

**SCHEME OF ARRANGEMENT
UNDER SECTION 230 to 232
OF THE COMPANIES ACT, 2013**

BETWEEN
JAGDAMBA POWER AND ALLOYS LIMITED
-- DEMERGED COMPANY
AND
GODAWARI POWER & ISPAT LIMITED
-- RESULTING COMPANY
AND
THEIR RESPECTIVE SHAREHOLDERS

A) PREAMBLE

This Scheme of Arrangement (herein after referred to as "Scheme") is presented pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Act (*defined hereinafter*), as may be applicable, and also read with Section 2(19AA) and other relevant provisions of the IT Act (*defined hereinafter*), as may be applicable, for the demerger of the Demerged Undertaking (*defined hereinafter*) of Demerged Company (*defined hereinafter*) into the Resulting Company (*defined hereinafter*) on a going concern basis.

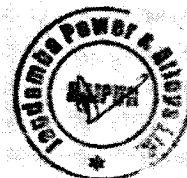
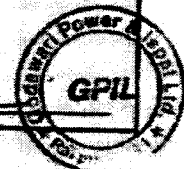
This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

B) DESCRIPTION OF THE RESULTING COMPANY AND THE DEMERGED COMPANY

- a. Godawari Power & Ispat Limited (hereinafter referred to as "Resulting Company" or "Godawari"), was incorporated by the Registrar of Companies, Madhya Pradesh & Chhattisgarh- Gwalior (M.P.), vide Certificate of Incorporation No. 10-13756 of 1999 on September 21, 1999 initially as a public limited company under the name Ispat Godawari Limited. The

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Registrar of Companies, Madhya Pradesh & Chhattisgarh- Gwalior (M.P.) issued the Certificate for Commencement of Business on November 15, 1999. Subsequently, the name of the Company was changed to Godawari Power and Ispat Limited and the Registrar of Companies; Madhya Pradesh & Chhattisgarh- Gwalior (M.P.) issued a fresh Certificate of Incorporation dated June 20, 2005 consequent to change of name having CIN L27106CT1999PLC013756. The Resulting Company is engaged in the business of steel manufacturing and has an integrated Steel plant with the captive power generation plant with a capacity of 73 MW. The shares of the Resulting Company are listed on BSE Ltd and National Stock Exchange of India Ltd.

- b. Jagdamba Power And Alloys Limited (hereinafter referred to as “Demerged Company” or “Jagdamba”) was originally incorporated under the Companies Act, 1956 on 16th September, 1999 under the name and style of “Vinay Ispat Limited” having Certificate of Incorporation No. 10-13744 of 1999 and obtained Commencement of Business certificate on 29th November, 1999. The name of the Company was changed to “Hira Bio Fuel Limited” on 14th January, 2003. Subsequently the name was further changed to its present name i.e. “Jagdamba Power And Alloys Limited” on 06th April, 2004 having CIN U27104CT1999PLC013744. Jagdamba is engaged in various businesses including generation of Electricity having a thermal power plant of 25MW, Investment & Financing activities and Wire drawing activities. Godawari has invested into the Share Capital of the Jagdamba and is presently holding 33.96% of total paid up share capital of Jagdamba. Jagdamba is a net debt free- Company. It uses coal and dolochar to produce power. Jagdamba has recently been granted long term coal linkages from South Eastern Coalfields Ltd under coal linkage policy of Government of India, to meet its requirement of coal for generation of power. The Electricity generated by Jagdamba is presently being supplied to Godawari as captive arrangement.

C) RATIONALE AND OBJECT OF THE SCHEME

The demerger of Power Business Undertaking (*defined hereinafter*) of the Demerged Company into Resulting Company would *inter alia* have the following benefits:

- a. With the complete integration of the Demerged Undertaking with Resulting Company, the captive power generation capacity of the Resulting Company will stand enhanced to 98 MW and thereby availability of much needed

additional 25MW of power capacity, to meet the shortfall of electricity requirement of Resulting Company, assuring uninterrupted power supply to its steel making units at competitive cost, leading to increase in capacity utilisation of its steel melting plant and cost savings through operating leverage. It is pertinent to mention that no fresh coal based power generation capacity addition is allowed in the plant location of Resulting Company on account of environmental and pollution restriction and therefore the 25 MW power generation plant of Demerged Company is much required for smooth and efficient operations of the Steel Business Resulting Company.

