

SCHEME OF ARRANGEMENT  
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956  
BETWEEN  
BALKRISHNA INDUSTRIES LIMITED  
AND  
BALKRISHNA PAPER MILLS LIMITED  
AND  
NIRVIKARA PAPER MILLS LIMITED  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND THE CREDITORS

This Scheme of Arrangement provides for:

- (i) Amalgamation of Balkrishna Paper Mills Limited, the Transferor Company with Balkrishna Industries Limited, the Demerged Company with effect from the Appointed Date pursuant to provisions of sections 391 to 394 of the Act; and
- (ii) Subject to implementation of (i) above, with effect from the Effective Date, demerger of the Paper Division Undertaking of Balkrishna Industries Limited, into Nirvikara Paper Mills Limited, the Resulting Company pursuant to provisions of Sections 391 to 394 and other applicable provisions of the Act.
- (iii) The arrangement under this Scheme will be effected under the provisions of Sections 391 to 394 of the Act, read with other relevant provisions of the Act. The amalgamation of the Transferor Company with the Demerged Company pursuant to and in accordance with this Scheme shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income Tax Act, 1961. Similarly, the demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company shall take place with effect from the Effective Date and comply with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:
- (a) all the properties of the Demerged Undertaking, being transferred by the Demerged Company, as on the Effective Date shall become the properties of the Resulting Company by virtue of this Scheme;
  - (b) all the liabilities relating to the Demerged Undertaking, as on the Effective Date shall become the liabilities of the Resulting Company by virtue of this Scheme;
  - (c) the properties and the liabilities relating to the Demerged Undertaking shall be transferred by the Demerged Company to the Resulting Company at the value appearing in the books of account of the Demerged Company immediately before the demerger;
  - (d) the Resulting Company shall issue, in consideration of the demerger, its equity shares to the shareholders of the Demerged Company as on the Record Date on a proportionate basis;



- (e) All the shareholders of the Demerged Company as on the Record Date shall become the shareholders of the Resulting Company by virtue of the demerger; and
- (f) the transfer of the Demerged Undertaking shall be on a going concern basis.

#### DESCRIPTION OF COMPANIES

- (a) Balkrishna Industries Limited (hereinafter referred to as "BIL") is a public limited company incorporated under the provisions of the Act. The shares of BIL are listed on BSE and NSE. BIL is engaged in the business, *inter alia*, of manufacturing, buying, selling, exchanging, processing, importing, exporting or dealing, *inter alia*, in pneumatic tyres;
- (b) Balkrishna Paper Mills Limited (hereinafter referred to as "BPML") is a public limited company incorporated under the provisions of the Act. BPML is a wholly owned subsidiary of BIL engaged in the business, *inter alia*, of manufacturing, buying, selling, exchanging, processing, importing, exporting or dealing, *inter alia*, in paper products;
- (c) Nirvikara Paper Mills Limited (hereinafter referred to as "NPML") is a public limited company incorporated on 29 June 2013 under the provisions of the Act to engage in the business, *inter alia*, of manufacturing, buying, selling, exchanging, processing, importing, exporting or dealing, *inter alia*, in paper products. NPML is a wholly owned subsidiary of BIL.

#### RATIONALE

- (a) BIL, by itself and through its subsidiaries, is engaged in two distinct lines of business namely (i) manufacturing and marketing of pneumatic tyres; and (ii) other businesses *inter alia*, manufacturing and marketing of paper boards and processing of textile fabrics.
- (b) The nature of risk and competition involved in the aforesaid line of businesses are distinct from each other necessitating different management and growth focus. Consequently, the aforesaid businesses require different set of investors, strategic partners, lenders and other stakeholders for their growth.
- (c) BIL is one of the market leaders in the pneumatic tyre business and has embarked on a growth strategy to consolidate its position. The packaging industry in India has been witnessing a strong growth and the paper board business is well positioned to capitalize on this growth. Paper board business, together with investment in Balkrishna Synthetics Limited, as a separate legal entity independent of BIL will result in a focused independent management and streamline the operations to achieve the growth potential of paper board business. It would also provide access to varied sources of raising funds for the growth of this business.
- (d) With a view to realize the aforesaid growth potentials, BIL proposes to re-organize and segregate, by way of a scheme of arrangement, its business, undertaking and investments in the paper board business. It is believed that the proposed scheme of arrangement will create enhanced value for shareholders and allow a focused growth strategy, which would be in the best interest of BIL, its shareholders, creditors and all other stakeholders of BIL. The restructuring proposed by this scheme of arrangement will also provide an opportunity to the investors to select investments which best suit their investment strategies and risk



profiles.

## GENERAL

This Scheme is divided into the following parts:

- (a) Part I, deals with definitions and share capital;
- (b) Part II, deals with the scheme of amalgamation of Transferor Company with BIL;
- (c) Part III, deals with the demerger and hiving-off of the Demerged Undertaking of the Demerged Company on a going concern and transfer to and vesting into Resulting Company; and
- (d) Part IV, deals with general terms and conditions applicable to the Scheme.

## PART-I

### DEFINITIONS AND INTERPRETATIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings.

"Act" means the Companies Act, 1956, or as applicable, the Companies Act, 2013 and any statutory modification or re-enactment thereof for the time being in force.

"Applicable Laws" shall mean any statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force.

"Appointed Date" means opening business hours of 1 April 2013.

"Appropriate Authority" means and includes any governmental, statutory, departmental or public body or authority, including Securities and Exchange Board of India, BSE, NSE, Registrar of Companies, Maharashtra, National Company Law Tribunal, Company Law Board, Competition Commission of India and the High Court of Judicature at Bombay.

