

*Mafatlal*

## MAFATLAL INDUSTRIES LIMITED

**Registered Office:** Asarwa Road, Ahmedabad – 380 016, Gujarat

### **Court Convened Meeting of the Equity Shareholders**

<b>Day</b>	: Friday
<b>Time</b>	: 10.30 a.m.(1030 hours)
<b>Date</b>	: 1 <sup>st</sup> February, 2013
<b>Venue</b>	: Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006, Gujarat, India.

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ARVIND MAFATLAL GROUP  
The ethics of excellence



**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD  
ORDINARY ORIGINAL JURISDICTION  
COMPANY APPLICATION NO. 375 OF 2012**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78 and 100 to 104 of the Companies Act, 1956;

AND

In the matter of Mafatlal Industries Limited, a company incorporated under the Act No. VI of 1882 of the Legislative Council of India and having its registered office at Asarwa Road, Ahmedabad – 380 016, Gujarat;

AND

In the matter of Scheme of Arrangement and Amalgamation of Mishapar Investments Limited and Mafatlal Denim Limited with Mafatlal Industries Limited.

Mafatlal Industries Limited, a company incorporated )  
under the provisions of Act No. VI of 1882 of the Legislative )  
Council of India and having its Registered Office at )  
Asarwa Road, Ahmedabad – 380 016, Gujarat. ) ..... **Applicant/Transferee Company**

**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY**

To,

The Equity Shareholders of Mafatlal Industries Limited  
(the “**Applicant Company**”)

**TAKE NOTICE** that by an Order made on the 21<sup>st</sup> day of December, 2012, in the above Company Application, the Hon’ble High Court of Gujarat at Ahmedabad (the “**Hon’ble High Court**”) has directed that a meeting of the Equity Shareholders of the Applicant Company be convened and held at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006, Gujarat, on Friday, the 1<sup>st</sup> day of February, 2013 at 10.30 a.m. (1030 hours) for the purpose of considering and, if thought fit, approving with or without modification(s), the Scheme of Arrangement and Amalgamation of Mishapar Investments Limited and Mafatlal Denim Limited with Mafatlal Industries Limited (the “**Scheme**”).

**TAKE FURTHER NOTICE** that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Company is convened and will be held at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006, Gujarat, on Friday, the 1<sup>st</sup> day of February, 2013 at 10:30 a.m. (1030 hours), at which time and place you are requested to attend.

**TAKE FURTHER NOTICE** that you may attend and vote at the said meeting, in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the registered office of the Applicant Company at Asarwa Road, Ahmedabad – 380 016, Gujarat, not later than 48 hours before the meeting.

The Hon’ble High Court has appointed Mr. Hrishikesh A. Mafatlal, Chairman and Managing Director of the Applicant Company, and in his absence, Mr. Praful R. Amin, Director of the Applicant Company, and in his absence Mr. A. K. Srivastava, Director of the Applicant Company to be the Chairman of the said meeting.

A copy each of the Scheme, the Statement under Section 393 of the Companies Act, 1956, a Form of Proxy and Attendance Slip is enclosed.

**Hrishikesh A. Mafatlal**  
Chairman appointed for the meeting

Dated this 27<sup>th</sup> day of December, 2012.

**Registered Office:**

Asarwa Road,  
Ahmedabad – 380 016,  
Gujarat, India.

- Notes:**
1. All alterations made in the Form of Proxy should be initialed.
  2. Only Equity Shareholders of the Applicant Company or their proxy(ies) may attend and vote at the Equity Shareholders’ meeting. The representative of a body corporate which is an Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders’ meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting authorising such a representative to attend and vote at the Equity Shareholders’ meeting.

**Enclosed: As above.**

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD  
ORDINARY ORIGINAL JURISDICTION  
COMPANY APPLICATION NO. 375 OF 2012**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78 and 100 to 104 of the  
Companies Act, 1956;

AND

In the matter of Mafatlal Industries Limited, a company incorporated under the Act  
No. VI of 1882 of the Legislative Council of India and having its registered office  
at Asarwa Road, Ahmedabad – 380 016, Gujarat;

AND

In the matter of Scheme of Arrangement and Amalgamation of Mishapar  
Investments Limited and Mafatlal Denim Limited with Mafatlal Industries Limited.

Mafatlal Industries Limited, a company incorporated )  
under the provisions of Act No. VI of 1882 of the )  
Legislative Council of India and having its )  
Registered Office at Asarwa Road, )  
Ahmedabad – 380 016, Gujarat. ) ..... **Applicant/Transferee Company**

**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

1. Pursuant to the order dated 21<sup>st</sup> December 2012 passed by the Hon'ble High Court of Gujarat at Ahmedabad ("**High Court**"), in Company Application No.375 of 2012 referred to hereinabove, a meeting of the Equity Shareholders of the Applicant Company to be convened and held at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006, Gujarat, on Friday, the 1<sup>st</sup> day of February, 2013 at 10:30 a.m. (1030 hours), is being convened for the purpose of considering, and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement and Amalgamation of Mishapar Investments Limited and Mafatlal Denim Limited with Mafatlal Industries Limited (hereinafter referred to as the "**Scheme**").
2. In this statement, the Applicant Company is also referred to as the "**Transferee Company**" or "**MIL**" as the context may admit, Mishapar Investments Limited is referred to as the "**Transferor Company no.1**" or "**Mishapar**" as the context may admit and Mafatlal Denim Limited is referred to as the "**Transferor Company no.2**" or "**Mafatlal Denim**" as the context may admit. The Transferor Company no.1 and the Transferor Company no.2 are together referred to as the "**Transferor Companies**". Where the context so requires, the Transferor Companies and the Transferee Company are together referred to as the "**Companies**".
3. The respective Board of Directors of Mishapar, Mafatlal Denim and MIL at their respective meetings all held on 5<sup>th</sup> November 2012, inter alia, gave their approval to the Scheme. A copy of the Scheme approved as aforesaid is annexed to this Explanatory Statement.
4. The Scheme, inter alia, envisages the amalgamation of Mishapar and Mafatlal Denim with MIL and the reduction/utilization of the Securities Premium Account of MIL.
5. Mishapar is a wholly owned subsidiary of the Applicant Company. Mishapar was incorporated on 23<sup>rd</sup> February 1979 in the name of Mishapar Investments Private Limited under the Companies Act, 1956 (hereinafter referred to as the "**Act**"). Thereafter, the name was changed from Mishapar Investments Private Limited to Mishapar Investments Limited by deleting the word 'Private' from the name on 14<sup>th</sup> September 1984 under the provisions of the Act.
6. The Registered Office of Mishapar is situated at Mafatlal House, H. T. Parekh Marg, Backbay Reclamation, Mumbai - 400 020. Originally the registered office of Mishapar was situated in the State of Gujarat. The same was shifted to the State of Maharashtra pursuant to a Special Resolution passed by the Members at the Annual General Meeting of Mishapar held on 21<sup>st</sup> July 1988 and confirmed by the Company Law Board vide order dated 11<sup>th</sup> January 1989.
7. The objects for which Mishapar has been established are set out in its Memorandum of Association. The relevant objects, inter alia, are set out hereunder:-
  - "III A 1. To acquire and hold shares, stocks, debentures or other securities to invest and join in partnership firms.
  2. To carry on the activities of Investment Company.
  3. To invest the capital and other moneys of the Company in the purchase or upon the security of shares, stocks, debentures, debenture stock, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any Company of whatever nature and whatsoever constituted or carrying on business, and shares, stocks, debentures, debenture stocks, bonds, mortgages, obligations and other securities issued or guaranteed by any Government, Trust, Municipal, Local or the other Authority or Body of whatever nature.
  4. To acquire any such shares, stocks, debentures, debenture stocks, bonds, mortgages, obligations and other securities by original subscriptions, syndicate participation, tender, purchase, exchange or otherwise out of the funds of the Company obtained either by subscription of capital or borrowing or by receipt of income from any Trust which may be discretionary or otherwise or by gift of money received by the Company from any person and to subscribe for the same either conditionally or otherwise and to guarantee the subscription thereof."
8. The main business activity of Mishapar is investments in shares, stocks, debentures and/or other securities. Mishapar has been granted a Certificate of Registration dated 3<sup>rd</sup> September, 2001 by Reserve Bank of India under Section 45-1A of The Reserve Bank of India Act, 1934 to carry on the business of non-banking financial institution without accepting public deposits.