- b. The Demerged Company currently has business interest in diverse businesses such as Electricity, Investment & Financing activities and other allied activities. With a view to achieve greater management focus in other business activities, Demerged Company proposes to demerge its business interest in the Demerged Undertaking and vest the same in the Resulting Company.
- c. The consolidation of operations of the Power Business of Demerged Company and the Resulting Company by merging the Demerged Undertaking into Resulting Company, will lead to a more efficient utilisation of capital, administrative and operational rationalization and promote organisational efficiencies. It will help achieve cost efficiency that will enhance the financial efficiencies and help achieve economies of scale, reduction in overheads and improvement in various other operating parameters.
- d. Integration would result in maximising overall shareholder value, improvising the competitive position and enabling to unlock the economic value of both the entities.
- e. Improved organisational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
- f. Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.

In view of the aforesaid, the Board of Directors of the Demerged Company and the Resulting Company have considered it desirable and expedient to demerge the Demerged Undertaking of the Demerged Company and vest the same with the Resulting Company, in order to benefit the stakeholders of both the companies.

Accordingly, the Board of Directors of the Demerged Company and the Resulting Company have formulated this Scheme of Arrangement for the transfer and vesting of the Demerged Undertaking with and into the Resulting Company pursuant to the provisions of Section 230 to Section 232 and other relevant provisions of the Act.

D) PARTS OF THE SCHEME

This Scheme of Arrangement is divided into the following parts

- (a) **Part I** deals with the definitions and share capital;
- (b) **Part II** deals with Demerger of Power Business Undertaking of Jagdamba;
- (c) **Part III** deals with the general terms and conditions applicable to this Scheme.

PART 1 DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1. **“Act” or “The Act”** means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force.
- 1.2. **“Applicable Law”** means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/ or jurisdiction; (b) writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals of, or agreements with, any Governmental Authority or recognized stock exchange.
- 1.3. **“Appointed Date”** would mean 1st April, 2019 or such other date as may be fixed or approved by the National Company Law Tribunal, Cuttack Bench, Cuttack.

- 1.4. **“Board of Directors” or “Board”** in relation to each of the Demerged Company and the Resulting Company, as the case may be, means the board of directors of such company, and shall include a committee duly constituted and authorized for the purposes of matters pertaining to the Demerger, the Scheme and/or any other matter relating thereto.
- 1.5. **“BSE”** means BSE Limited.
- 1.6. **“CIN” means Corporate Identity Number**
- 1.7. **“Demerged Company” means Jagdamba Power and Alloys Limited, a company** incorporated under the Companies Act, 1956 and having its registered office at Hira Arcade, Near New Bus Stand, Pandri , Raipur, Chhattisgarh.
- 1.8. **“Demerged Undertaking”** means the Power business Undertaking of the Demerged Company, which shall include business, activities and operations pertaining to the generation of power (hereinafter also referred to as “Power Business Undertaking”) of the Demerged Company on a going concern basis, and shall mean and include, without limitation:

All assets and properties of the Power Business Undertaking including all assets whether situated in India or abroad, (whether movable or immovable), related liabilities pertaining thereto including contingent liabilities, liabilities not accrued, not recognized or not provided for in the books of accounts of the Demerged Company.

Without prejudice to the generality of the above, the Demerged Undertaking shall include in particular:

- i. all immovable properties i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) including offices, structures, workshop, benefits of any rental agreement for use of premises, marketing offices, share of any joint assets, etc., which immovable properties are currently being used exclusively and solely for the purpose of and in relation to the Power Business Undertaking and all documents (including panchamas, declarations, receipts) of title, rights and easements in relation

thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;

- ii. all assets, as are movable in nature and exclusively and solely pertaining to and in relation to the Power Business Undertaking, whether present or future or contingent, tangible or intangible including goodwill, whether recorded in the books or not, in possession or reversion, including electrical fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities, installations, tools, plants, vehicles, inventory and stock in trade, wherever lying, actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other Persons, insurances, the benefits of any bank guarantees, performance guarantees and letters of credit;
- iii. all permits, licenses, permissions, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain exclusively and solely to the Power Business Undertaking;
- iv. all contracts, agreements, purchase orders/service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/license agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/manufacturer of goods/service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims, clearances and other

instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder exclusively and solely pertaining to the Power Business Undertaking;

