



LA TIM METAL & INDUSTRIES LTD.

(Formerly known as Drillco Metal Carbides Ltd.)

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SCHEME OF ARRANGEMENT

OF

**LA TIM SOURCING (INDIA) PRIVATE
LIMITED (Transferor Company)**

WITH

**LA TIM METAL & INDUSTRIES
LIMITED (Transferee Company)**

PART- I

BACKGROUND AND RATIONALE OF THE SCHEME

(A) LA TIM Sourcing (India) Private Limited (hereinafter referred to as "LSIPL" or the "Transferor Company") was incorporated as a private limited company under the Companies Act, 1956 on December 21, 2000, in Mumbai. The Registered Office of the Company is situated in the State of Maharashtra.

The main objects of the Transferor Company are as follows:

1. To carry on the business as Indentors, exporters, importers, buyers, sellers and to do exchange or otherwise deal in, either as wholesalers or retailers, or both and either as principals or agents, goods, wares, merchandise, produce, materials, substance, articles and commodities such as papers, boards, coal, woods, electric & electronic goods, textile, cotton cloth, jute, polyester, alloys, chemicals, minerals, spices, mechanical and engineering items and spares, ferrous and non-ferrous metals, valves, pipes and pipe fittings, carpentry and measuring tools, hardware goods and bearings, power transmission equipments, handlooms and handicrafts, oil, antiques, rugs plastics and plastic goods, petrochemicals, jewellery and precious stones, tea and other food, food grains and food products beverages, stores, spares, tools and accessories, plant & machineries of all description, securities and shares of all kinds and such other business of trading which may be conveniently and economically carried on in connection therewith.
2. To carry on the business of importers, exporters and otherwise dealers in coolery plants and stores, coal washery plants and store, coal cutting and mining apparatus, railway equipment, tractor and earth moving equipment, construction machinery and parts, rubber machinery, textile machinery, sugar machinery, chemical machinery, tractor and automobile parts, ship and aircraft parts, conduct pipes and fittings, contractor's plants, automobile accessories, diesel and other engine and parts, drums and tin boxes, various sheet metal goods, keys, electrical apparatus, accessories, electroplating, welding, polishing and galvanizing materials, engineering and industrial goods.

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(B) LA TIM Metal & Industries Limited (hereinafter referred to as "LMIL " or the Transferee Company) was incorporated as a private limited company under the Companies Act, 1956 on November 28, 1974 in Mumbai under the name of "Drillco Metal Carbides Private Limited". The Company was converted into a public limited company on August 22, 1975. The name of the Transferee Company was changed from "Drillco Metal Carbides Limited" to "LA TIM Metal and Industries Limited" and a fresh certificate of incorporation consequent on change of name was issued on October 10, 2013.

Some of the main objects of the Transferee Company are as follows:

1. To acquire or carry on in India or elsewhere the business of providing heat and cold treatment of iron, steel (including alloy steel) and metal founders, processors, turners, forgers, drawers, rollers and re-rollers of steel shaftings, bars, rods, PPGI-profiling, corrugation of GI sheets, HR/CR coil cutting, HR plate cutting, CR/GI strip cutting (slitting), pickling of coils, annealing, color coating line, PPGI printing, roof accessories, sandwich panel for roofing/cladding, plate bending, etc, in different shapes and sizes from scraps, billets, ingots including wire, nails, screws, metal hinges, plates, sheets, strips, hoops, rounds, circles, angles and to alloy steel, stainless, steel, any other products from steel, brass, copper, lead, zinc, nickel and any other ferrous and non-ferrous metals of all sizes, specification and description including ingot casting in electric and furnace.
2. To promote, establish, acquire or otherwise carry on the business of manufacturing, processing, fabricating and exporting of all types of plastics articles, thermosetting and thermoplastics either with or without fillers of any kind and plastic processing machinery and its articles, components, accessories, dies, moulds and things made of polyvinyl chloride, polythene, polystyrene, polycarbonate, polycarbonate multiwall products, whether reinforced or otherwise, rubber, ferrous and non ferrous metals and other synthetic, ferrous and non ferrous materials and substances blends/ alloys thereof, required for use in toilets, over head, surface and underground irrigation, industrial and agricultural machinery and equipments, building construction, mopeds, scooters, cars, trucks and house-hold goods.
3. To carry on the business in India or abroad, as civil contractors, infrastructure development contractors and engineers and civil engineers, electrical engineers, mechanical engineers, architects, interior decorators and to construct, acquire, develop, establish, consult provide, maintain, administer or otherwise undertake contract for any type of civil construction, infrastructure development works, mining operations, road constructions, erection, lay out, earthwork and irrigation projects, power house, reclamations, buildings, apartments, bungalows, reservoirs, water courses, dams, jetties, water works, water treatment plants, gardens, recreation facilities, power transmission lines, factory sites, RCC & steel structure and steel fabrication, godowns, warehouses land, funicular railway systems, drainage and sewage systems, air field, aprons and hanger works in India and/or outside India under various schemes such Build, Operate and Transfer (BOT), Build Operate and Lease and Transfer (BOLT) and Build Operate Own and Transfer (BOOT) and to construct, sell, lease, license, sublet, mortgage, exchange, transfer or otherwise dispose of/or residential offices,



