns, Goods and Service Tax returns, services tax returns, sales tax returns and other tax returns, and claim refunds and/or credits, etc. pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.

24. Scheme conditional on approval/sanctions:

This Scheme is conditional upon and subject to:

- 24.1 The requisite order/s of the Tribunal being obtained;
- 24.2 Such other sanctions and approvals, including sanctions of any governmental or regulatory authority, creditor, lessor, or contracting party as may be required by law or by contract in respect of the Scheme, being obtained; and
- 24.3 The certified copy/copies of the order/s referred to in this Scheme being filed with the Registrar of Companies, Mumbai, Maharashtra as applicable.

25. Effect of Non-Receipt of Approvals/Sanctions:

- 25.1 In the event this Scheme fails to take effect then it shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the Transferor Company and/or the Transferee Company or their shareholders or creditors or employees or any other person;
- 25.2 If any part of the Scheme hereof is ruled illegal or invalid by, or is not sanctioned by the NCLT, or is unenforceable under present or future laws, or which otherwise is considered unnecessary, undesirable or inappropriate at any stage by the Board of Directors of the Transferor Company and the Transferee Company, then it is the intention of both the Companies that such part shall be severable from the remainder of the Scheme, and the Scheme shall be affected thereby, unless the deletion of such part shall cause the Scheme to become materially adverse to any party, in which case both the Companies shall attempt to bring about a modification or withdrawal in the Scheme, as will best preserve for the Companies the benefits and obligations of the Scheme, including but not limited to such part;
- 25.3 The Transferor Company shall be dissolved without winding up with effect from the date on which the certified copy of the Order under Section 232 of the Act, of the Tribunal at Mumbai sanctioning the Scheme is filed with the Registrar of Companies, Mumbai.

26. Severability:

- 26.1 If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme. The Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors), (either by themselves or through a committee or authorized officers appointed by them in this behalf), may, in their full and absolute discretion, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time;
- 26.2 In the event of non-fulfillment of any or all of the obligations under this Scheme by any party towards any other party inter-se or to third parties and non-performance of which will place the other party under any obligation, then such defaulting party will indemnify all costs and interest to such other affected party.

27. Costs, Charges & Expenses:

All costs, charges, levies and expenses including any taxes and duties of the Transferor Company and Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.

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