9. The share capital of Mishapar is set out in clause 3 a) of the Scheme.
10. Mafatlal Denim was incorporated on 8<sup>th</sup> September 1995 in the name of Mafatlal Burlington Industries Limited under the Act. Thereafter, the name was changed from Mafatlal Burlington Industries Limited to Mafatlal Denim Limited with effect from 5<sup>th</sup> April 2006, under the provisions of the Act. The Registered Office of the Mafatlal Denim is situated at Vejalpore Road, Navsari 396 445, Gujarat. Mafatlal Denim is an entity belonging to Arvind Mafatlal Group.
11. The objects for which Mafatlal Denim has been established are set out in its Memorandum of Association. The relevant objects, inter alia, are set out hereunder:-
- “III A 1. To carry on the business of manufacturing and in all the processes for manufacturing and trading in all kinds of Fibres, Yarn, Fabrics including canvas, denims, Jute and other textiles, Apparels and Made-Ups including bed coverings, window coverings.*
- 2. To carry on business as merchants, exporters, importers, agents, distributors, retailers and dealers in all kinds of Yarn, Fibres, Fabrics, Apparels and Made-Ups.*
- 3. To carry on the business of a steam and general laundry and to wash, clean, purify, scour, bleach, wring, dry, iron, colour, dye, disinfect, renovate and prepare for use of articles - of wearing apparel household domestic and other linen and cotton, silk, and manufacturers and clothing and fabrics of all kinds.”*
- “III B.11. To amalgamate with any other Company having objects altogether or in part similar to those of this Company.”*
- “17. To amalgamate, enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture or reciprocal concession, or for limiting competition with any individual, person or company having similar objects.”*
12. Mafatlal Denim is engaged in the business of manufacturing and marketing of various denim fabrics and other products.
13. The share capital of Mafatlal Denim is set out in clause 3 b) of the Scheme.
14. MIL was incorporated on 20<sup>th</sup> January 1913 in the name and style of The New Shorrock Spinning & Manufacturing Company Limited under the provisions of the Laws prevailing then i.e., Act No. VI of 1882 of the Legislative Council of India, in the office of the Registrar of Joint Stock Companies, Bombay. The name was thereafter changed to Mafatlal Industries Limited and a Fresh Certificate of Incorporation was issued by the Registrar of Companies, Gujarat dated 24<sup>th</sup> January 1974. The Registered Office of MIL is situated at Asarwa Road, Ahmedabad – 380 016, Gujarat. The equity shares of MIL are listed on BSE Ltd. (BSE) and the Ahmedabad Stock Exchange Limited (ASE).
15. The objects for which MIL has been established are set out in its Memorandum of Association. The relevant objects, inter alia, are set out hereunder:-
- “III (1) To carry on all or any of the business following:- Cotton spinners and doublers, wool, silk, flax, jute and hemp spinner and doublers, linen manufacturers, cotton flax, hemp, jute and wool merchants, wool combers, worsted spinners, woolen spinners, and yarn merchants, worsted stuff manufacturers, bleachers, and dryers and makers of vitriol, bleaching and dyeing materials and to purchase and sell, comb, prepare, spin, dye and deal in flax, hemp, jute, wool, cotton, silk and other fibrous substances and to weave or otherwise manufacture, buy and sell and deal in linen, cloth and other goods and fabrics whether textile, fringed, knitted or looped and to supply power.*
- (2) To work spinning and weaving mills, cotton mills, jute mills and mills of any other description and for any other purpose and to maintain, erect and work, ginning factories, foundries and manufacturers of every kind of goods and merchandise and to erect, maintain and work presses for pressing merchandise into bales. To erect warehouses, tanks, chawls, or other buildings and to erect such machinery, engines, apparatus, and works thereon as may be necessary for the purpose of the Company and to sell or mortgage all or any portion of the same as may be thought desirable.”*
- “III 44. To amalgamate with any other company having objects altogether or in part similar to those of this Company.”*
16. MIL which is the flagship company of the Arvind Mafatlal Group, has been in the business of manufacturing and marketing textiles for about 100 years. MIL's product portfolio includes Yarn Dyed Shirtings, Voiles, Prints, Linens, Bleached White fabrics, School Uniforms, Corporate Dressing and other textile products. The manufacturing facilities are located in Navsari and Nadiad, in the State of Gujarat. Over 25% of its products are exported to over 30 countries across the globe. MIL has a very strong marketing and distribution system in India. It markets its fabrics through 450 distributors and to most of the well-known Indian and international brands, (ITC, Marks and Spencer, Park Avenue, etc.) garment exporters and buying houses.
17. The share capital of MIL is set out in clause 3 c) of the Scheme.
18. The rationale for the Scheme is, inter alia, as follows:

#### **Mishapar**

Mishapar is a wholly owned subsidiary of MIL. Mishapar has investments in various companies which could yield returns in the years to come. Since Mishapar is already a 100% subsidiary of MIL the amalgamation would be neutral to the shareholders of MIL as the books of Mishapar are consolidated with the books of MIL at the year end for financial statements. Moreover there will be no outflow in terms of consideration payable to Mishapar on account of the amalgamation.

#### **Mafatlal Denim**

##### **a) Operational Synergies:**

An amalgamation would offer manufacturing flexibility for the entire range of textile fabrics, improve “speed – to market” for speciality products as well as create an opportunity for developing value added and fashion products. There would also be a potential for cost reduction in raw material purchasing due to economies of scale as well as sharing of manufacturing overheads.

##### **b) Opportunity for Expanding the Denim Business:**

The Denim business has potential for growth, both from Indian as well as overseas markets. MIL has infrastructural facilities which could be used cost effectively for expanding the denim fabric capacity.

##### **c) Marketing Synergies:**

As both, MIL and Mafatlal Denim, are in Textiles manufacturing and marketing of different product categories (MIL : Linens, Shirting, Suiting, Twills, Voiles, Prints, School Uniforms etc. and Mafatlal Denim: Denim Fabrics), the amalgamation would enlarge the product canvas offering, resulting in increased sales volumes and a larger customer base. The combined Marketing Division of the merged entity would also be able to widen the geographical coverage for the entire product range.

**d) Distribution:**

MIL has historically been a well known and reputed textile name in India, and has created a wide retail distribution network in India as well as globally. Mafatlal Denim has built up a reputation of being a 'reliable supply chain partner' for several brands, and has developed excellent customer relationships over the last decade. The merged entity would, consequently, have a larger width of distribution in India and globally.

**e) Branding and Retailing:**

With the rapid growth of the Indian Economy and favourable demographic profile, there is a huge opportunity for brand creation and retailing in India. MIL has, over the years, created a wide retail distribution network in India for fabrics and garments, which Mafatlal Denim can leverage on in the future as the combined entity moves up the value chain in Branding and Retailing.