industrial institutional or commercial or developers of housing schemes, townships, holiday resorts, hotels, motels, auditoriums and maintaining and rehabilitation of all types of structures, flats, houses, factories, shopping complexes, garages, warehouses, buildings, works, workshops, hospitals, nursing homes, clinics, godowns including building blocks like fired bricks, unfired bricks, compressed blocks.

(C) The Transferee Company is listed with Bombay Stock Exchange Limited and Pune Stock Exchange Limited.

RATIONALE

(D) This Scheme (as defined hereinafter) envisages amalgamation of LSIPL into LMIL, resulting in consolidation of the business in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of the two companies. Accordingly, it would be in the best interests of LSIPL and LMIL, and their respective shareholders. The proposed amalgamation of LSIPL into LMIL is in line with the global trends to achieve size, scale, integration and greater financial strength and flexibility and in the interests of maximizing shareholder value. The merged entity is likely to achieve higher long-term financial returns than could be achieved by the companies individually. LSIPL and LMIL, believe that the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of LSIPL and LMIL, pooled in the merged entity, will lead to increased competitive strength, cost reduction and efficiencies, productivity gains, and logistic advantages, thereby significantly contributing to future growth. Therefore, the management of LSIPL and LMIL believe that the Scheme of Amalgamation would benefit the respective companies and other stakeholders of respective companies, inter-alia, on account of the following reasons:

- ❖ Amalgamation would result in managing the business through a single network. It will thus be possible to combine the business of Transferor Company with the business of the Transferee Company under one umbrella without incurring avoidable expenditure on infrastructure and staff and will enable the Transferee Company to avail ventures of an industrial and commercial nature.
- ❖ It would result in benefits in terms of synergies in operations, pooling of financial, managerial, technical, distribution and marketing resources.
- ❖ The integration proposed by the Scheme enables reduction of common administrative costs thereby cost savings, optimum utilization of available resources which will enhance the management focus thereby not only making the management control systems more efficient and effective but also would lead to higher profitability and increase in the shareholder's value. The amalgamation of the Transferor Companies with the Transferee Company through the Scheme would be to the mutual advantage of the companies and would be in the better interest of the public at large.
- ❖ Enable Transferee Company to use the resources of Transferor Company in development of business.



- ❖ Increase in net worth of Transferee Company, which will facilitate effective and better mobilization of financial resources.
 - ❖ Reduction of overheads and other expenses facilitate administrative convenience and ensure optimum utilization of available services and resources;
 - ❖ The proposed amalgamation and vesting of LSIPL into LMIL, with effect from the Appointed Date, is in the interest of the shareholders, creditors, stakeholders and employees, as it would enable a focused business approach for the maximization of benefits to all stakeholders and for the purposes of synergies of business.
- (E) This Scheme of Arrangement (hereinafter referred to as "the Scheme"), inter-alia, provides for the amalgamation of LSIPL with LMIL pursuant to Section 391 to 394 and other relevant provisions of the Companies Act.
- (F) The Scheme also makes provisions for various other matters consequential or related thereto and otherwise integrally connected therewith.
- (G) This Scheme is divided into the following parts:
- (a) Part I, deals with the background and rationale of the Scheme of Arrangement;
 - (b) Part II, deals with the definitions and financial position of the Transferor Company and the Transferee Company;
 - (c) Part III, deals with the merger of the Transferor Company with the Transferee Company.
 - (d) Part IV, deals with the accounting treatment under this Scheme of Arrangement.
 - (e) Part V, deals with the general terms and conditions as applicable to this Scheme of Arrangement.