- v. all applications (including hardware, software, licenses, source codes, and scripts), registrations, licenses, trade names, service marks, trademarks, copyrights, patents, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and all such rights of whatsoever description and nature that in each case pertain exclusively and solely to the Power Business Undertaking including, without limitation, the intellectual properties of the Demerged Company;
- vi. all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Company and exclusively and solely pertaining to or in connection with the Power Business Undertaking 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 Demerged Company and exclusively and solely pertaining to the Power Business Undertaking;
- vii. all tax related assets, all the credits for taxes such as sales tax, service tax, CENVAT, GST, tax deduction at source, accumulated losses and unabsorbed depreciation as per books if any as well as per the IT Act enjoyed by the Demerged Company pertaining to the Power Business Undertaking;
- viii. all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise),

test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the Power Business Undertaking;

- ix. all debts, liabilities, duties, taxes and obligations of the Demerged Company pertaining to the Power Business Undertaking, namely:
 - a. the debts of the Demerged Company which arises out of the activities or operations of the Power Business Undertaking;
 - b. specific loans and borrowings raised, incurred and utilized for the activities or operations of or pertaining to Power Business Undertaking;
 - c. general and multipurpose borrowings of the Demerged Company shall be allocated to Power Business Undertaking in the same proportion which the value of the assets transferred under this Scheme bears to the total value of assets of Demerged Company immediately before the demerger;
- x. All liabilities (including contingent liabilities, liabilities not accrued, not recognized or provided for in the books of accounts of the Demerged Company), present liability as accounted in the books of the Demerged Company whether secured or unsecured, pertaining to the Demerged Undertaking;
- xi. all employees of the Demerged Company employed/engaged exclusively and solely in the Power Business Undertaking as on the Effective Date; and
- xii. all legal or other proceedings of whatsoever nature relating to the Power Business Undertaking.

(Note 1: - For the purposes of this Scheme, a statement of account of the Power Business undertaking of the Demerged Company is drawn up as on the Appointed Date which gives details of assets and liabilities

of the Demerged undertaking *and is duly certified by Auditors of Jagdamba and the same is annexed hereto as Annexure 'A'.*)

(**Note 2:-** In case of any question that may arise as to whether any particular asset or liability and/or employee pertains or does not pertain exclusively and solely to the Power Business Undertaking or whether it arises out of the activities or operations of the Power Business Undertaking, the same shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.)

- 1.9. **“Demerger”** means the transfer by way of demerger of the Demerged Undertaking **to the Resulting** Company and the consequent issue of equity shares by the Resulting Company to the Shareholders of the Demerged Company as set out in this Scheme.
- 1.10. **“Demerger Record Date”** means in respect of demerger of Power Business Undertaking of Jagdamba, the date to be fixed by the Board of Directors of Jagdamba for the purpose of issue and allotment of shares by Godawari to the shareholders of Jagdamba in accordance with Clause 16 of this Scheme.
- 1.11. **“Effective Date”** means the later of the dates on which the certified copies of the orders sanctioning this Scheme , passed by the National Company Law Tribunal or such other **competent** Authority , as may be applicable, are filed with the Registrar of Companies, at Chhattisgarh by Jagdamba and Godawari.
- 1.12. **“Employees”** mean all the permanent employees of the Demerged Company employed/engaged in the Demerged Undertaking as on the Effective Date.
- 1.13. **“Encumbrance”** means any options, pledge, mortgages, liens, securities, interests, claims, charges, pre-emptive rights, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever; and the term **"Encumbered"** shall be construed accordingly.
- 1.14. **“Governmental Approvals”** means any consent, approval, authorization, waiver, permit, permission, clearance, license, exemption, no objection certificate, registration, with, of or **from** any Governmental Authority.