"BIL" or "Demerged Company" means Balkrishna Industries Limited, a company incorporated under the provisions of the Act under CIN L99999MH1961PLC012185 and having its registered office at H-3/1 MIDC A Road Tarapur, Boisar, Tarapur, Maharashtra.

"BPML" or "Transferor Company" means Balkrishna Paper Mills Limited, a company incorporated under the provisions of the Act under CIN U21093MH2007PLC168591 and having its registered office at A-701, Trade World, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai 400013.

"BSE" shall mean the BSE Limited.

"Demerged Undertaking" or "Paper Division Undertaking" shall mean and include all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind



and wheresoever situated, of the Demerged Company, in relation to and pertaining to paper board business on a going concern basis, together with all its assets and liabilities as described in Schedule - I and shall mean and include (without limitation):

- (a) all the movable and immovable properties including plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, amounts lying in the banks to the credit of the Demerged Company in relation to the paper board business, investments including the investment in the share capital of Balkrishna Synthetics Limited, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, club memberships, advantages, leasehold rights, brands, sub-letting tenancy rights, with or without the consent of the landlord as may be required by law, goodwill, other intangibles, industrial and other licenses, permits, authorizations, trademarks, trade names, patents, patent rights, copyrights and other industrial and intellectual properties and rights of any nature whatsoever including know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges concerning the paper board business and approvals of whatsoever nature (including but not limited to benefits of all tax holiday, tax relief including under the Income Tax Act, 1961 such as credit for advance tax, taxes deducted at source, brought forward accumulated tax losses, unabsorbed depreciation, Minimum Alternate Tax Credit ("MAT"), etc.) and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the paper board business as on the Effective Date;
- (b) All the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to the paper board business as on the Effective Date; and
- (c) All books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes along with their 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, in connection with or relating to the paper board business of the Demerged Company as on the Effective Date.

"Effective Date" means the date on which the orders of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement is filed with the Registrar of Companies, Maharashtra by BIL, the Transferor Company and the Resulting Company. Reference in this



Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" shall mean the Effective Date.

"High Court" means the High Court of Judicature at Bombay and shall include the Tribunal constituted under the Act, as applicable.

"NPML" or "Resulting Company" means Nirvikara Paper Mills Limited, a company incorporated under the provisions of the Act under CIN U21098MH2013PLC244963 and having its registered office at BKT House, C/15 Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

"NSE" means National Stock Exchange of India Limited.

"Parties" or "Parties to the Scheme" means BIL, BPML and NPML.

"Record Date" means the date to be fixed by the board of directors of the Demerged Company in consultation with the Resulting Company for the purpose of reckoning names of the equity shareholders of the Demerged Company, who shall be entitled to receive shares of the Resulting Company upon coming into effect of this Scheme as specified in Clause 18.1 of this Scheme.

"Remaining Undertaking" means all the undertakings, businesses, activities and operations of the Demerged Company other than those comprised in the Demerged Undertaking.

"Scheme", "the Scheme", "this Scheme", "Scheme of Arrangement" means this Scheme of Arrangement in its present form or as modified by an agreement between the Parties submitted to the High Court of Judicature at Bombay or any other Appropriate Authority in the relevant jurisdictions with any modification thereof as the High Court or any other Appropriate Authority may direct.

"Undertaking" shall mean and include all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of the Transferor Company, on a going concern basis, together with all its assets and liabilities and shall mean and include (without limitation):

- (a) all the movable and immovable properties including plant and machinery, equipments, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, amounts lying in the banks to the credit of the Transferor Company, investments, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, club memberships, advantages, leasehold rights, brands, sub-letting tenancy rights, with or without the consent of the landlord as may be required by law, goodwill, other intangibles, industrial and other licenses, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights and other industrial and intellectual properties and rights of any nature whatsoever including know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services



of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges concerning the business of the Transferor Company and approvals of whatsoever nature (including but not limited to benefits of all tax holiday, tax relief including under the Income Tax Act, 1961 such as credit for advance tax, taxes deducted at source, brought forward accumulated tax losses, unabsorbed depreciation, Minimum Alternate Tax Credit ("MAT"), etc.) and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Transferor Company as on the Appointed Date;

- (b) All the debts, liabilities, duties and obligations including contingent liabilities of the Transferor Company as on the Appointed Date; and
- (c) All books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes along with its 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, in connection with or relating to the Transferor Company.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Income Tax Act, 1961 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

1.2 In this Scheme, unless the context otherwise requires:

- 1.2.1 words denoting singular shall include plural and vice versa;
- 1.2.2 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- 1.2.3 references to the word "include" or "including" shall be construed without limitation;
- 1.2.4 a reference to an article, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, section, paragraph or schedule of this Scheme;
- 1.2.5 unless otherwise defined, the reference to the word "days" shall mean calendar days;
- 1.2.6 references to dates and times shall be construed to be references to Indian dates and times;
- 1.2.7 reference to a document includes an amendment or supplement to, or



replacement or novation of, that document;

1.2.8 Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them.

## 2 SHARE CAPITAL

2.1 The share capital of BIL as on 30 January 2014 is as under:

	Rs.
<b>AUTHORISED SHARE CAPITAL</b> 25,00,00,000 Equity Shares of Rs. 2 each	50,00,00,000
<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b> 9,66,58,595 Equity Shares of Rs.2 each	19,33,17,190

After 30 January 2014 there has been no change in the Issued, Subscribed and Paid-up Share Capital of BIL.