PART II

1. DEFINITIONS

In this Scheme, unless inconsistent with the meaning or context, the following expressions shall have the following meanings:-

- 1.1 "**Act**" mean the Companies Act, 1956, including any statutory modifications, re-enactment or amendments thereof.
- 1.2 "**Appointed Date**" means April 1, 2013, or any other date the court deems fit to appoint
- 1.3 "**Board of Directors**" in relation to respective Transferor Company and/or Transferee Company, as the case may be, shall, include a committee of directors or any person authorized by the board of directors or such committee of directors.
- 1.4 "**Court**" or the "**High Court**" means the Hon'ble High Court of Judicature at Bombay and shall include the National Company Law Tribunal, if applicable.
- 1.5 "**Effective Date**" means date on which certified copies of the Order of the High Court of Judicature at Bombay vesting the assets, property, liabilities, rights, duties, obligations and the like of the Transferor Company in the Transferee Company is filed with the Registrar of Companies, Maharashtra at Mumbai after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary therefore.
- 1.6 "**Transferor Company**" means LA TIM Sourcing (India) Private Limited, a company incorporated under the Companies Act, 1956, having its registered office situated at 201, Navkar Plaza, Bajaj Road, Vile Parle (West), Mumbai - 400056, Maharashtra, India.
- 1.7 "**Transferee Company**" means LA TIM Metal & Industries Limited, a company incorporated under the Companies Act, 1956, and having its registered office situated at 301-302, Navkar Plaza, Bajaj Road, Vile Parle (West), Mumbai - 400056, Maharashtra, India..
- 1.8 The "**Scheme**" means this Scheme of Amalgamation in its present form submitted to the High Court of Judicature at Bombay for sanction or with any modification(s) made under Clause 12 of this Scheme and/or any modification(s) approved or imposed or directed by the Hon'ble High Court of Judicature at Bombay.
- 1.9 "**Undertaking**" means and includes: All the undertakings and entire business of the Transferor Company as a going concern, including, without limitation.
- a. all assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present future or



contingent of whatsoever nature) of the Transferor Company, whether situated in India or abroad, including, without limitation, all lands (whether leasehold or freehold), all the undertakings, the entire business, , offices, residential properties for the employees or other persons, guest houses, godowns, warehouses and stores, share of any joint assets, and other premises, capital work in progress, furniture, fixture, office equipment, investments of all kinds and in all forms, cash balances with banks, loans, advances, contingent rights or benefits, receivables, benefit of any deposits, financial assets, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, permissions, permits, rights, entitlements, guarantees, authorizations, approvals, agreements, contracts, licenses, registrations, tenancies, income tax benefits and exemptions in respect of the profits of the undertaking for the residual period i.e. for the period remaining as on the Appointed Date out of the total period for which the deduction is available in law if the amalgamation pursuant to this Scheme does not take place, or other right including sales tax deferrals and exemptions and other benefits, receivables and liabilities related thereto, other benefits of all taxes right to carry forward and set off unabsorbed losses and depreciation, privileges and rights under State tariff regulations and under various laws;, avail of telephones, telexes, facsimile, email, interest, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programmes, manuals, data, and other records, and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company or which have accrued to the Transferor Company as on the Appointed Date., whether in India or abroad, of whatsoever nature and wherever situated (hereinafter referred to as the "Assets");

- b. all debts, borrowings, liabilities, duties and obligations , both present and future (including deferred tax liabilities, contingent liabilities and the liabilities and obligations under any licenses or permits or scheme) of the Transferor Company as on the Appointed Date (hereinafter referred to as the "Liabilities");
- c. all earnest monies and/or security or other deposits paid or deemed to have paid by 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 as ascribed to them under the Act.