- 1.15. **“Governmental Authority”** means any government authority, statutory authority, regulatory authority, agency, government department, board, commission, SEBI, Stock Exchanges, administrative authority, tribunal or court or any authority (including authorities administering Taxes) or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, having or purporting to have jurisdiction on behalf of the Republic of India over the Demerged Company and/or the Resulting Company, as the context may require.
- 1.16. **“IT Act”** means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.17. **“NCLT”** means the Hon’ble National Company Law Tribunal, Cuttack Bench, Cuttack having jurisdiction in relation to the Demerged Company and the Resulting Company, or such other forum or authority as may be vested with any of the powers for approving any scheme of arrangement, compromise or reconstruction of a company under Sections 230 to 232 of the Act of the above mentioned tribunal under the Act.
- 1.18. **“NCLT Order”** means all order(s) passed by the NCLT sanctioning the Scheme and includes any orders passed by NCLT or any other Governmental Authority’s order(s) for extension of time or condonation of delay in filing of the requisite forms with the Registrar of Companies in relation to this Scheme, if applicable.
- 1.19. **“NSE”** means National Stock Exchange of India Limited.
- 1.20. **“Parties”** shall mean collectively the Demerged Company and the Resulting Company, and “Party” shall mean each of them, individually.
- 1.21. **“Person”** means any individual or other entity, whether a corporation, firm, company, joint venture, trust, association, organization, partnership or proprietorship, including any governmental agency or regulatory body.
- 1.22. **“Registrar of Companies”** means the Registrar of Companies, Chhattisgarh having jurisdiction over the Demerged Company and the Resulting Company.

- 1.23. **“Remaining Business”** with respect to the Demerged Company means the business, employees, assets and liabilities of the Demerged Company other than comprised in the Demerged Undertaking.
- 1.24. **“Resulting Company”** means Godawari Power & Ispat Limited, a Company incorporated under the Companies Act, 1956 and having its office at Plot no.428/2, Phase I, Industrial Area, Siltara-493111, District Raipur, Chhattisgarh.
- 1.25. **“Rupees” or “Rs.” or “INR”** means the lawful currency of India
- 1.26. **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form or with any modification(s) approved or imposed or directed by the NCLT or any other Governmental Authorities.
- 1.27. **“SEBI”** means the Securities and Exchange Board of India.
- 1.28. **“SEBI Circular”** means (i) circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, (ii) circular No. CFD/DIL3/ CIR/2017/26 dated March 23, 2017, (iii) circular No. CFD/ DIL3/CIR/2017/105 dated September 21, 2017, (iv) circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 issued by SEBI or any other circulars issued by SEBI applicable to schemes of arrangement from time to time.
- 1.29. **“Stock Exchanges”** means BSE and NSE collectively.
- 1.30. **“Tax” or “Taxes”** means and include any tax, whether direct or indirect, including income tax (including withholding tax, dividend distribution tax), GST, excise duty, VAT, CST, service tax, octroi, local body tax and customs duty, duties, charges, fees, levies or other similar assessments by or payable to Governmental Authority, including in relation to (i) income, services, gross receipts, premium, immovable property, movable property, assets, profession, entry, capital gains, municipal, interest, expenditure, imports, wealth, gift, sales, use, transfer, licensing, withholding, employment, payroll and franchise taxes, and (ii) any interest, fines, penalties, assessments, or additions to Tax resulting from, attributable to or incurred in connection with any proceedings or late payments in respect thereof.

2. INTERPRETATION

- 2.1. In addition to the above terms, certain terms may be defined elsewhere in this Scheme and wherever such terms are used in this Scheme, they shall have the meaning so assigned to them.
- 2.2. All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and any other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.
- 2.3. All references in this Scheme to statutory provisions shall be construed as meaning and including references to:
 - 2.3.1. any statutory modification, consolidation or re-enactment made after the date of approval this Scheme by the Board of Directors of the Demerged Company and the Resulting Company and for the time being in force;
 - 2.3.2. all subordinate legislation made from time to time under that provision (whether or not amended, modified, reenacted or consolidated);
 - 2.3.3. all statutory instruments or orders made pursuant to a statutory provision;
 - 2.3.4. any statutory provisions of which these statutory provisions are a consolidation, re-enactment or modification.
- 2.4. References to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme.
- 2.5. Headings, subheadings, titles, subtitles to clauses, sub-clauses, sections and paragraphs are for information only and shall not form part of the operative provisions of this Scheme or the schedules hereto and shall be ignored in construing the same.
- 2.6. References to clauses, and schedules are, unless the context otherwise

requires, references to clauses, and schedules to this Scheme.