2.2 The share capital of BPML as on 30 January 2014 is as under:

	Rs.
<b>AUTHORISED SHARE CAPITAL</b> 3,80,00,000 Equity Shares of Rs. 10 each	38,00,00,000
20,00,000 Redeemable Preference Shares of Rs. 10 each	2,00,00,000
<b>Total</b>	<b>40,00,00,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b> 3,80,00,000 Equity Shares of Rs.10 each	38,00,00,000
19,50,000 1% Optionally Convertible Redeemable Preference Shares of Rs. 10 each	1,95,00,000
<b>Total</b>	<b>39,95,00,000</b>

After 30 January 2014 there has been no change in the Issued, Subscribed and Paid-up Share Capital of BPML.

2.3 The share capital of NPML as on 30 January 2014 is as under:

	Rs.
<b>AUTHORISED SHARE CAPITAL</b> 50,000 Equity Shares of Rs.10 each	5,00,000
<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>	<b>5,00,000</b>



50,000 Equity Shares of Rs.10 each

After 30 January 2014 there has been no change in the Issued, Subscribed and Paid-up Share Capital of NPML.

## PART II

### SCHEME OF AMALGAMATION

#### 3 AMALGAMATION OF TRANSFEROR COMPANY WITH BIL

- 3.1 Upon the Scheme being effective and subject to the provisions of this Scheme, the entire Undertaking of the Transferor Company shall, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in BIL as a going concern so as to become on and from the Appointed Date, the estate, assets, rights, title, interest and authorities of BIL, pursuant to Section 394(2) of the Act, subject however, to all charges, liens, mortgages, then affecting the same or any part thereof, provided always that the Scheme shall not operate to enlarge the scope of security for any loan, deposit or facility created by or available to Transferor Company which shall vest in BIL by virtue of the amalgamation and BIL shall not be obliged to create any further or additional security therefore after coming into effect of this Scheme or otherwise except in case where the required security has not been created and in such case if the terms thereof require, BIL will create the security in terms of the issue or arrangement in relation thereto. Similarly, BIL shall not be required to create any additional security over assets acquired by it under the Scheme for any loans, deposits or other financial assistance availed/to be availed by it.
- 3.2 With respect to the assets of the Undertaking of the Transferor Company that are movable in nature or are otherwise capable of transfer by manual delivery or by paying over or endorsement and/or delivery, the same may be so transferred by Transferor Company and shall, upon such transfer, become the property, estate, assets, rights, title, interest and authorities of BIL as its integral part on and from the Appointed Date.
- 3.3 With respect to the assets of the Undertaking of the Transferor Company other than those referred to in clause 3.2 above, 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 BIL on the Effective Date pursuant to the provisions of Section 394 of the Act with effect from the Appointed Date. It is hereby clarified that all the investments made by Transferor Company, all the rights, title and interests of Transferor Company in any leasehold properties in relation to the Undertaking of the Transferor Company shall, pursuant to Section 394(2) of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in BIL.
- 3.4 For the avoidance of doubt, it is clarified that upon coming into effect of this Scheme, in accordance with the provisions of relevant laws, consents, permissions, licences, certificates, authorities (including for the operation of bank accounts), powers of attorneys given by issued to or executed in favour of the Transferor Company and the rights and benefits under the same shall and all quality certifications and approvals, trademarks, brands, patents and domain names, copy rights, industrial designs, trade secrets and other intellectual property and all other interests relating to the goods or services being dealt with by the Transferor





Company, be transferred to and vested in BIL.

3.5 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which Transferor Company is a party, subsisting or having effect on or immediately before the Effective Date shall remain in full force and effect against or in favour of BIL and shall be binding on and be enforceable by and against BIL as fully and effectually as if BIL had at all material times been a party thereto. Any inter-se contracts between Transferor Company and BIL shall stand cancelled and cease to operate in BIL from the Appointed Date upon the coming into effect of this Scheme.

3.6 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking of the Transferor Company occurs by virtue of this Scheme itself, BIL 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 BIL is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. BIL shall under the provisions of Part of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Company to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.

In so far as the various incentives, service tax benefits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Transferor Company is concerned, the same shall, without any further act or deed, vest with and be available to BIL on the same terms and conditions on and from the Appointed Date with effect from the Effective Date.

3.8 (a) All debts, liabilities, duties and obligations of Transferor Company as on the close of business on the day immediately preceding the Appointed Date and all other debts, liabilities, duties and obligations of Transferor Company which may accrue or arise from the Appointed Date but which relate to the period up to the day immediately preceding the Appointed Date, shall become the debts, liabilities, duties and obligations of BIL.

(b) Where any of the liabilities and obligations attributed to Transferor Company on the Appointed Date has been discharged by it after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of BIL. Where after the Appointed Date, Transferor Company have taken any further loans, liabilities or obligations such further loan shall also be deemed to have been for and on behalf of BIL and BIL will assume liability for the same.

(c) Without prejudice to the provisions of the foregoing Clauses and upon the Scheme becoming Effective, Transferor Company and BIL shall execute any instruments or documents or do all the acts and deeds as may be required, including filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Maharashtra to give formal effect to the above provisions, if required.

(d) If and to the extent there are loans, deposits or balances inter se between Transferor Company and BIL, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect shall be given in the books



of BIL. For removal of doubts, it is hereby clarified that from the Appointed Date, there would be no accrual of interest or other charges in respect of any such loans, deposits or balances inter-se between Transferor Company and BIL.