19. The salient features of the Scheme are as under:

- A. "Appointed Date" for the Scheme means 1<sup>st</sup> day of April, 2012 or such other date as may be approved by the Hon'ble High Courts.
- B. "Effective Date" for the Scheme means the last date of the dates on which the certified copies of the Order of the Hon'ble High Court of Judicature at Bombay and the Hon'ble High Court of Gujarat sanctioning the Scheme and vesting the assets, properties, liabilities, rights, duties, obligations of the Transferor Companies in the Transferee Company is filed with the Registrar of Companies at Mumbai and Ahmedabad respectively after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary therefor.
- C. "Undertaking" in relation to each of the Transferor Company, shall mean the whole of the undertaking and entire business of each of the Transferor Company on a going concern basis, including (without limitation):
- i) All the businesses, properties, assets and liabilities of whatsoever kind and wheresoever situated as on Appointed date;
  - ii) Without prejudice to the generality of the foregoing clause, the Undertaking of each of the Transferor Company shall include all rights, powers, authorities, privileges, liberties and properties and assets (whether moveable or immovable, freehold or leasehold, tangible or intangible, real or personal, corporeal or incorporeal, present or contingent) of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and / or in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies such as Industrial and other licenses, permits, quotas, approvals, import entitlements, excise license and registrations, lease, tenancy rights in relation to office and residential and other properties, permissions, investments of all kinds (including shares, stocks, bonds, debenture stocks, units) and other securities, buildings, plant and machinery, office equipment, vehicles, software and software licences, computer systems and its accessories, inventories / stock-in-hand, recoverable, cash and bank balances, loans and advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and / or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other asset, trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, rights to use and avail of telephones, facsimile, email, internet, leased line connections and installations, utilities, including electricity, water, gas, and other such connections / allotments, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interest, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies or in connection with or relating to the Transferor Companies and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Companies, whether in India or abroad.
  - iii) All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Companies or every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized.
  - iv) All agreements, rights, contracts, entitlements, permits, licenses, approvals, authorizations, concessions, consents, quotas, rights, fuel linkages, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Companies business activities and operations.
  - v) All intellectual property rights, records, files, papers, computer programmes, materials, data, catalogue, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the Transferor Company's business activities and operations.
- D. This Scheme, although effective from the Appointed Date, shall become operative from the Effective Date.
- E. Upon this Scheme coming into effect and subject to the provisions of this Scheme, the "Transferor Companies" shall stand amalgamated with "Transferee Company" and Undertaking of both the "Transferor Companies" shall as going concerns be transferred to and vested in or be deemed to be transferred to and vested in the "Transferee Company" on and from the Appointed Date (i.e. 1<sup>st</sup> day of April 2012) in the following manner:
- i) With effect from the Appointed Date, the entire Undertaking including all assets of the Transferor Companies shall under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, without any further act or deed stand transferred to and be vested in or be deemed to be transferred to and vested in Transferee Company as a going concern so as to become, as from the Appointed Date, the undertaking of the Transferee Company and to vest all the right, title and interest therein to the Transferee Company.
  - ii) With effect from the Appointed Date, all the Liabilities and obligations of every kind, nature and description of Transferor Companies shall, under the provisions of Sections 391 and 394 of the Act and other applicable provisions, if any, of the Act, and without any further act or deed shall stand transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date, the Liabilities and obligations of the Transferee Company without any notice or other intimation to the creditors 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 and obligations have arisen, in order to give effect to the provisions of this clause.

- iii) Any statutory licenses, permissions, approvals or consents to carry on the operations of each of the Transferor Companies shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favour of the Transferee Company upon the vesting and transfer of the Undertaking pursuant to this Scheme. The benefit of all statutory and regulatory permissions, factory licenses, environmental approvals and consents, sales tax registrations or other licenses and consents shall vest in and become available to the Transferee Company pursuant to this Scheme.

In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other persons, or availed of by the Transferor Companies are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions.

- iv) With effect from the Appointed Date, all direct and indirect taxes paid, direct and indirect taxes refund due or receivable, carried forward losses, depreciation, capital losses, pending balances of amortizations etc., and any rights / refunds including under Income Tax Act, Wealth Tax Act, as also application for rectification, appeals filed with tax authorities by the Transferor Companies shall also, pursuant to Section 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company, so as to become as from the Appointed Date the taxes paid, direct taxes refund due or receivable, (whether as per Books or as per Tax Laws) of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person, in order to give effect to the provision of this clause.
- F. Where any of the Liabilities of the Transferor Companies have been discharged by Transferor Companies on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.
- G. If and to the extent there are inter - corporate loans, deposits or balances between the Transferor Companies and the Transferee Company, 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 accounts and records of the Transferee Company. 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 inter-corporate loans, deposits or balances between either of the Transferor Companies as also inter-se between Transferor Companies and the Transferee Company.
- H. The transfer and vesting of the assets and investments of the Transferor Companies as aforesaid, shall be subject to the existing securities, charges etc., if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Companies. Provided, however, that any reference in any security documents or arrangements (to which the concerned Transferor Company is a party) to the assets of the Transferor Company offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the undertaking of that Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Transferor Company or any of the assets of the Transferee Company. Provided further that the securities, charges etc., (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend to any of the other assets of the Transferor Company vested in the Transferee Company or any of the assets of the Transferee Company.
- I. Upon the Scheme coming into effect in consideration of the entire businesses and the whole of the Undertakings of the Transferor Company no. 2 being transferred to and vested in the Transferee Company in terms of this Scheme, the Transferee Company shall subject to the provisions of this Scheme and without any further application or deed, issue and allot to every equity shareholder of Mafatal Denim (the Transferor Company no. 2) holding fully paid-up equity shares in the Transferor Company no. 2 and whose names appear in the Register of Members of the Transferor Company no. 2 on the Record Date, 1 (One) Equity Share of Rs. 10/- each in the Transferee Company credited as fully paid-up, for every 10 (Ten) equity shares of Rs. 10/- each fully paid-up held by such shareholder in the capital of the Transferor Company no. 2.
- J. No fractional certificates shall be issued by the Transferee Company in respect of fractional entitlements, if any, to any Member of the Transferor Company no. 2. The Board of Directors of the Transferee Company shall, instead consolidate all such fractional entitlements and thereupon issue and allot equity shares in lieu thereof to a Director or an Officer of the Transferee Company or such other person as the Transferee Company shall appoint in this behalf who shall hold the shares in trust on behalf of the Members entitled to fractional entitlements with the express understanding that such Director or Officer or person shall sell the same to such person or persons and at such prices as he deems fit, and pay to the Transferee Company, the net sale proceeds thereof, whereupon the Transferee Company shall distribute such net sale proceeds to the Members of the Transferor Company no. 2 in proportion to their respective fractional entitlements. If while consolidating fractional entitlements for allotting share/s to such trustee as aforesaid, there arises any fraction the same shall be ignored.
- K. The New Equity Shares of the Transferee Company to be issued to the shareholders of the Transferor Company no. 2 as per clause I above, shall be listed and / or admitted to trading on all the stock exchanges on which the shares of the Transferee Company are listed as on the Effective Date. The Shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the Stock Exchanges. The Transferee Company shall give such confirmations and / or undertaking as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges and existing norms of continuous listing as may be applicable to the Transferee Company. On such formalities being fulfilled the said Stock Exchanges shall list and / or admit such New Equity Shares also for the purpose of trading.
- L. The Transferor Company no. 1 (Mishapar) being a wholly-owned (100%) subsidiary of the Transferee Company, on the Scheme becoming effective, all the Equity Shares (namely 78,00,000 fully paid up Equity shares of Rs. 100/- each) and all the 13.5% Cumulative Redeemable Preference shares (namely 9,00,000 fully paid up Preference shares of Rs. 100/- each) held by the Transferee Company in the Transferor Company no. 1 shall stand cancelled and the Transferee Company shall not be required to issue any shares in lieu of such shares under the Scheme. Upon the Scheme becoming effective, all the above Equity shares and Preference shares held by the Transferee Company in the said Transferor Company no. 1 shall stand cancelled.
- M. In so far as the Equity shares of the Transferee Company held by the Transferor Company no. 1 are concerned, such shares shall ipso facto stand cancelled on the Effective Date.
- N. The Scheme also provides for:

- (i) The transfer of all the employees of the Transferor Companies who are in employment on the Effective Date on the basis that their services have not been interrupted and on the same terms and conditions of service applicable to them on the Effective Date;
  - (ii) the transfer of all the proceedings of whatsoever nature, by or against the Transferor Companies to the Transferee Company;
  - (iii) the transfer of all contracts, deeds, bonds, debentures, agreements and other instruments of whatsoever nature to which respective Transferor Company is a party, subsisting or having effect immediately before the amalgamation to the Transferee Company;
  - (iv) the manner in which the business is to be carried on by the Transferor Companies from the Appointed Date till the Effective Date;
  - (v) the accounting treatment in the books of the Transferee Company including utilization of Securities Premium Account of the Transferee Company and consequential reduction; and
  - (vi) the dissolution without winding up of the Transferor Companies pursuant to the provisions of Section 394 of the Act.
- O. This Scheme is specifically conditional upon and subject to:
- a. The sanction to the Scheme by the Hon'ble High Court of Judicature at Bombay and the Hon'ble High Court of Gujarat under Section 391 read with Sections 78, 100 to 103 of the Act and the appropriate orders being made by the said High Courts pursuant to Section 394 of the Act for the amalgamation under the Scheme.
  - b. Filing of the order obtained from the Hon'ble High Court of Judicature at Bombay and the Hon'ble High Court of Gujarat, under Sections 391 and 394 read with Sections 78, 100 to 103 of the Companies Act, 1956 with the Registrar of Companies, Maharashtra and Registrar of Companies, Gujarat respectively.
  - c. Such other sanctions and approvals including sanctions of any statutory or regulatory authority, as may be required by law.