- 2.7. Reference to days, months and years are to calendar days, calendar months and calendar years, respectively.
- 2.8. Any reference to “writing” shall include printing, typing, lithography and other means of reproducing words in visible form.
- 2.9. The words “include” and “including” are to be construed without limitation.
- 2.10. The singular shall include the plural and vice versa; and references to one gender include all genders.
- 2.11. Any phrase introduced by the terms including in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

3. **DATE OF TAKING EFFECT**

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or by any Governmental Authority shall be effective from the Appointed Date but shall be operative from the Effective Date.

4. **SHARE CAPITAL**

4.1. **DEMERGED COMPANY:**

The share capital of the Demerged Company as on March 31, 2019 is as follows:

Particulars	Amount in Rs.
<u>AUTHORISED SHARE CAPITAL:</u>	
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000
TOTAL	
<u>ISSUED, SUBSCRIBED AND PAID UP</u>	
76,69,700 Equity Shares of Rs.10/- each	7,66,97,000
TOTAL	7,66,97,000

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of the Demerged Company, there has been no change in the authorized, issued, subscribed and paid-up capital of the Demerged Company.

4.2. RESULTING COMPANY

The share capital of the Resulting Company as on March 31, 2019 is as follows:

Share Capital	Amount in Rs.
<u>AUTHORISED SHARE CAPITAL</u>	
4,98,00,000 Equity Shares of Rs. 10/- each	49,80,00,000
32,00,000 Preference Shares of Rs. 10/-each	3,20,00,000
TOTAL	53,00,00,000
<u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u>	
3,52,36,247 Equity Shares of Rs. 10/- each	35,23,62,470
Out of the above paid up share capital 11,25,000 Equity shares of Rs. 10/- each are held in trust on behalf of the Company and therefore as per the prevailing IND-AS the said shares are reduced from the present paid up capital aggregating to Rs. 1,12,50,000/-	1,12,50,000
Amount as shown in the audited Financial Statement for the year ended 31st March, 2019	34,11,12,470

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of the Resulting Company, there has been no change in the authorized, issued, subscribed and paid-up capital of the Resulting Company.

PART II – DEMERGER

SECTION 1- TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

5. TRANSFER OF ASSETS

- 5.1. With effect from the Effective Date the Demerged Undertaking (including all the estate, assets, rights including claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of Clause 5 of Part II of the Scheme in relation to the mode of transfer and vesting and pursuant to the provisions of Section 232(3) of the Act, without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in and shall be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

- 5.2. In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession or by endorsement and delivery, the same shall stand so transferred by the Demerged Company upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

- 5.3. In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-clause 5.2 above, the same shall, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and vested in and/or be deemed to be demerged from the Demerged Company and deemed to be transferred to and vested in the Resulting Company upon the coming into effect of Part II of the Scheme and with effect from the Appointed

Date pursuant to the provisions of Sections 230 to 232 of the Act.

- 5.4. All assets, rights, title, licenses, interest and investments of the Demerged Company in relation to the Demerged Undertaking shall also, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- 5.5. Without prejudice to the generality of the foregoing, upon the coming into effect of the Scheme, all the rights, title, interest and claims of the Demerged Company in any leasehold properties (including in each case, any applications made therefore) of the Demerged Company in relation to the Demerged Undertaking, shall, pursuant to Section 232 of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company with effect from the Appointed Date.

6. CONTRACTS, DEEDS, ETC.

- 6.1. Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, Schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date shall continue in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or there under.
- 6.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party

to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Demerged Company will, if necessary, also be a party to the above. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

6.3. Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of the Scheme, all consents, permissions, licenses, approvals, certificates, insurance covers, clearances, authorities given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Resulting Company.