- (e) With effect from the Effective Date, there would be no accrual of income or expense on account of any transactions, including inter alia any transactions in the nature of sale or transfer of any goods, materials or services between Transferor Company and BIL from the Appointed Date.
- (f) Any tax liabilities under the Income-tax Act, 1961, Fringe Benefit Tax Laws, Customs Act, 1962, Central Excise Act, 1944, Value Added Tax Act applicable to any state in which the Transferor Company operates, Central Sales Tax Act, 1956, any other State Sales Tax / Value Added Tax Laws, or Service Tax, or other applicable laws/regulations dealing with taxes/ duties/ levies/cess (hereinafter in this Clause referred to as "Tax Laws") to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to BIL. Any surplus in the provision for taxation/ duties/ levies account including advance tax and TDS as on the date immediately preceding the Appointed Date will also be transferred to the account of and belong to BIL.
- (g) Any refund under the Tax Laws due to Transferor Company consequent to the assessment 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 BIL.
- (h) Without prejudice to the generality of the above, all benefits including under income tax, excise (including Cenvat), sales tax (including deferment of sales tax), etc. to which Transferor Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in BIL.

3.9 Upon the coming into effect of this Scheme, all debts, liabilities, duties and obligations of the Transferor Company shall, pursuant to the provisions of Section 394(2) and other applicable provisions of the Act, without any further act, instrument or deed be and stand transferred to and vested in and/or deemed to have been transferred to and vested in BIL, so as to become on and from the Appointed Date, the debts, liabilities, duties and obligations of BIL on the same terms and conditions as were applicable to the Transferor Company and further that it shall not be necessary to obtain the consent of any person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this clause.

#### 4 CONTRACTS, DEEDS, ETC.

4.1 Subject to the other provisions of this Scheme with effect from the Appointed Date and upon the coming into effect of this Scheme, all contracts, deeds, bonds, agreements, indemnities, arrangements, licenses, engagements and other instruments, if any, of whatsoever nature in relation to the Undertaking, to which the Transferor Company is a party or to the benefit of which the Transferor Company is eligible and which are subsisting or having effect immediately before the Appointed Date, shall remain in full force and effect against or in favour of BIL, as the case may be and shall be binding on and be enforceable by or against BIL as fully and effectually as if, instead of the Transferor Company, BIL had been originally a party or beneficiary or obligee thereto or thereunder.



- 4.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, BIL may, at any time after the coming into effect of the Scheme, take such actions and execute such deeds, writings or confirmations, novations or enter into arrangements with any party to any contract or arrangement to which the Transferor Company is a party in order to give formal effect to the provisions of this Scheme, if so required. BIL shall be deemed to be competent and authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to perform or carry out all formalities or compliances required on the part of Transferor Company to give effect to the provisions of this Scheme.

## 5 EMPLOYEES

Upon transfer and vesting of Undertaking of the Transferor Company in BIL taking place, as provided herein, BIL undertakes to engage on and from the date on which this Scheme becomes effective, all the employees of Transferor Company on the same terms and conditions on which they are engaged by Transferor Company without any interruption of service as a result of the transfer and vesting of Undertaking of the Transferor Company unto BIL. BIL agrees that the services of all such employees with Transferor Company prior to the transfer and vesting of Undertaking of the Transferor Company shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and to this effect the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by BIL and/or such new provident fund, gratuity fund and superannuation fund to be established and caused to be recognized by the concerned authorities by BIL. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively. It is clarified that the employees of the Transferor Company who become employees of BIL 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 may be applicable and available to any of the employees of BIL (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the employees of BIL), unless otherwise determined by the board of directors of BIL. After the Effective Date, BIL shall be entitled to vary the terms and conditions as to employment and remuneration of the employees of the Transferor Company on the same basis as it may do for the employees of BIL.

## 6 LEGAL PROCEEDINGS

- 6.1 If any suit, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called "the Proceedings") by or against Transferor Company be pending on the Appointed Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking of the Transferor Company or of anything contained in the Scheme, but the Proceedings may be continued, prosecuted and enforced by or against BIL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Transferor Company as if the Scheme had not been made.
- 6.2 The transfer and vesting of Undertaking of the Transferor Company under the Scheme and



the continuance of the proceedings by or against BIL under Clause 6.1 of this Part II hereof shall not affect any transaction or proceeding already completed by BIL on and after the Appointed Date and prior to this Scheme becoming effective to the end and intent that BIL accepts all acts, deeds and things done and executed by and/or on behalf of Transferor Company as acts deeds and things done and executed by and on behalf of BIL.

## 7 CONSIDERATION

As the entire issued, subscribed and paid up share capital of the Transferor Company is held by BIL, upon amalgamation, BIL would not be required to issue and allot any shares to shareholders of Transferor Company. The equity shares and 1% optionally convertible redeemable preference shares so held by BIL shall stand cancelled and extinguished upon coming into effect of this Scheme.

## 8 COMBINATION OF AUTHORISED CAPITAL

8.1 Upon the Scheme being effective, the Authorised Capital of Transferor Company will get merged with that of BIL without payment of additional fees and duties as the said fees have already been paid. The Authorised Capital of BIL will be increased to that effect by just filing requisite forms and no separate procedure shall be followed under the Act.

8.2 Consequently, the Memorandum and Articles of Association of BIL shall without any act, instrument or deed be and stand altered, modified and amended pursuant to section 17, 31 and 394 and other applicable provisions of the Act as set out below:

8.2.1 The Authorised Share Capital of BIL is Rs. 90,00,00,000 divided into 44,00,00,000 Equity Shares of Rs. 2 each and 20,00,000 Redeemable Preference Shares of Rs. 10 each;

8.2.2 Clause V of the Memorandum of Association and Article 4 of the Articles of Association of BIL (relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be and be replaced by the following clause:

"The Authorised Share Capital of the Company is Rs. 90,00,00,000 (Rupees Ninety Crore only) divided into 44,00,00,000 Equity Shares of Rs. 2 each and 20,00,000 Redeemable Preference Shares of Rs 10 each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privilege or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provision for the time being in force."

It is clarified that the approval of the members of BIL to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of BIL as required under section 17 and other applicable provisions of the Act.