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

20. The Board of Directors of MIL and Mafatlal Denim at their respective meetings held on 5<sup>th</sup> November 2012 gave their approval for the Scheme at which time the joint valuers, namely, Ernst & Young Private Limited and M/s. SSPA & Co., Chartered Accountants jointly recommended the share exchange ratio for the issue of shares by MIL to the shareholders of Mafatlal Denim. The Board of Directors, based on and relying upon the aforesaid expert advice, and on the basis of their independent judgment have come to the conclusion that the proposed share exchange ratio is fair and reasonable and approved the same at their aforesaid respective meetings held on 5<sup>th</sup> November 2012. The Board of Directors of Mishapar at their meeting held on 5<sup>th</sup> November 2012 considered and approved the said scheme. The said valuation report was also placed before them.
21. MIL, Mafatlal Denim and Mishapar engaged the services of independent merchant banker, namely, Keynote Corporate Services Limited to issue fairness opinion. The said merchant banker has given its fairness opinion vide its report dated 5<sup>th</sup> November 2012. In the fairness opinion issued by Keynote Corporate Services Limited, it is, inter alia, observed that the share exchange ratio as jointly suggested by Ernst & Young Private Limited and M/s. SSPA & Co., Chartered Accountants, is fair.
22. Pursuant to clause 10.4 of the Scheme, there shall be reduction of the share capital in the form of utilisation of the Securities Premium Account of the Applicant Company. The said reduction does not involve either diminution of any liability in respect of unpaid capital or the payment to any shareholder of paid-up share capital. The creditors of the Applicant Company are in no way affected by the proposed reduction in the form of utilization of the Securities Premium Account as there is no reduction in the amount payable to any of the creditors. Further, the proposed reduction would not in any way adversely affect the ordinary operations of the Applicant Company or the ability of the Applicant Company to honour its commitments or to pay its debts in the ordinary course of business. The reduction of share capital of the Applicant Company in the form of utilization of the Securities Premium Account shall be effected as an integral part of the Scheme itself by way of a composite order from the High Court without the need to pass a separate resolution under section 100 read with section 78 of the Act and without following a separate procedure in this behalf. The High Court vide its above referred order dated 21<sup>st</sup> December 2012 dispensed with separate procedure to be followed for the reduction of share capital in the form of utilization of the Securities Premium Account as the same is part and parcel of the Scheme.
23. There is no likelihood that any creditor of the Transferor Companies and/or the Transferee Company would lose or would be prejudiced as a result of the Scheme being passed since no sacrifice or waiver is at all being called for from any creditor.
24. No investigation proceedings have been instituted and/or are pending in relation to the Applicant Company under sections 235 to 251 of the Act. To the knowledge of the Applicant Company, no winding up proceedings are pending against the Applicant Company.
25. In terms of clause 24 of the Listing Agreement, the Applicant Company has received no objection letters from the BSE Ltd. and Ahmedabad Stock Exchange Ltd. where its equity shares are listed, vide letters dated 4<sup>th</sup> December 2012 and 5<sup>th</sup> December 2012, respectively, for filing the Scheme with the High Court.
26. The directors of each of Mishapar, Mafatlal Denim and MIL may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective Companies, or to the extent the said directors are common directors in the Companies, or to the extent the said directors are the partners, directors, members of the Companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the Companies.
27. The details of the directors of Mishapar and their shareholding in Mishapar, Mafatlal Denim and MIL, either singly or jointly, as on the date of this explanatory statement are as follows:

Sr. No.	Names of the Director	Equity Shares held in		
		Mishapar	Mafatlal Denim	MIL
1.	Mr. K.R. Jethani - Chairman	Nil	Nil	Nil
2.	Mr. M.D. Pandya	1 share jointly with MIL	Nil	Nil
3.	Mr. P.J.Desai	Nil	Nil	Nil
4.	Mr. S.U. Thakkar	Nil	Nil	700



28. The details of the directors of Mafatlal Denim and their shareholding in Mishapar, Mafatlal Denim and MIL, either singly or jointly, as on the date of this explanatory statement are as follows:

Sr. No.	Names of the Director	Equity Shares held in		
		Mafatlal Denim	Mishapar	MIL
1.	Mr H.A. Mafatlal - Chairman	1	Nil	826067
2.	Mr Rajiv Dayal - Managing Director & Chief Executive Officer	1	Nil	Nil
3.	Mr V.P. Mafatlal - Joint Managing Director	1	Nil	1211581
4.	Mr A.K. Srivastava	1	Nil	Nil
5.	Mr P.N. Kapadia	Nil	Nil	108
6.	Mr P.R. Amin	Nil	Nil	211
7.	Mr V.R. Gupte	Nil	Nil	2

29. The details of the directors of MIL and their shareholding in Mishapar, Mafatlal Denim and MIL, either singly or jointly, as on the date of this explanatory statement are as follows:

Sr. No.	Names of the Director	Equity Shares held in		
		MIL	Mafatlal Denim	Mishapar
1.	Mr. H.A. Mafatlal - Chairman & Managing Director	826067	1	Nil
2.	Mr P.R. Amin	211	Nil	Nil
3.	Mr P.J. Desai	Nil	Nil	Nil
4.	Mr V.K. Balasubramanian	Nil	Nil	Nil
5.	Mr N.K. Parikh	Nil	Nil	Nil
6.	Mr V.P. Mafatlal	1211581	1	Nil
7.	Mr A.K. Srivastava	Nil	1	Nil
8.	Mr. Rajiv Dayal	Nil	1	Nil

30. The Pre and Post Amalgamation (expected) Shareholding Pattern of the Applicant Company is and will be as follows:

Sr. No.	Category of Shareholder	Pre-Amalgamation as on 21 <sup>st</sup> December, 2012			Post-Amalgamation		
		Number of Share holders	No. of shares	% of total No. of Shares	Number of Share holders	No. of shares	% of total No. of Shares
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>						
<b>(1)</b>	<b>Indian</b>						
<b>(a)</b>	Individuals/H.U.F	18	48,70,882	49.63	18	48,70,883	35.01
<b>(b)</b>	Bodies Corporate	16	13,84,851	14.11	18	54,83,877	39.41
<b>(c)</b>	Trusts	92	65,145	0.67	92	65,145	0.47
	<b>Total holding of Promoter and Promoter Group (A)</b>	<b>126</b>	<b>63,20,878</b>	<b>64.41</b>	<b>128</b>	<b>1,04,19,905</b>	<b>74.89</b>
<b>(B)</b>	<b>Public Shareholding</b>						
<b>(1)</b>	<b>Institutions</b>						
<b>(a)</b>	Mutual Fund/UTI	13	9,165	0.09	13	9,165	0.07
<b>(b)</b>	Financial Institutions/Banks	39	2,09,574	2.14	39	2,09,574	1.51
<b>(c)</b>	Insurance Companies	3	1,96,766	2.00	3	1,96,766	1.41
	<b>Sub-Total</b>	<b>55</b>	<b>4,15,505</b>	<b>4.23</b>	<b>55</b>	<b>4,15,505</b>	<b>2.99</b>
<b>(2)</b>	<b>Non Institutions</b>						
<b>(a)</b>	Bodies Corporate	355	3,15,533	3.22	355	3,15,533	2.27
<b>(b)</b>	Individuals						
	i) Holding nominal share capital upto Rs. 1 lakh	1,12,643	16,23,526	16.54	1,12,643	16,23,526	11.67
	ii) Holding nominal share capital in excess of Rs. 1 lakh	31	10,77,656	10.98	31	10,77,656	7.74
<b>(c)</b>	Non-Resident Individual	147	60,730	0.62	147	60,730	0.44
<b>c-i</b>	Trust	5	31	0.00	5	31	0.00
	<b>Sub-Total</b>	<b>1,13,181</b>	<b>30,77,476</b>	<b>31.36</b>	<b>1,13,181</b>	<b>30,77,476</b>	<b>22.12</b>
	<b>Total Public Shareholding (B)</b>	<b>1,13,236</b>	<b>34,92,981</b>	<b>35.59</b>	<b>1,13,236</b>	<b>34,92,981</b>	<b>25.11</b>
	<b>TOTAL (A)+(B)</b>	<b>1,13,362</b>	<b>98,13,859</b>	<b>100.00</b>	<b>1,13,364</b>	<b>1,39,12,886</b>	<b>100.00</b>