2. SHARE CAPITAL

2.1 The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferor Company as on March 31, 2013 was as under:-

LSIPL (Transferor Company)

LA TIM Sourcing (India) Private Limited	
Particulars	Rs.
Authorised Share Capital	
50,00,000 Equity Shares of Rs. 10/- each	50,000,000.00
Issued, Subscribed and Paid Up Share Capital	
20,20,020 Equity Shares of Rs 10/- each fully paid up	20,200,200.00

(a) Post March 31, 2013, there is no change in the Share Capital of the Transferor Company

2.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferee Company as on March 31, 2013 was as under:

LMIL (Transferee Company)

LATIM Metal and Industries Limited	
Particulars	Rs.
Authorised Share Capital	
45,00,000 Equity Shares of Rs. 10/- each	45,000,000.00
5,00,000 Redeemable Preference Shares of Rs. 10/- each	5,000,000.00
Total	50,000,000.00
Issued, Subscribed and Paid Up Share Capital	
21,94,375 Equity Shares of Rs 10/- each fully paid up	21,943,750.00

2.3 The existing equity shares of the Transferee Company are listed on Bombay Stock Exchange Limited and Pune Stock Exchange Limited.



2.4 Financial Position

The summarized financial position of the Transferor Company and the Transferee Company as per their respective latest Audited Accounts as at March 31, 2013 is as under:-

LSIPL (Transferor Company)

Particulars	(Amount in lakhs)
	2012-13
EQUITY & LIABILITIES	
Shareholders Fund	
Share Capital	202.00
Reserves and Surplus	225.91
Non Current Liabilities	
Long term Borrowings	6.86
Current Liabilities	
Short Term Borrowings	82.16
Trade Payables	640.05
Other Current Liabilities	36.27
Short Term Provisions	24.29
Total	1,217.56
ASSETS	
Fixed Assets	
Tangible Assets	134.04
Intangible Assets	0.24
Capital Work in progress	32.87
Non Current Investments	113.89
Deferred Tax Assets (Net)	6.93
Long Term Loans and Advances	7.50
Current Assets	
Current Investments	108.68
Inventories	535.72
Trade Receivables	30.09
Cash & Cash Equivalents	91.43
Short Term Loans & Advances	155.81
Other Current Assets	0.36
Total	1,217.56



LMIL (Transferee Company)

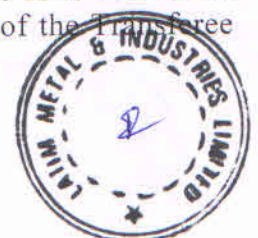
Particulars	(Amount in lakhs)
	2012-13
EQUITY & LIABILITIES	
Shareholders Fund	
Share Capital	219.44
Reserves and Surplus	(463.11)
Current Liabilities	
Short Term Borrowings	374.99
Other Current Liabilities	102.87
Total	234.19
ASSETS	
Fixed Assets	
Tangible Assets	227.72
Intangible Assets	0.10
Current Assets	
Trade Receivables	-
Cash & Cash Equivalents	0.46
Other Current Assets	5.91
Total	234.19



PART III

3. TRANSFER AND VESTING

- 3.1 With effect from the Appointed Date and upon this Scheme coming into effect, the Transferor Company shall stand merged with and be vested in the Transferee Company, as a going concern, without any further act or instrument and pursuant to the provisions of Sections 391 to 394 of the Act, together with all the properties, assets, rights, liabilities, benefits and interest therein, as more specifically described in the subsequent clauses of this Scheme.
- 3.2 With effect from the Appointed Date, the entire business and the whole of the Undertaking of the Transferor Company shall, without any further act or deed, be and stand transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company as a going concern, pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act, PROVIDED ALWAYS that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security after the amalgamation has become effective or otherwise. The transfer/vesting as aforesaid shall be subject to the existing charges/hypothecation over or in respect of the Assets or any part thereof of the Transferor Company. Further, the Transferee Company 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 the Transferor Company.
- 3.3 With effect from the Appointed Date, and subject to any corrections and adjustments as may be required, in the opinion of the Board of Directors of the Transferee Company, the Reserves and Surplus if any, of the Transferor Company will be merged with those of the Transferee Company in the same form and nomenclature as they appeared in the financial statements of the Transferor Company.
- 3.4 Any legal or other proceedings by or against Transferor Company pending on the Effective Date and relating to the Undertaking (including property rights, powers, liabilities, obligations and duties) of Transferor Company shall be continued and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued and enforced by or against Transferor Company.
- 3.5 It is expressly provided that in respect of such of the assets of the Transferor Company as are moveable in nature or are otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company by physical delivery and shall become the property of the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act.
- 3.6 With effect from the Appointed Date, all liabilities, debts, duties and obligations of the Transferor Company shall, without any further act or deed, also stand transferred to the Transferee Company, pursuant to the applicable provisions of the Act, so as to become as from the Appointed Date, the liabilities, debts, duties and obligations of the Transferee Company.