## 9 ACCOUNTING TREATMENT IN THE BOOKS AND FINANCIAL STATEMENTS OF BIL



- 9.1 On this Scheme taking effect, the investments held by BIL in the Transferor Company will stand cancelled and there shall be no further obligation outstanding on that behalf. The obligations in respect of inter-corporate loans or balances inter-se between each of the Transferor Company and BIL shall also come to an end. Corresponding effect for such cancellation of investment, loans or balances shall be given in the books of account and records of BIL. For removal of doubts, it is hereby clarified that from the Appointed Date, there would be no accrual of interest or other charges in respect of any such loans, deposits or balances inter-se between Transferor Company and BIL.
- 9.2 The assets, liabilities and reserves (whether capital or revenue including debit balance in profit and loss account) of the Transferor Company shall be recorded by BIL in its books of accounts at the book values and in the same form as appearing in the books of the Transferor Company as at the Appointed Date. The excess or deficit, if any, remaining after recording the aforesaid entries shall be adjusted in reserves (whether capital or revenue including balance in profit and loss account). Such policies and adjustments thereof will be as per the Accounting standards issued by the Institute of Chartered Accountants of India.
- 9.3 Suitable adjustments including to ensure uniform accounting methods and policies between the Transferor Company and BIL may be made as considered appropriate by the board of directors of BIL and effect thereof shall be given in the reserves (whether capital or revenue, including balance in profit and loss account) of BIL.

**10 BUSINESS AND PROPERTY IN TRUST AND CONDUCT OF BUSINESS FOR BIL**

With effect from the Appointed Date up to the Effective Date:

- 10.1.1 Business of Transferor Company shall be deemed to have carried on and shall carry on the business and activities in ordinary course and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the assets for and on account of and in trust for BIL.
- 10.1.2 Transferor Company shall carry on its business and affairs with reasonable diligence and business prudence and shall not without prior consent of BIL, alienate, charge, mortgage, encumber or otherwise deal with the said Assets or any part thereof except in the ordinary course of business or vary the terms and conditions of employment of any of its employees in a manner detrimental to their interests, or pursuant to any pre-existing obligation undertaken by Transferor Company prior to the Appointed Date.
- 10.1.3 All profits accruing to Transferor Company or losses arising or incurred for the period falling on and after the Appointed Date shall, for all purposes, be treated as the profits or losses, as the case may be of BIL.
- 10.1.4 All advance tax, tax deduction at source and all other taxes and duties paid by Transferor Company will be deemed to be the tax and/or duty paid by BIL.
- 10.1.5 Transferor Company shall not, without the prior written consent of BIL, undertake any new business or a substantial expansion.
- 10.1.6 Transferor Company shall pay all statutory dues (Including advance tax) for and on account of BIL.



- 10.2 All the income or profits accruing or arising to Transferor Company or expenditure or losses arising or incurred by Transferor Company in respect thereof, shall for all purposes be treated as the income, profits, expenditure or losses (as the case may be) of BIL.
- 10.3 Without prejudice to Clause 10.2 above, with effect from the Appointed Date and upon the Scheme becoming effective, any documents of title/ rights and easements in relation thereto shall stand transferred to and be vested in and/or be deemed to have been transferred and vested in BIL and shall belong to BIL. With effect from the Appointed Date, BIL shall, in relation to such properties, be accountable for all rates, rents and taxes whatsoever. The mutation of the title to the immovable properties shall be made and duly recorded by the Appropriate Authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of BIL.

## 11 DIVIDEND

- 11.1 BIL and the Transferor 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 but only consistent with the past practice, or in the ordinary course. The dividend, if any, shall be declared by the Transferor Company only with the prior written consent of the board of directors of BIL.
- 11.2 Subject to the provisions of the Scheme, the profits of the Transferor Company, for the period beginning from the Appointed Date, shall belong to and be the profits of BIL and will be available to BIL for being disposed of in any manner as it thinks fit.
- 11.3 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 right on any member of the Transferor Company and/or BIL to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the board of directors of BIL, subject to such approval of the shareholders, as may be required.

## 12 DISSOLUTION OF TRANSFEROR COMPANY

On the Scheme becoming effective, the Transferor Company shall be dissolved without winding up.

### PART III

#### DEMERGER AND HIVING OFF OF THE DEMERGED UNDERTAKING

## 13 TRANSFER OF ASSETS

- 13.1 Subject to implementation of Part - II of this Scheme and with effect from the Effective Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, pursuant to the provisions of Sections 391 to 394 of the Act, without any further act, deed, matter or thing be demerged from the Demerged Company and be and stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company on a going concern basis such that all the properties, assets, rights, claims, title, interest, authorities, investments and liabilities comprised in the Paper Division Undertaking



immediately before the demerger shall become the properties, assets, rights, claims, title, interest, authorities, investments and liabilities of the Resulting Company by virtue of and in the manner provided in this Scheme with effect from the Effective Date

13.2 Without prejudice to the generality of Clause 13.1 above and upon coming into effect of the Scheme, with effect from the Effective Date, the entire business and undertaking of the Demerged Company in relation to the Demerged Undertaking including all the properties, investments, shareholding interests in other companies, claims, title, interest, assets of whatsoever nature such as licenses and all other rights, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and wheresoever situated shall, pursuant to the provisions of Section 394 and other applicable provisions, if any, of the Act and pursuant to the order of the High Court sanctioning this Scheme and without further act or deed or instrument, but subject to the charges affecting the same as on the Effective Date, be and stand transferred to and vested in the Resulting Company as a going concern.

13.3 In respect of such of the assets and properties of the Demerged Undertaking as are movable in nature or incorporeal property or are otherwise capable of transfer by delivery or possession, or by endorsement and/or delivery, the same shall with effect from the Effective Date stand so transferred by the Demerged Company upon coming into effect of the Scheme and shall, become the assets and properties of the Resulting Company.