31. The capital structure of the Applicant Company pre and (expected) post amalgamation will be as follows:

	Pre-Amalgamation As on 21 <sup>st</sup> December, 2012		Post-Amalgamation	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
<b>A. Authorised Share Capital</b>				
Equity Shares of Rs. 10/- each	1,01,46,054	10,14,60,540	1,42,45,081	14,24,50,810
Preference Shares of Rs. 10/- each	6,00,00,000	60,00,00,000	6,00,00,000	60,00,00,000
Unclassified Shares of Rs. 10/- each	2,98,53,946	29,85,39,460	2,57,54,919	25,75,49,190
<b>Total Authorised Capital</b>		<b>1,00,00,00,000</b>		<b>1,00,00,00,000</b>
<b>B. Issued Capital:</b>				
Equity Shares of Rs. 10/- each	1,01,46,054	10,14,60,540	1,42,45,081	14,24,50,810
Preference Shares of Rs. 10/- each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
<b>Total Issued Capital</b>		<b>40,14,60,540</b>		<b>44,24,50,810</b>
<b>C. Subscribed &amp; Paid Up Capital:</b>				
Equity Shares of Rs. 10/- each	98,13,859	9,81,38,590	1,39,12,886	13,91,28,860
Less: Calls in arrears		6,120		6,120
		<b>9,81,32,470</b>		<b>13,91,22,740</b>
Preference Shares of Rs. 10/- each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
<b>Total Subscribed &amp; Paid Up Capital</b>		<b>39,81,32,470</b>		<b>43,91,22,740</b>

32. An Equity Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself, and such proxy need not be a member of the Applicant Company. The instrument appointing the proxy should however be deposited at the Registered Office of the Applicant Company not later than 48 (forty eight) hours prior to the commencement of the meeting.
33. Corporate members intending to send their authorised representative to attend the meeting are requested to lodge a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate not later than 48 (forty eight) hours before the commencement of the meeting authorising such person to attend and vote on its behalf at such meeting.
34. The following documents will be open for inspection at the Registered Office of the Applicant Company between 11.00 a.m. and 2.00 p.m. on all working days upto one day prior to the date of the meeting:
- Certified copy of the order of the High Court dated 21<sup>st</sup> December 2012 passed in Company Application No.375 of 2012, inter alia, directing convening of the meeting of the Equity Shareholders of the Applicant Company;
  - Copy of the Memorandum and Articles of Association of the Applicant Company, Mishapar and Mafatlal Denim;
  - Copies of the Annual Reports of the Applicant Company for the period 2009-10 (14 months), 2010-11 (13 months) & 2011-12 (9 months) and Mishapar and Mafatlal Denim for the Financial Year 2009-10, 2010-11 and 2011-12;
  - Copy of the Company Application No.375 of 2012 filed by the Applicant Company before High Court;
  - Copy of the joint valuation report dated 5<sup>th</sup> November 2012 issued by Ernst & Young Private Limited and M/s. SSPA & Co., Chartered Accountants;
  - Copy of the Fairness Opinion dated 5<sup>th</sup> November 2012 issued by Keynote Corporate Services Limited, Category I Merchant Banker;
  - Copies of the no objection letters received from BSE Ltd. and Ahmedabad Stock Exchange Ltd. where the Equity Shares of the Applicant Company are listed, vide letters dated 4<sup>th</sup> December 2012 and 5<sup>th</sup> December 2012, respectively; and
  - Copy of the Scheme.
35. This explanatory statement may be treated as the statement under section 393 and also under section 173 of the Act.
36. A copy of the Scheme and this statement may be obtained from the Registered Office of the Applicant Company.
37. After the Scheme is approved by the Equity Shareholders of the Applicant Company it will be subject to approval/sanction by the High Court.

**Hrishikesh A. Mafatlal**  
Chairman appointed for the meeting

Dated this 27<sup>th</sup> day of December, 2012.

**Registered Office:**

Asarwa Road,  
Ahmedabad – 380 016,  
Gujarat, India.

**SCHEME OF ARRANGEMENT AND AMALGAMATION  
OF  
MISHAPAR INVESTMENTS LIMITED  
AND  
MAFATLAL DENIM LIMITED  
WITH  
MAFATLAL INDUSTRIES LIMITED**

UNDER SECTIONS 391 TO 394 READ WITH SECTION 78, 100 TO 103 OF THE COMPANIES ACT, 1956

**1. DEFINITIONS**

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

- 1.1 **“Act”** means the Companies Act, 1956 and shall include any statutory modifications, re-enactment thereof for the time being in force.
- 1.2 **“Appointed Date”** means 1<sup>st</sup> day of April, 2012 or such other date as may be approved by the Hon'ble High Courts.
- 1.3 **“Effective Date”** means the last date of the dates on which the certified copies of the Order of the Hon'ble High Court of Judicature at Bombay and the Hon'ble High Court of Gujarat sanctioning the Scheme and vesting the assets, properties, liabilities, rights, duties, obligations of the Transferor Companies in the Transferee Company is filed with the Registrar of Companies at Mumbai and Ahmedabad respectively after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary therefor.
- 1.4 **“High Court” or “the High Court(s)”** means either the Hon'ble High Court of Judicature at Bombay or the Hon'ble High Court of Gujarat or both of these High Courts, as the case may be.
- 1.5 **“New Equity Shares”** shall have the meaning assigned to it in Clause 13.2.
- 1.6 **“Record Date”** means a date to be fixed by the Board of Directors of Transferee Company or a committee thereof for the purpose of determining the members of the Transferor Company no. 2 to whom shares will be allotted pursuant to this Scheme, upon the Scheme becoming effective.
- 1.7 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement and Amalgamation in its present form or with any modification(s) made under Clause 14 of this Scheme as approved or directed by the Hon'ble High Court at Bombay and/or the Hon'ble High Court of Gujarat or any other appropriate authority.
- 1.8 **“Share Exchange Ratio”** means the ratio in which equity shares of the Transferee Company are to be issued and allotted to the shareholders of the Transferor Company no. 2 under Clause 13.
- 1.9 **“Transferor Company no. 1” or “Mishapar”** means Mishapar Investments Limited, a company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at Mafatlal House, H. T. Parekh Marg, Backbay Reclamation, Mumbai - 400 020.
- 1.10 **“Transferor Company no. 2” or “Mafatlal Denim”** means Mafatlal Denim Limited, a company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at Vejalpore Road, Navsari - 396 445.
- 1.11 **“Transferee Company” or “MIL”** means Mafatlal Industries Limited, a company incorporated under the provisions of the Indian Companies Act, 1882 having its Registered Office at Asarwa Road, Ahmedabad - 380016.
- 1.12 **“Transferor Companies”** means
  - i) “Mishapar Investments Limited” (Transferor Company no. 1); and
  - ii) “Mafatlal Denim Limited” (Transferor Company no. 2)
- 1.13 **“Undertaking”** in relation to each of the Transferor Company, shall mean the whole of the undertaking and entire business of each of the Transferor Company on a going concern basis, including (without limitation):
  - i) All the businesses, properties, assets and liabilities of whatsoever kind and wheresoever situated as on Appointed date;
  - ii) Without prejudice to the generality of the foregoing clause, the Undertaking of each of the Transferor Company shall include all rights, powers, authorities, privileges, liberties and properties and assets (whether moveable or immovable, freehold or leasehold, tangible or intangible, real or personal, corporeal or incorporeal, present or contingent) of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and / or in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies such as Industrial and other licenses, permits, quotas, approvals, import entitlements, excise license and registrations, lease, tenancy rights in relation to office and residential and other properties, permissions, investments of all kinds (including shares, stocks, bonds, debenture stocks, units) and other securities, buildings, plant and machinery, office equipment, vehicles, software and software licences, computer systems and its accessories, inventories / stock-in-hand, recoverable, cash and bank balances, loans and advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and / or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other asset, trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, rights to use and avail of telephones, facsimile, email, internet, leased line connections and installations, utilities, including electricity, water, gas, and other such connections / allotments, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interest, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or

enjoyed by the Transferor Companies or in connection with or relating to the Transferor Companies and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Companies, whether in India or abroad.

- iii) All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Companies or every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized.
- iv) All agreements, rights, contracts, entitlements, permits, licenses, approvals, authorizations, concessions, consents, quotas, rights, fuel linkages, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Companies business activities and operations.
- v) All intellectual property rights, records, files, papers, computer programmes, materials, data, catalogue, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the Transferor Company's business activities and operations.

1.14 "**Undertakings**" means undertaking of both the Transferor Companies.

## 2. OPERATIVE DATE

This Scheme, although effective from the Appointed Date, shall become operative from the Effective Date. Any references in this Scheme to "upon this Scheme becoming effective" or "upon coming into effect of this Scheme" or "upon the Scheme coming into effect" shall mean the Effective Date.