- 3.7 All inter party transactions between the Transferor Company and the Transferee Company as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as intra party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due inter-se i.e. between the Transferor Company and the Transferee Company as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically extinguished
- 3.8 All duty free entitlements, concessions, benefits, income tax benefits, etc. which the Transferor Company is entitled to in respect of the Amalgamation shall vest in and be available to the Transferee Company on the same terms and conditions thereof.
- 3.9 On and from the Appointed Date, if any certificate for tax deducted at source or any other tax credit certificate relating to the Transferor Company 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 and the relevant tax authorities are hereby directed to permit the Transferee Company to claim the benefit of such tax credit even though such tax deducted at source or tax credit certificate stands in the name of the Transferor Company.
- 3.10 The Transferee Company shall make repayments of such principal amounts and payments of interest thereon on behalf of the Transferor Company in respect of any liability mentioned hereinabove, if the Transferee Company is required to make payment to satisfy such liability.

4. ALTERATIONS/AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION OF TRANSFEEE COMPANY

With respect to the Transferee Company, upon this Scheme becoming effective but before allotment of the Equity Shares in terms of this Scheme:

- 4.1 The Memorandum of Association of the Transferee Company shall stand modified/amended by virtue of merger of Authorised Share Capital of Transferor Company with the Transferee Company without any further act or deed and without any further payment of the stamp duty or the registration fees Under the accepted principle of Single Window Clearance, it is hereby provided that the above referred change, viz. Change in the Capital Clause shall become operative on the scheme being effective by virtue of the fact that the Shareholders of the Transferee Company, while approving the scheme as a whole, have also resolved and accorded the relevant consents as required respectively under Sections 31, 94 and 97 of the Act or any other provisions of the Act and shall not be required to pass separate resolutions as required under the Act.

5. ISSUE OF SHARES BY THE TRANSFEEE COMPANY

- 5.1 Upon coming into effect of this Scheme and in consideration of the transfer of and vesting of the entire Undertaking and the liabilities of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company whose names are recorded in the Register of Members ("the Members"), on a date (hereinunder referred to as the "Record Date") to be fixed by the Board of Directors of the Transferee Company or a committee of such Board of Directors, equity shares of Rs. 10 each, credited as fully paid-up, in the ratio ("the



Entitlement ratio') of 1 Equity share of the face value of Rs. 10/- fully paid up in the Transferee Company for every 2 equity share of the face value of Rs. 10/- fully paid up each held in the Transferor Company.

- 5.2 The Equity Shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of Memorandum and Articles of Association of the Transferee Company and shall rank pari passu in all respects with the then existing Equity Shares of the Transferee Company, including in respect of dividends, if any, that may be declared by the Transferee Company, on or after the Effective Date.
- 5.3 The new equity shares shall be issued by Transferee Company in dematerialized and/or physical form to the equity shareholders holding shares of Transferor Company.
- 5.4 The Transferee Company, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities for the issue and allotment of Equity Shares to the members of the Transferor Company under the Scheme.
- 5.5 In the event of there being any pending share transfers with respect to any application lodged for transfer by any shareholder of the Transferor Company, the Board of Directors or any committee thereof of the Transferor Company, if in existence, or failing which the Board of Directors or any committee thereof of the Transferee Company shall be empowered in appropriate cases, to effectuate such a transfer in the Transferor Company in order to remove any difficulties arising to the transferor or the transferee of the share(s) in the Transferor Company and in relation to the new shares after the Scheme becomes effective.
- 5.6 The Equity Shares to be issued and allotted by the Transferee Company in respect of any Equity Shares of the Transferor Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by Order of Court or otherwise, be held in abeyance by the Transferee Company.
- 5.7 The approval of this Scheme by the shareholders of Transferor Company and Transferee Company under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31 and other applicable provisions of the Act and any other consents and approvals required in this regard.

6. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

6.1 With effect from the Appointed Date and upto and including the Effective Date;

- (i) the Transferor Company shall be deemed to have been carrying on and shall carry on all business and activities relating to the Company and stand possessed of the properties so to be transferred, for the and on account of and in trust for the Transferee Company, including but without limitation, payment of advance income tax and subsequent installments of income tax, sales tax, excise and other statutory levies, etc.
- (ii) all incomes, profits, benefits and incentives accruing to the Transferor Company or losses arising or incurred by it relating to the Company shall, for all purposes, be treated as the incomes, profits, benefits and incentives or losses, as the case may be, of the Transferee Company;



6.2 The Transferor Company hereby undertakes, from the Appointed Date upto and including the Effective Date -

- (i) to carry on the business of the Company with reasonable diligence and business prudence and not borrow alienate, charge mortgage, encumber or otherwise deal with or dispose of the Undertaking or any part thereof, nor to undertake any new business or a substantial expansion of its existing business except with prior written consent of the Transferee Company.
- (ii) not to utilise the profits, if any, relating to the Company for the purposes of declaring or paying any dividend in respect of the period falling on and after the Appointed Day without obtaining prior approval of the Transferee Company.

6.3 The Transferee Company shall be entitled, pending the sanction of Scheme, to apply to the Central or State Government and all other agencies departments and regulatory or other authorities concerned as are necessary under any law, for such registrations, consents, approvals, licenses and sanctions which the Transferee Company may require to own and operate the Company.

7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, leases, insurance policies and other instruments of whatsoever nature relating to the Undertaking to which the Transferor Company is a party and subsisting or having effect on or before the Effective date shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually, as if, instead of the Transferor Company, the Transferee Company had at all material times been a party thereto.

8. DIRECTORS

Upon the Scheme finally coming into effect, the Directors of the Transferor Company shall cease to be Directors of the Transferor Company, without any further approvals, resolutions, filings etc.

9. LEGAL PROCEEDINGS

- (a) Upon coming into effect of the Scheme, all legal or any other proceedings (including arbitrations) by or against the Transferor Company, and as agreed between the Transferor Company and the Transferee Company, whether pending on the Appointed Date or which may be instituted in future (whether before or after the Effective Date) in respect of any matter arising before the Effective Date shall be continued in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferee Company.
- (b) If proceedings are taken against the Transferor 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 Transferee Company and at the cost and risk of the Transferee Company.



- (c) The Transferee Company undertakes to have all legal or other proceedings (including arbitrations) initiated by or against the Transferor Company referred to in sub-clause (a) above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of the Transferor Company.

10. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES

On the Scheme becoming effective, all the staff, workmen and other employees, if any, in the service of the Transferor Companies shall become the staff, workmen and employee of the Transferee Company with effect from the Appointed Date or their respective joining date, whichever is later provided that :

- (a) Their service shall have been continuous and shall not have been interrupted by reason of the amalgamation of the Companies;
- (b) The terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way be less favorable to them than those applicable to them immediately before the transfer;
- (c) It is expressly provided that as far as Provident Fund, Gratuity Fund, Superannuation Fund or any other Fund created or existing for the benefit of the staff, workmen and other employees of the Transferor Companies are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Companies for all purposes whatsoever related to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with provisions of such Funds as per the terms provided in the respective Trust Deeds. It is aim and intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such Funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees employed in different units of the Transferor Company under such Funds and Trusts shall be protected. It is clarified that the services of the employees of the Transferor Companies will also be treated as having been continuous for the purpose of the aforesaid Funds or provisions.



PART IV

11. CONVERSION OF SHORT TERM BORROWINGS INTO EQUITY

The owners of Unsecured loans amounting to Rs 394.00 lakhs have requested to convert this debt into equity shares. Hence the Company wants to convert this short term borrowings of Rs. 394.00 lakhs into equity share capital. The owners of such unsecured loans have already given consent for the same in the EGM held on October 28, 2013. None of the Debt holders are classified as promoters or related to promoters or their relatives. The resolution passed at the meeting reads as under:

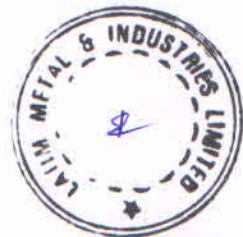
"RESOLVED THAT based on the request of the unsecured debt owners, an amount of Rs 394.00 lakhs is to be converted into equity share capital. The compliances required for the conversion of such debt into equity will be done as per the requirements of Companies Act 2013"