13.4 With respect to the assets of the Demerged Company other than those referred to in clause 13.3 above, 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 Resulting Company on the Effective Date pursuant to the provisions of Section 394 of the Act with effect from the Appointed Date. It is hereby clarified that all the investments made by Demerged Company, all the rights, title and interests of Demerged Company in any leasehold properties in relation to the Demerged Undertaking shall, pursuant to Section 394(2) of the Act and the provisions of this Scheme, 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.

13.5 With effect from the Effective Date, all consents, permissions, licenses, certificates, insurance covers, 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 vested in or transferred to the Resulting Company without any further act or deed and shall be appropriately mutated by the authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and 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.

#### 14 TRANSFER OF LIABILITIES

14.1 upon the coming into effect of this Scheme and with effect from the Effective Date, all loans raised and utilized and all debts, duties, undertakings, liabilities including contingent liabilities, if any, whether quantified or not and obligations incurred or undertaken by the Demerged Company in relation to or in connection with the Demerged Undertaking as on the Effective Date shall pursuant to the sanction of the Scheme by the High Court and under the provisions of Sections 391 to 394 and other applicable provisions of the Act, without any further act, instrument or deed being required, be and shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company to the



extent that they may be outstanding as on the Effective Date and shall become the debt, duties, undertakings, liabilities and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged 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 liabilities have arisen in order to give effect to the provisions of this Clause 14.

- 14.2 In so far as any encumbrance in respect of the loans, borrowings, debts and liabilities of the Demerged Company in relation to or in connection with the Demerged Undertaking ("Transferred Liabilities") is concerned, upon the coming into effect of this Scheme and with effect from the Effective Date, such encumbrance shall, without any further act, instrument or deed being required be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which may have been encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to this Scheme. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Undertaking are concerned, the encumbrance, if any, over such assets relating to the Transferred Liabilities, as and from the Effective Date without any further act, instrument or deed being required be released and discharged from the obligations and encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company 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 with effect from the Effective Date and upon the coming into effect of this Scheme.
- 14.3 Upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument or document and/or do all such acts or deeds as may be required, including filing if necessary particulars and/or modification of the charge, if any, with the respective Registrar of Companies to give formal effect to the provisions of this Clause 14.

15 **CONTRACTS, DEEDS, ETC.**

- 15.1 Subject to the other provisions of this Scheme upon coming into effect of this Scheme and with effect from the Effective Date, all contracts, deeds, bonds, agreements, indemnities, arrangements, licenses, engagements and other instruments, if any, 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 is eligible and which are subsisting or having effect immediately before the Effective Date, shall remain in full force and effect against or in favour of the Resulting Company, as the case may be, and shall be binding on and be enforceable by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been originally a party or beneficiary or obligee thereto or thereunder.
- 15.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after coming into effect of the Scheme, take such actions and execute such deeds, writings or confirmations, novations or enter into arrangements with any party to any contract or arrangement to which the Demerged Company is a party in





order to give formal effect to the provisions of this Scheme, if so required. The Resulting Company shall be deemed to be competent and authorized to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to perform or carry out all formalities or compliances required on the part of Demerged Company to give effect to the provisions of this Scheme.

## 16 EMPLOYEES

### 16.1 Upon the coming into effect of this Scheme:

16.1.1 All employees of the Demerged Company engaged in or in relation to the Demerged Undertaking, if any, and who are in such employment as on the Effective Date shall be transferred to and become the employees of the Resulting Company with effect from the Effective Date (the "Transferred Employees") on the same terms and conditions of employment on which they are engaged by the Demerged Company without any break or interruption in service for the purpose of calculating retirement benefits. The Resulting Company undertakes to continue to abide by any agreement/settlement entered into by the Demerged Company with any union/employee of the Demerged Company in relation to the Transferred Employees; and

16.1.2 In so far as any provident fund, gratuity fund or any other fund or trusts created by the Demerged Company and existing, for the benefit of the employees of the Demerged Company, is concerned, the part of such funds relating to the Transferred Employees shall be continued for the benefit of the Transferred Employees. The Resulting Company shall have the obligation to take all necessary steps to set up its own fund as soon as practicable. In the event the Resulting Company have set up their own funds the amount in such fund with the Demerged Company in respect of contributions pertaining to the Transferred Employees shall, subject to necessary approvals and permissions, if any required, be transferred to the relevant fund created by the Resulting Company. Until such time that the Resulting Company create their own funds, the Resulting Company may, subject to necessary approvals and permissions that may be required, continue to contribute in respect of the Transferred Employees to the relevant fund of the Demerged Company. At the time that the Resulting Company create their own funds, the contributions pertaining to the Transferred Employees shall be transferred to the funds created by the Resulting Company.

## 17 LEGAL PROCEEDINGS

17.1 Upon the coming into effect of this Scheme, all suits, actions and legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising on or before the Effective Date or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Except, as otherwise provided herein, 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 replaced/added as party to such proceedings and shall prosecute or



defend such proceedings at its own cost, in cooperation with the Demerged Company.

- 17.2 If any proceedings are taken against the Demerged Company in respect of matters referred in Clause 17.1 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 or against the Demerged Company in respect thereof.
- 17.3 The Resulting Company undertake to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 17.1 above transferred to their names and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company.