## 3. SHARE CAPITAL

a) The Authorized, Issued, Subscribed and Paid-up Share Capital of **Mishapar, Transferor Company no. 1** as at present is as under:

<b>Particulars</b>	<b>Amount (Rs.)</b>
<b>Authorised Capital:</b>	
78,00,000 fully paid-up Equity Shares of Rs.100/- each	78,00,00,000
9,00,000 fully paid-up 13.5% Cumulative Redeemable Preference Shares of Rs.100/- each	9,00,00,000
<b>Total Authorised Capital</b>	<b>87,00,00,000</b>
<b>Issued, Subscribed and Paid-up share Capital:</b>	
78,00,000 fully paid-up Equity Shares of Rs.100/- each	78,00,00,000
9,00,000 fully paid-up 13.5% Cumulative Redeemable Preference Shares of Rs.100/- each	9,00,00,000
<b>Total Issued, Subscribed and Paid-up share Capital</b>	<b>87,00,00,000</b>

The entire share capital of Mishapar (both Equity and Preference Share Capital) is held by MIL (the Transferee Company). Shares of Mishapar are not listed on any Stock Exchange.

b) The Authorized, Issued, Subscribed and Paid-up Share Capital of **Mafatlal Denim, Transferor Company no. 2** as at present is as under:

<b>Particulars</b>	<b>Amount (Rs.)</b>
<b>Authorised Capital:</b>	
6,50,00,000 Equity Shares of Rs.10/- each	65,00,00,000
<b>Issued, Subscribed and Paid-up Capital:</b>	
4,09,94,151 fully paid-up Equity Shares of Rs.10/- each	40,99,41,510

Shares of Mafatlal Denim are not listed on any Stock Exchange.

c) The Authorized, Issued, Subscribed and Paid-up Share Capital of **MIL, Transferee Company** as at present is as under:

<b>Particulars</b>	<b>Amount (Rs.)</b>
<b>Authorised Capital:</b>	
1,01,46,054 Equity Shares of Rs. 10/- each	10,14,60,540
6,00,00,000 Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each	60,00,00,000
2,98,53,946 Unclassified Shares of Rs. 10/- each	29,85,39,460
<b>Total Authorised Capital</b>	<b>1,00,00,00,000</b>
<b>Issued Capital:</b>	
1,01,46,054 fully paid-up Equity Shares of Rs. 10/- each	10,14,60,540
3,00,00,000 Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each	30,00,00,000
<b>Total Issued Capital</b>	<b>40,14,60,540</b>
<b>Subscribed &amp; Paid Up Capital:</b>	
98,13,859 fully paid-up Equity Shares of Rs. 10/- each	9,81,38,590
Less: Calls in arrears	6,120
	9,81,32,470
3,00,00,000 Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each	30,00,00,000
<b>Total Subscribed &amp; Paid Up Capital</b>	<b>39,81,32,470</b>

Equity Shares of MIL are listed on Bombay Stock Exchange Limited (BSE) and the Ahmedabad Stock Exchange Limited (ASE).

#### **4. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANIES INTO TRANSFEREE COMPANY**

4.1 Upon this Scheme coming into effect and subject to the provisions of this Scheme, "Transferor Companies" shall stand amalgamated with "Transferee Company" and Undertaking of both the "Transferor Companies" shall as going concerns be transferred to and vested in or be deemed to be transferred to and vested in the "Transferee Company" on and from the Appointed Date (i.e. 1<sup>st</sup> day of April 2012) in the following manner:

- i) With effect from the Appointed Date, the entire Undertaking including all assets of the Transferor Companies shall under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, without any further act or deed stand transferred to and be vested in or be deemed to be transferred to and vested in Transferee Company as a going concern so as to become, as from the Appointed Date, the undertaking of the Transferee Company and to vest all the right, title and interest therein to the Transferee Company.
- ii) With effect from the Appointed Date, all the Liabilities and obligations of every kind, nature and description of Transferor Companies shall, under the provisions of Sections 391 and 394 of the Act and other applicable provisions, if any, of the Act, and without any further act or deed shall stand transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date, the Liabilities and obligations of the Transferee Company without any notice or other intimation to the creditors 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 and obligations have arisen, in order to give effect to the provisions of this clause.
- iii) Any statutory licenses, permissions, approvals or consents to carry on the operations of each of the Transferor Companies shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favour of the Transferee Company upon the vesting and transfer of the Undertaking pursuant to this Scheme. The benefit of all statutory and regulatory permissions, factory licenses, environmental approvals and consents, sales tax registrations or other licenses and consents shall vest in and become available to the Transferee Company pursuant to this Scheme.

In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other persons, or availed of by the Transferor Companies are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions.

- iv) With effect from the Appointed Date, all direct and indirect taxes paid, direct and indirect taxes refund due or receivable, carried forward losses, depreciation, capital losses, pending balances of amortizations etc., and any rights / refunds including under Income Tax Act, Wealth Tax Act, as also application for rectification, appeals filed with tax authorities by the Transferor Companies shall also, pursuant to Section 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company, so as to become as from the Appointed Date the taxes paid, direct taxes refund due or receivable, (whether as per Books or as per Tax Laws) of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person, in order to give effect to the provision of this clause.
- 4.2 Where any of the Liabilities of the Transferor Companies have been discharged by Transferor Companies on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.
- 4.3 If and to the extent there are inter - corporate loans, deposits or balances between the Transferor Companies and the Transferee Company, 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 accounts and records of the Transferee Company. 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 inter-corporate loans, deposits or balances between either of the Transferor Companies as also inter-se between Transferor Companies and the Transferee Company.
- 4.4 The transfer and vesting of the assets and investments of the Transferor Companies as aforesaid, shall be subject to the existing securities, charges etc., if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Companies.

Provided, however, that any reference in any security documents or arrangements (to which the concerned Transferor Company is a party) to the assets of the Transferor Company offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the undertaking of that Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Transferor Company or any of the assets of the Transferee Company.

Provided further that the securities, charges etc., (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend to any of the other assets of the Transferor Company vested in the Transferee Company or any of the assets of the Transferee Company.

#### **5. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES**

5.1 All employees of the Transferor Companies who are in employment of the respective Transferor Company on the Effective Date, in terms of this Scheme, shall from such date become the employees of the Transferee Company, on the basis that their services have not been interrupted by the vesting of the Undertaking of the Transferor Companies in the Transferee Company under the Scheme and on the same terms and conditions of service applicable to them on the Effective Date as aforesaid.

5.2 It is expressly provided that as far as Provident Fund, Gratuity Fund, Superannuation Fund or any other Fund or Trust (hereinafter referred to as "Funds or Trusts") 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 amounts lying in such Funds or Trusts shall stand transferred to the Funds or Trusts created by the Transferee Company. On transfer of the balances, the Funds or Trusts created by the Transferor Companies shall, subject to fulfillment of procedural requirement, if any, shall stand dissolved. 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.

## **6. LEGAL PROCEEDINGS**

- 6.1 If any proceedings of whatsoever nature, by or against the Transferor Companies are pending, the same shall not abate or be discontinued or be in any way prejudicially affected by reason of amalgamation of the Transferor Companies with the Transferee Company or by reason of anything contained in this Scheme. Such proceedings pending by or against the concerned Transferor Company including those by creditors of the Transferor Companies and relating to the Transferor Company may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the concerned Transferor Company.

## **7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

Subject to other provisions contained in this Scheme, all contracts, deeds, bonds, debentures, agreements and other instruments of whatever nature to which respective Transferor Company is a party, subsisting or having effect immediately before the amalgamation shall remain in full force and effect against or in favour of the Transferee Company and may be enforced as fully and as effectively as if the Transferee Company had been a party thereto instead of the concerned Transferor Company.