Unsecured loan of Rs.394.00 lakhs will be converted in 13,33,333 Shares (Share Value being the Share Value as per the Valuation Certificate obtained from the Chartered Accountant)

12. ACCOUNTING TREATMENT

Upon the Scheme becoming effective:

- 12.1 The Transferee Company shall account for the assets and liabilities of the Transferor Company vested in it in terms of the Scheme at book value appearing in the books of the Transferor Company. The Transferee Company shall record in its books of account, all transactions of the Transferor Company in respect of assets, liabilities, income and expenses at its book value from the Appointed Date to the Effective Date.
- 12.2 The inter-company balances, if any, shall stand cancelled.
- 12.3 Subject to provisions of this Scheme, the Transferee Company shall abide by the AS- 14 issued by the Institute of Chartered Accountants of India.
- 12.4 Pursuant to the Scheme coming into effect, investments made by the Transferor Company in the Transferee Company in the equity of the transferee company (2,19,744 shares held by Latim Sourcing India Private Limited in La Tim Metal and Industries Limited) shall automatically stand cancelled.
- 12.5 Consideration for Fractional Shareholding, if any, will be settled in Cash



PART V

13. APPLICATION TO THE HIGH COURT

On the Scheme being agreed to by the requisite majority of the members and creditors of the Transferor Company and the Transferee Company, the Transferor Company and the Transferee Company shall respectively and /or jointly with reasonable dispatch, apply to the High Court of Judicature at Bombay for sanctioning this Scheme of Amalgamation under Sections 391 to 394 of the Act and for an order or orders under Section 394 of the Act for carrying this Scheme into effect.

14. MODIFICATIONS/AMENDMENTS TO THE SCHEME:

The Transferor Company (by its Directors) and the Transferee Company (by its Directors) may, in their full and absolute discretion, assent to any alterations or modifications in this Scheme which the Court may deem fit to approve or impose or direct and may give such directions as they may consider necessary to settle any questions or difficulty that may arise under the Scheme or in regard to its implementation or in any matter connected therewith (including any question or difficulty arising in / connected with any deceased or insolvent shareholder of the respective Company). In the event that any conditions are imposed or directions given by the said High Court which the Transferor Company or the Transferee Company find unacceptable for any reason whatsoever then the Transferor Company and/or the Transferee Company shall be entitled to withdraw from the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them.

15. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

The Scheme is conditional upon and subject to:

- (i) The Scheme being agreed to by the respective requisite majority of the members and creditors of the Transferor Company and the Transferee Company and the requisite order or orders referred to in Clause 12 hereof being obtained;
- (ii) The sanction of the Scheme by the High Court of Judicature at Bombay under Sections 391 and 394 of the Act, in favour of the Transferor Company and the Transferee Company and to the necessary Order or Orders under Section 394 of the Act, being obtained;
- (iii) The certified copies of the orders of the Hon'ble High Court at Bombay referred to in Clauses 12 above being filed with the Registrar of Companies, Maharashtra at Mumbai.
- (iv) Any other sanction or approval of any governmental or regulatory authority, as may be considered necessary and appropriate by the respective Board of Directors of the Transferor Company and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.



16. SCHEME RENDERED NULL AND VOID

- 16.1 This Scheme although to come into operation from the Appointed Date shall not become effective until the last of the date on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in Clause 13 shall be obtained or passed. The last of such dates shall be the "Effective Date" for the purpose of this Scheme.
- 16.2 In the event of this Scheme failing to take effect finally within such period or periods as may be decided by the Transferor Company (by its Directors) and the Transferee Company (by its Directors), this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or by incurred inter se to or by the Parties or any one of them.

17. OPERATIVE DATE OF THE SCHEME

The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

18. DISSOLUTION OF THE TRANSFEROR COMPANY

On the Scheme becoming effective, the Transferor Company shall be dissolved without winding up in accordance with the provisions of Sections 391 to 394 of the Act.