## 18 CONSIDERATION

- 18.1 Upon the Scheme becoming effective and in consideration of the demerger including the transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to Part III of this Scheme, the Resulting Company shall, without any further act, deed, issue and allot to each member of the Demerged Company, whose name is recorded in the register of members on the Record Date, in accordance with the terms of the Scheme and without any further application, act, deed payment, consent, acts, instrument or deed issue one fully paid up equity shares of Rs. 10 of Resulting Company each credited as fully paid up for every Nine fully paid equity share of Rs. 2 each held by such shareholder or his/her/its heirs, executors, administrators or successors in the Demerged Company.
- 18.2 M/s Jayantilal Thakkar & Co., Chartered Accountants have issued the report on share allotment ration on the aforesaid. M/s J M Financial Institutional Securities Ltd., a Category-I Merchant Banker, has provided a fairness opinion on the aforesaid. The aforesaid report on share allotment ration and fairness opinion have been duly considered by the Boards of Directors of the Demerged Company and the Resulting Company.
- 18.3 In case any member's holding in the Demerged Company is such that such member becomes entitled to a fraction of one equity share of the Resulting Company, the Resulting Company shall not issue fractional share certificate to such member and shall consolidate such fractions and issue the consolidated shares to a trustee-nominated by the board of directors of the Demerged Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to such members in proportion to their respective fractional entitlements.
- 18.4 The equity shares to be issued by the Resulting Company pursuant to Clause 18.1 above shall be issued in dematerialized 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 Demerged 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 equity share shall be issued to such members in dematerialized form provided that the members of the Resulting Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that the Resulting Company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/hers/its account with a depository participant or other



confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue equity shares in physical form to such member or members.

18.5 The equity shares to be issued by the Resulting Company pursuant to Clause 18.1 in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of the dispute by order of a court or otherwise, also be kept in abeyance by the Resulting Company.

18.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of the Demerged Company, the board of directors of the Demerged Company shall be empowered prior to or even subsequent to the Record Date, to effectuate such transfers in the Demerged Company as if such changes in registered holders were operative as on the Record Date, in order to remove any difficulties arising to the transferors of the shares in relation to the shares issued by the Resulting Company after the Scheme is effected. 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 transition period.

18.7 Upon allotment of shares by the Resulting Company in terms of Clause 18.1 above, the existing shareholding of the Demerged Company in the Resulting Company shall be cancelled as an integral part of this Scheme in accordance with provisions of Sections 100 to 103 of the Act and the Order of High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.

18.8 The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank pari passu inter-se in all respects including dividends declared, voting and other rights.

18.9 The Resulting Company shall apply for listing of its equity shares including those issued in terms of Clause 18.1 above on BSE and NSE within 30 (thirty) days from the receipt of the order of High Court. The shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

18.10 Unless otherwise determined by the Boards of Directors of the Demerged Company and the Resulting Company, allotment of shares, in terms of provisions of Clause 18.1 above shall be done within 30 (thirty) days from the date of receipt of the order of High Court.

## 19 AUTHORISED SHARE CAPITAL

19.1 Upon the Scheme being effective, the Authorised Capital of the Resulting Company shall stand increased and the existing capital clause contained in the Memorandum and Association of the Resulting Company shall, upon coming into effect of this Scheme, be altered and substituted pursuant to section 17, 31 and 394 and other applicable provisions



of the Act, 1956 as follows:

The authorised share capital of the Resulting Company shall be increased from 5,00,000 divided into 50,000 Equity Shares of Rs. 10 Each and Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Resulting Company shall, upon coming into effect of this Scheme, be substituted by the following new Clause:

*"The Authorised Share Capital of the Company is Rs. 11,00,00,000 (Rupees Eleven Crores) divided into 1,10,00,000 Equity Shares of Rs. 10 each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force."*

19.2 It is clarified that the approval of the members of the Resulting Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of the Resulting Company as required under section 17 and other applicable provisions of the Act.

## 20 ACCOUNTING BY THE DEMERGED COMPANY AND THE RESULTING COMPANY IN RESPECT OF ASSETS AND LIABILITIES

20.1 Accounting treatment in the books of the Demerged Company:

20.1.1 The assets and the liabilities of the Demerged Company being transferred to the Resulting Company shall be at values appearing in the books of accounts of the Demerged Company on the close of business on Effective Date;

20.1.2 The difference between the value of assets and value of liabilities transferred pursuant to the Scheme together with the cancellation of the investment in the Resulting Company pursuant to Clause 18.7 above shall be appropriated against the capital reserve and balance, if any, after appropriation, will be further appropriated against the securities premium account of the Demerged Company. The balances of the capital reserve and the securities premium account, as the case may be, shall stand reduced to that extent;

20.1.3 The reduction, if any, in the securities premium account of the Demerged Company shall be effected as an integral part of the Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.

20.2 In the books of the Resulting Company

20.2.1 Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in them pursuant to this



Scheme, at the same value appearing in the books of Demerged Company on the close of business on Effective Date.

20.2.2 The Resulting Company shall credit its Share Capital Account in its books of account with the aggregate face value of the new equity shares issued to the shareholders of Demerged Company pursuant to Clause 17.1 of this Scheme.

20.2.3 The excess or deficit, if any, remaining after recording the aforesaid entries shall be credited by the Resulting Company to Securities Premium Reserve Account or debited to goodwill, as the case may be.

## 21 REMAINING UNDERTAKING

21.1 The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and remain vested in and be managed by the Demerged Company.

21.2 All legal, taxation and/or other proceedings by or against the Demerged Company under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, and relating to the remaining business of the Demerged Company (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 against the Demerged Company.

21.3 If proceedings are taken against the Resulting Company in respect of matters referred to in Clause 21.2 above relating to the Remaining Undertaking, 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.

## 22 SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking and continuance of proceedings by or against the Resulting Company, as provided herein, shall not affect any transactions or proceedings already concluded by the Demerged Company before the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company in relation to the Demerged Undertaking as acts, deeds and things done and executed by and on behalf of the Resulting Company.