## **8. CONDUCT OF BUSINESS BY TRANSFEROR COMPANIES TILL EFFECTIVE DATE**

- 8.1 With effect from the Appointed Date and upto the Effective Date, each of the Transferor Companies shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all the profits accruing to the Transferor Companies or losses arising or incurred by them shall for all purposes be treated as the profits or losses of the Transferee Company as the case may be.
- 8.2 The transfer and vesting of the properties and liabilities of the Transferor Companies under this Scheme with effect from the Appointed Date shall not affect any transactions or proceedings already concluded by the concerned Transferor Company on and after the Appointed Date to the end and intent that the Transferee Company accepts on behalf of itself all acts, deeds and things done and executed and all transactions or proceedings already concluded by the Transferor Companies.
- 8.3 Each of the Transferor Companies hereby undertakes to carry on its business until the Effective Date with reasonable diligence and shall not, without the written consent of the Transferee Company, alienate, charge or encumber or otherwise deal with the assets or any part thereof except in the ordinary course of its business.
- 8.4 The Transferor Companies shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure without the written consent of the Transferee Company, except in the ordinary course of business.
- 8.5 The Transferor Companies shall not, without the written consent of the Transferee Company, undertake any new business.
- 8.6 Save as specifically provided in this Scheme, neither the Transferor Companies nor the Transferee Company shall make any change in their capital structure by way of increase (whether by a rights issue, issue of equity or preference shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, reorganisation or in any manner which may in any manner affect the Share Exchange Ratio prescribed in Clause 13.1 (except by mutual consent of the Board of Directors of both the Transferor Companies and the Transferee Company or except as may be permitted under this Scheme).
- 8.7 The Transferor Companies shall not vary the terms and conditions of the service of their staff, workmen and employees except in the ordinary course of business.

## **9. DECLARATION OF DIVIDENDS**

- 9.1 The Transferor Companies shall not without the consent of the Transferee Company declare any dividend for the financial year commencing from 1<sup>st</sup> April 2012 and subsequent financial years during which the Scheme has not become effective.
- 9.2 The Transferee Company will when declaring dividends (including interim dividend), if any, on its equity shares for the financial year commencing 1<sup>st</sup> April 2012 and subsequent financial years keep a provision for dividend at the same rate in respect of equity shares to be allotted under the present Scheme as provided in clause 13.1 herein and such dividend on such equity shares shall be deemed to be declared and payable if and when this Scheme becomes effective.
- 9.3 Subject to the provisions of this Scheme becoming effective, the profits of the Transferor Companies for the period beginning from 1<sup>st</sup> April 2012 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 thinks fit including declaration of dividend by the Transferee Company in respect of its year commencing 1<sup>st</sup> April, 2012 or any year thereafter.

## **10. ACCOUNTING TREATMENT**

- 10.1 With effect from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company be required and except to the extent required by the law, all the assets and liabilities of the Transferor Company no.1 (Mishapar) transferred to the Transferee Company pursuant to this Scheme shall be recorded in the books of the Transferee Company at the fair value.
- The shares (both equity and preference), if any held by the Transferee Company in the Transferor Companies and vice versa shall stand cancelled and there shall be no further obligation / outstanding in that behalf.
- Excess/Deficit, if any, of the amount of consideration over the value of net assets of the Transferor Company shall be debited/credited to goodwill/capital reserve arising on amalgamation, as the case may be.
- Goodwill, if any, shall be charged off to the Statement of Profit and Loss of Transferee Company.
- 10.2 With effect from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company be required and except to the extent required by the law, all the assets and liabilities of the Transferor Company no.2 (Mafatlal Denim) transferred to the Transferee Company pursuant to the Scheme shall be recorded in the books of the Transferee Company at the book values as recorded in the books of the Transferor Company no.2.

Difference between the amount recorded as share capital issued (if any) and the amount of share capital of Transferor Company no.2 shall be adjusted in the capital reserves of the Transferee Company.

The reserves of the Transferor Company no.2 shall be accounted for and dealt with in the books of Transferee Company in the following manner:

- a) An amount equal to the balance lying to the credit of the Capital Redemption Reserve in the books of Transferor Company no.2 shall be credited by the Transferee Company to its Capital Redemption Reserve Account.
- b) An amount equal to the balance lying to the debit of the Profit and Loss Account in the books of Transferor Company no.2 shall be debited by the Transferee Company to its Profit and Loss Account.

10.3 In case of any difference in the accounting policy between the Transferor Companies and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Reserves to ensure that the financial statement of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

Inter-company balances, if any, shall be cancelled.

10.4 Goodwill arising on amalgamation and charged off to the Statement of Profit and Loss in terms of para 10.1 above, shall be set-off in the Statement of Profit and Loss against the balance available in the Securities Premium Account of the Transferee Company pursuant to the provisions of Sections 100 to 104 read with Section 78 of the Companies Act, 1956.

#### **11. DEEMED ORDER UNDER SECTION 102 OF THE COMPANIES ACT, 1956**

The utilization of Securities Premium Account, as explained in para 10.4 above, shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 78 and 100 to 103 of the Act without separately following the process under Sections 100 to 103 of the Act as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital and the Order of High Courts sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act confirming the reduction. In view of the same, the provisions of Section 101 of the Act shall not be required to be complied separately.

Notwithstanding the reduction of capital of the Transferee Company as aforesaid, the Transferee Company shall not be required to add "And Reduced" as suffixed to its name.

#### **12. TREATMENT OF TAXES**

12.1 Any tax liabilities under the Income-tax Act, 1961, or other applicable laws/ regulations dealing with taxes/ duties/ levies (hereinafter in this Clause referred to as "**Tax Laws**") allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company. Any surplus in the provision for taxation/ duties/ levies account including advance tax and TDS as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.

12.2 Any refund under the Tax Laws due to either of the Transferor Companies consequent to the assessments made on such Transferor Company shall also belong to and be received by the Transferee Company.

#### **13. ISSUE OF NEW SHARES BY THE TRANSFEE COMPANY**

13.1 Upon the Scheme coming into effect in consideration of the entire businesses and the whole of the Undertakings of the Transferor Company no. 2 being transferred to and vested in the Transferee Company in terms of this Scheme, the Transferee Company shall subject to the provisions of this Scheme and without any further application or deed, issue and allot to every equity shareholder of MAFATLAL DENIM (the Transferor Company no. 2) holding fully paid-up equity shares in the Transferor Company no. 2 and whose names appear in the Register of Members of the Transferor Company no. 2 on the Record Date, 1 (One) Equity Shares of Rs. 10/- each in the Transferee Company credited as fully paid-up, for every 10 (Ten) equity shares of Rs. 10/- each fully paid-up held by such shareholder in the capital of the Transferor Company no. 2.

13.2 The Shares to be issued and allotted by Transferee Company as per clause 13.1 above (hereinafter referred to as the "New Equity Shares") shall be subject to the Memorandum and Articles of Association of the Transferee Company. The said New Equity Shares shall rank for voting rights and in all other respects pari-passu with the existing equity shares of the Transferee Company.

13.3 No fractional certificates shall be issued by the Transferee Company in respect of fractional entitlements, if any, to any Member of the Transferor Company no. 2. The Board of Directors of the Transferee Company shall, instead consolidate all such fractional entitlements and thereupon issue and allot equity shares in lieu thereof to a Director or an Officer of the Transferee Company or such other person as the Transferee Company shall appoint in this behalf who shall hold the shares in trust on behalf of the Members entitled to fractional entitlements with the express understanding that such Director or Officer or person shall sell the same to such person or persons and at such prices as he deems fit, and pay to the Transferee Company, the net sale proceeds thereof, whereupon the Transferee Company shall distribute such net sale proceeds to the Members of the Transferor Company no. 2 in proportion to their respective fractional entitlements. If while consolidating fractional entitlements for allotting share/s to such trustee as aforesaid, there arises any fraction the same shall be ignored.

13.4 For the purpose aforesaid, the Transferee Company shall, if and to the extent required, apply for and obtain the requisite approvals of the appropriate authorities concerned for issue and allotment by the Transferee Company to the members of the Transferor Company no. 2 of the Shares in the said share capital of the Transferee Company in the ratio as aforesaid.

13.5 In so far as the issue of New Equity Shares by the Transferee Company pursuant to this Scheme, each shareholder of the Transferor Company no. 2 holding shares in physical form shall have the option, exercisable by notice in writing by him to the Transferee Company on or before the Record Date, to receive, the New Equity Shares of the Transferee Company in dematerialised form in lieu of their shares in the Transferor Company no. 2 in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the shareholders of the Transferor Company no. 2, the New Equity Shares of the Transferee Company shall be issued to such members in physical form. The shareholders of the Transferor Company no. 2 who exercise the option to receive the New Equity Shares in dematerialized form shall be required to have an account with a depository participant and shall provide full details thereof and such other confirmations as may be required in the notice provided by such shareholder to the Transferee Company. It is only thereupon that the Transferee Company shall issue and directly credit

the dematerialised securities account of such member with the New Equity Shares of the Transferee Company allotted to him. The physical share certificates representing the equity shares of the Transferor Company no. 2 shall stand automatically and irrevocably cancelled on the issue and allotment of New Equity Shares by the Transferee Company in terms of this Scheme.