19. TAXES

- (a) Any tax liabilities under the Income Tax Act, 1961, Fringe Benefit Laws, Customs Act, 1962, Central Excise Act, 1944, Maharashtra Value Added Tax Act, Central Sales Tax Act, 1956 and any other state sales tax/value Added Tax laws, Service Tax or other applicable laws/regulations, dealing with taxes/duties/levies/cess (hereinafter in this Clause referred to as "Tax Laws") allocable or related to the Transferor Companies to the extent not provided for or covered by tax provisions in the Accounts made as on date immediately preceding the Appointed Date shall be transferred to account of and belong to the Transferee Company.
- (b) Any refund under the Tax Laws due to the Transferor Companies consequent to the assessments made on the Transferor Companies and for which no credit is taken in the accounts of the Transferor Companies as on the date immediately preceding the Appointed Date shall be also belong to and be received by the Transferee Company.
- (c) Without prejudice to the generality of the above, all benefits including under Income Tax, Excise (including CENVAT), Sales Tax (including deferment of sales tax), act, to which the Transferor Companies is entitled to in terms of the applicable Tax Laws, shall be available to and vest in the Transferee Company.

20. EXPENSES CONNECTED WITH THE SCHEME:

- 20.1 Save and except as provided elsewhere in the Scheme, all costs, charges taxes, levies and other expenses including registration fee of any deed, in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the Scheme and



provisions of this Scheme and incidental to the completion of the Scheme shall be borne and paid by the Transferee Company.

- 20.2 In the event that this Scheme fails to take effect within such period or periods as may be decided by the Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors), or the scheme is rendered null and void in terms of Clause 14.2 of this Scheme then, the Transferor Company and Transferee Company shall bear their own costs and expenses incurred by them, in relation to or in connection with the Scheme.

21. DECLARATION OF DIVIDEND, BONUS, PROFIT ETC.

- 21.1 The Transferor Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the financial year/accounting period prior to the Appointed Date. The Transferor Company shall not declare any dividend for the period commencing from and after the Appointed Date without written consent of the Transferee Company. The Transferor Company shall obtain the consent of the Board of Directors of Transferee Company before declaration of any dividend. The Transferor Company shall not transfer any amount from the reserves or amount lying in credit to the Profit & Loss account on the Appointed Date for the purpose of payment of dividend, without consent of the Transferee Company.
- 21.2 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 the Transferee Company 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 the Transferee Company.
- 21.3 Subject to the provisions of the Scheme, the profits of the Transferor Company for the period beginning from 1st April 2013 shall belong to and be the profits of the Transferee Company and will be available to the Transferee Company for being disposed of in any manner as it think fit including declaration of dividend by the Transferee Company in respect of its financial year ending 31st March 2013 or any year thereafter.
- 21.4 The Transferor Company shall not issue or allot any further shares, including Rights Shares or Bonus Shares, out of its Authorized or unissued Share Capital for the time being, without the prior written consent of the Transferee Company.

22. SAVING OF CONCLUDED TRANSACTIONS

The transfer of the entire business undertaking of the Transferor Company to the Transferee Company shall not affect any transactions or proceedings already concluded by the Transferor Company on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds, matters and things done and/or executed by the Transferor Company in regard thereto as having been done or executed on behalf of the Transferee Company.

23. GENERAL TERMS AND CONDITIONS



- 23.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make all applications/ petitions under Section 391 and 394 and other applicable provisions of the Act to the Court for the sanctioning of the Scheme and obtain all approvals and consents as may be required under law or any agreement.
- 23.2 The respective Board of Directors of the Transferor Company and the Transferee Company may empower any Committee of Directors or Officer(s) or any individual director, officer or other person to discharge all or any of the powers and functions, which the said Board of Directors are entitled to exercise and perform under the Scheme.
- 23.3 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferor Company and the Transferee Company and their respective shareholders and/or creditors, and the terms and conditions of this Scheme, the latter shall prevail.
- 23.4 If any part of this Scheme is invalid, ruled illegal by any court or authority of competent jurisdiction or unenforceable under the present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part.

24. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding Clause 23 not being obtained and / or the Scheme not being sanctioned by the High Court or such other competent authority and / or the order or orders not being passed as aforesaid before September 30, 2014 or such other date as may be agreed by the respective Board of Directors of the Transferor Company and the Transferee Company, the Board of Directors of the Transferor Company and the Transferee Company shall review the Scheme and take such decisions thereon as may be mutually acceptable.

For LA-TIM METAL & INDUSTRIES LIMITED

R. Lalit
DIRECTOR