## PART IV- GENERAL PROVISIONS

23 Upon the coming into effect of this scheme, Demerged Company is expressly permitted to revise its income tax returns to the extent required. Demerged Company shall be entitled to get credit/claim refund regarding any tax paid and/or tax deduction at source certificates on or after the Appointed Date by the Transferor Company. Similarly, the Resulting Company shall be entitled to get credit/claim refund regarding any tax paid and/or tax deduction at source certificates, pertaining to Paper Division Undertaking, on or after the Effective Date by the Demerged Company.

24 The Demerged Company (by its Directors or Committee thereof), Transferor Company (by its Directors or Committee thereof) and Resulting Company (by its Directors or Committee



thereof), may assent to any modifications or amendment to the Scheme or agree to any terms and/or conditions which the Appropriate Authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for setting any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.

- 25 For the purpose of giving effect to the Scheme or to any modification thereof, the Directors of the Demerged Company are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for setting any question or doubt or difficulty whatsoever that may arise during implementation of the Scheme.
- 25.1 The Scheme is conditional on and subject to:
- 25.1.1 the Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and/or creditors of the Parties to the Scheme as may be directed by the Court or any other Appropriate Authority, as may be applicable;
- 25.1.2 the Parties complying with other provisions of the Securities and Exchange Board of India circular dated 4 February 2013 and 21 May 2013, including the requirements stated in clauses 25.1.1 above;
- 25.1.3 the sanction or approval of the Appropriate Authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required; and
- 25.1.4 the sanction of the High Court, under Sections 391 to 394 read with 78, 100-103 of the Act, in favour of BIL, BPML and NPML to the necessary Order or Orders under Section 394 of the Act, being obtained.
- 25.2 It is hereby clarified that submission of the Scheme to the High Court and to Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defenses that BIL, BPML and NPML have or may have under or pursuant to all appropriate and applicable laws and regulations.
- 25.3 All costs, charges and expenses including stamp duty of BIL, BPML and NPML in relation to or in connection with the Scheme and of carrying out and completing the terms and provisions of the Scheme and/or incidental thereto shall be borne and paid by the respective Parties as the case may be.
- 25.4 Upon allotment of shares by the Resulting Company in terms of Clause 18.1 above, the existing shareholding of the Demerged Company in the Resulting Company shall be cancelled as an integral part of this Scheme in accordance with provisions of Sections 100 to 103 of the Act and the Order of High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.
- 25.5 BIL, BPML and NPML acting through their respective Boards of Directors shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any



authority/person is unacceptable to any of them.

- 25.6 In the event of this Scheme failing to take effect finally by 31st March 2015, or by such later date as may be agreed by the respective Boards of Directors of the Parties, this Scheme shall 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 their shareholders or creditors or employees or any other person. In such case, each Company shall bear its own costs, charges and expenses incurred in relation or in connection with this Scheme or as may be mutually agreed.
- 25.7 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of BIL, BPML and NPML affect the validity or implementation of the other parts and/or provisions of this Scheme.

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**TRUE-COPY**

*21/01/2015*  
**Mrs. K. M. RANE**  
COMPANY REGISTRAR  
HIGH COURT (O.S.)  
BOMBAY

**TRUE COPY**

*afakar*  
**KHAITAN & CO.**



SCHEDULE I

Assets

Building / Premises Located at:	Unit	Approx. area
Land at Ambivali	Sq. Meter	1,07,971
Building at Ambivali	Sq. Meter	19,150
Pump House at Vadavali	Sq. Meter	2,000
Residential Flats at Dombivali (R41 & R42)	Sq. Ft.	16,320
Bhiwandi Warehouse (F3 & F4)	Sq. Ft.	80,000

All Investments, loans and advances and other assets pertaining to the paper board business including investment in 10,00,000 Equity Shares of Rs. 10 each in Balkrishna Synthetics Ltd.

And such other properties as may be agreed between the Demerged Company and the Resulting Company.

Liabilities

All Liabilities pertaining to the paper board business.

**TRUE-COPY**  
*21/01/2015*  
**Mrs. K. M. RANE**  
COMPANY REGISTRAR  
HIGH COURT (O.S.)  
BOMBAY

**TRUE COPY**  
*afakar*  
**KHAITAN & CO.**

BOMBAY



IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORDINARY ORIGINAL CIVIL JURISDICTION  
COMPANY SCHEME PETITION NO 674 OF 2014  
CONNECTED WITH  
COMPANY SUMMONS FOR DIRECTIONS NO 446 OF 2014

In the matter of the Companies Act, 1956;

And

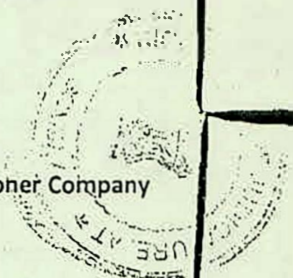
In the matter of Sections 391 to 394 of the Companies  
Act, 1956;

And

In the matter of the Scheme of Arrangement under  
sections 391 to 394 of the Companies Act, 1956  
between Balkrishna Industries Limited and Balkrishna  
Paper Mills Limited and Nirvikara Paper Mills Limited  
and their respective shareholders and creditors

Balkrishna Industries Limited

... Petitioner Company



AUTHENTICATED COPY OF THE MINUTES OF  
ORDER DATED 19<sup>TH</sup> DECEMBER 2014 ALONG WITH  
SCHEME

Applied on..... 30-12-14  
Engrossed on..... 16-1-15  
Section Writer.....  
Folios.....  
Examined by.....  
Compared with.....  
Ready on..... 21 JAN 2015  
Delivered on..... 22 JAN 2015

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