13.6 The New Equity Shares of the Transferee Company to be issued to the shareholders of the Transferor Company no. 2 as per clause 13.1 shall be listed and / or admitted to trading on all the stock exchanges on which the shares of the Transferee Company are listed as on the Effective Date. The Shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the Stock Exchanges. The Transferee Company shall give such confirmations and / or undertaking as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges and existing norms of continuous listing as may be applicable to the Transferee Company. On such formalities being fulfilled the said Stock Exchanges shall list and / or admit such New Equity Shares also for the purpose of trading.

13.7 The Transferor Company no. 1 (Mishapar) being a wholly-owned (100%) subsidiary of the Transferee Company, on the Scheme becoming effective, all the Equity Shares (namely 78,00,000 fully paid up Equity shares of Rs. 100/- each) and all the 13.5% Cumulative Redeemable Preference shares (namely 9,00,000 fully paid up Preference shares of Rs. 100/- each) held by the Transferee Company in the Transferor Company no. 1 shall stand cancelled and the Transferee Company shall not be required to issue any shares in lieu of such shares under the Scheme.

Upon the Scheme becoming effective, all the above Equity shares and Preference shares held by the Transferee Company in the said Transferor Company no. 1 shall stand cancelled.

13.8 In so far as the Equity shares of the Transferee Company held by the Transferor Company no. 1 are concerned, such shares shall ipso facto stand cancelled on the Effective Date.

#### **14. MODIFICATION / AMENDMENT TO THE SCHEME**

14.1 The Transferor Companies and the Transferee Company through their respective Board of Directors or a committee thereof may from time to time consent to any modifications or amendments to this Scheme or to any conditions or limitations which the Hon'ble High Court of Judicature at Bombay or the Hon'ble High Court of Gujarat or any other statutory authority may impose and may settle all doubts or difficulties that may arise for carrying out the Scheme and may do and execute all acts, deeds, matters and things as may be necessary for putting the Scheme into effect or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect.

14.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof, the Board of Directors of the Transferee Company or any committee thereof are authorized to give all such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

#### **15. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

This Scheme is specifically conditional upon and subject to:

- a. The sanction to the Scheme by the Hon'ble High Court of Judicature at Bombay and the Hon'ble High Court of Gujarat under Section 391 read with Sections 78, 100 to 103 of the Act and the appropriate orders being made by the said High Courts pursuant to Section 394 of the Act for the amalgamation under the Scheme.
- b. Filing of the order obtained from the Hon'ble High Court of Judicature at Bombay and the Hon'ble High Court of Gujarat, under Sections 391 and 394 read with Sections 78, 100 to 103 of the Companies Act, 1956 with the Registrar of Companies, Maharashtra and Registrar of Companies, Gujarat respectively.
- c. Such other sanctions and approvals including sanctions of any statutory or regulatory authority, as may be required by law.

#### **16. PETITION TO THE HIGH COURTS FOR SANCTIONING SCHEME**

The Transferor Companies as well as the Transferee Company shall respectively with all reasonable dispatch, make applications/petitions to their respective High Courts for sanctioning this Scheme of Amalgamation under Section 391 of the Act and for an order or orders under Sections, 391 and 394 read with Sections 78, 100 to 103 and other applicable provisions of the said Act for carrying this Scheme into effect.

#### **17. EFFECT OF NON-RECEIPT OF APPROVAL / SANCTION**

In the event of any of the aforesaid sanctions and approvals referred to above, not being obtained and / or the Scheme not being sanctioned by the Hon'ble High Court of Judicature at Bombay and Hon'ble High Court of Gujarat, the Scheme shall stand revoked, cancelled and become null and void and 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 event, each party shall bear its respective costs, charges and expenses in connection with the Scheme.

#### **18. EXPENSES CONNECTED WITH THE SCHEME**

All costs, charges and expenses of the Transferor Companies and Transferee Company 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 to the completion of Amalgamation of the Transferor Companies in pursuance of the Scheme shall be borne by the respective companies.

#### **19. TRANSFEROR COMPANIES TO BE DISSOLVED WITHOUT WINDING UP**

Subject to an order being made by the Hon'ble High Court of Judicature at Bombay and Hon'ble High Court of Gujarat, under Section 394 of the Act, on the Scheme becoming effective, each of the Transferor Companies shall stand dissolved without winding up.



**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD  
ORDINARY ORIGINAL JURISDICTION  
COMPANY APPLICATION NO. 375 OF 2012**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78 and 100 to 104 of the Companies Act, 1956;

AND

In the matter of Mafatlal Industries Limited, a company incorporated under the Act No. VI of 1882 of the Legislative Council of India and having its registered office at Asarwa Road, Ahmedabad – 380 016, Gujarat;

AND

In the matter of Scheme of Arrangement and Amalgamation of Mishapar Investments Limited and Mafatlal Denim Limited with Mafatlal Industries Limited.

Mafatlal Industries Limited, a company incorporated )  
under the provisions of Act No. VI of 1882 of the )  
Legislative Council of India and having its Registered )  
Office at Asarwa Road, Ahmedabad – 380 016, Gujarat. ) ..... **Applicant/Transferee Company**

**FORM OF PROXY**

I/We, the undersigned, Equity Shareholder/s of Mafatlal Industries Limited, being the Applicant Company abovenamed, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ and failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy, to act for me/us at the meeting of the Equity Shareholders of the Applicant Company to be held at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006, Gujarat, on Friday, the 1<sup>st</sup> day of February, 2013 at 10:30 a.m. (1030 hours), for the purpose of considering and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement and Amalgamation of Mishapar Investments Limited and Mafatlal Denim Limited with Mafatlal Industries Limited (**the Scheme of Amalgamation**), and at such meeting and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name \_\_\_\_\_ ( here, if '**for**' insert '**for**' and if '**against**' insert '**against**', and in the later case, strike out the words below after 'the Scheme of Amalgamation') the said arrangement embodied in the Scheme of Amalgamation, either with or without modification, as my/our proxy may approve. (**Strike out what is not necessary**)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Folio No : \_\_\_\_\_

DP ID No. : \_\_\_\_\_

Client ID No. : \_\_\_\_\_ No. of Shares: \_\_\_\_\_

Signature across the Stamp

Affix  
15 paise  
revenue  
stamp

**Notes:**

1. Proxy to be deposited at the Registered Office of the Applicant Company at Asarwa Road, Ahmedabad – 380 016, Gujarat, not later than FORTY-EIGHT hours before the meeting.
2. All alterations made in the Form of Proxy should be initialed.
3. Please affix appropriate Revenue Stamp before putting signature.
4. In case of multiple proxies, proxy later in time shall be accepted.
5. A proxy need not be a shareholder of the Applicant Company.



**ATTENDANCE SLIP**

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

**COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS**

**ON 1<sup>ST</sup> FEBRUARY 2013 AT 10.30 A.M.**

I/We hereby record my/our presence at the meeting of the Equity Shareholders of Mafatlal Industries Limited, the Applicant Company, convened pursuant to the Order dated 21<sup>st</sup> day of December, 2012 of the Hon'ble High Court of Gujarat at Ahmedabad, at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006, Gujarat, on Friday, 1<sup>st</sup> day of February, 2013 at 10.30 a.m.(1030 hours) to consider the Scheme of Arrangement and Amalgamation of Mishapar Investments Limited and Mafatlal Denim Limited with Mafatlal Industries Limited.

Name of Equity Shareholder: \_\_\_\_\_

**(IN BLOCK LETTERS)**

Folio No.: \_\_\_\_\_

DP ID / CLIENT ID\*: \_\_\_\_\_

No. of Shares: \_\_\_\_\_

Name of the Proxy: \_\_\_\_\_

**(IN BLOCK LETTERS)**

\*Applicable only in case of investors holding shares in Electronic Form.

Signature of Member / Proxy: \_\_\_\_\_

**NOTES:**

1. Equity Shareholder/proxy holder(s) are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.
2. Equity Shareholder/proxy holder(s) who come to attend the meeting are requested to bring their copy of the Scheme with them.

**BOOK POST**

***If undelivered please return to:***  
**MAFATLAL INDUSTRIES LIMITED**  
**Registered Office:**  
Asarwa Road,  
Ahmedabad - 380 016,  
Gujarat, India.