6.4. Without prejudice to the aforesaid, it is clarified that if any assets (including estate, claims, rights, title, interest in or authorities relating to any asset) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, Schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

7. TRANSFER OF LIABILITIES

7.1. Upon the coming into effect of the Scheme, all loans raised and used, debts, liabilities, duties and obligations (including the liabilities which arise out of the activities or operations of the Demerged Undertaking) of the Demerged Company as on the Appointed Date and relating to the Demerged Undertaking shall, without any further

act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.

7.2. Where any of the loans raised and used, debts, liabilities, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company 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 Resulting Company.

7.3. All loans raised and used and all debts, liabilities, duties and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.

7.4. In so far as the existing Encumbrance in respect of the loans, borrowings, debts, liabilities, is concerned, such Encumbrance shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the such loans, borrowings, debts, liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of such loans, borrowings, debts, liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

- 7.5. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance over such assets relating to such loans, borrowings, debts, liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and encumbrance relating to the same. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.
- 7.6. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- 7.7. Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Transferred Liabilities.
- 7.8. It is expressly provided that, save as mentioned in this Clause, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 7.9. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of

sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

8. EMPLOYEES

- 8.1. Upon the coming into effect of this Scheme, all Employees of the Demerged Undertaking shall become the employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in relation to the Demerged Undertaking and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking. For the purpose of payment of any compensation, gratuity and other terminal benefits, the immediate past services of such Employees with the Demerged Company shall also be taken into account, and paid by the Resulting Company as and when the same become payable.
- 8.2. In so far as the provident fund and gratuity fund and any other funds or benefits if any created by the Demerged Company inter alia for the Employees are concerned (collectively referred to as the "Funds"), the funds and such investments made by the Funds which are referable to the Employees in terms of sub-Clause 8.1 above shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. In the event that the Resulting Company does not have its own Funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company, until such time that the Resulting Company creates its own Funds, at which time the funds and the investments and contributions pertaining to the Employees shall be transferred to the Funds created by the Resulting Company.
- 8.3. In relation to any other fund created or existing for the benefit of the Employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance

with the provisions of such Scheme, funds, bye laws, etc. in respect of such Employees.

- 8.4. In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held inter alia for the benefit of the employees of the Remaining Business.
- 8.5. In relation to those Employees who are not covered under the provident fund trust of the Demerged Company, and for whom the Demerged Company is making contributions to the government provident fund, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Employees.
- 8.6. In relation to any other fund created or existing inter alia for the benefit of the Employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Employees.
- 8.7. In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held for the benefit of the employees of the Remaining Business.

9. LEGAL, TAXATION AND OTHER PROCEEDINGS

- 9.1. Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may

be instituted any time thereafter and in each case relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company with effect from the Effective Date. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Resulting Company. The Resulting Company shall be replaced/ added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in co-operation with the Demerged Company.

9.2. If any proceedings are taken against the Demerged Company in respect of the matters referred to in sub-Clause 9.1 above, it shall defend the same in accordance with any reasonable and prudent advice provided by the Resulting Company at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

9.3. The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company in relation to Demerged Undertaking referred to in sub-Clause 9.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.

SECTION 2: CONDUCT OF BUSINESS

10. The Demerged Company, with effect from the Appointed Date and up to and including the Effective Date:

10.1. shall be carrying on and be deemed to have been carrying on all business and activities relating to the Demerged Undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;

- 10.2. all profits and income accruing or arising to the Demerged Company from the Demerged Undertaking, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Demerged Undertaking for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Resulting Company;
- 10.3. any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertaking exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company; and
- 10.4. the Demerged Company shall carry on the Remaining Business in terms of Section 3 of Part II of this Scheme distinctly and as a separate business from the Demerged Undertaking.

SECTION 3 - REMAINING BUSINESS

11. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.
12. All legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date. The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Demerged Company, which relates to the Remaining Business.

13. If proceedings are taken against the Resulting Company in respect of the matters referred to in sub-Clause 9.1 above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
14. With effect from the Appointed Date and up to and including the Effective Date:
 - 14.1. the Demerged Company shall carry on and be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - 14.2. all profits accruing to the Demerged Company thereon or losses arising or incurred by it including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company;
 - 14.3. all assets acquired and all liabilities incurred by the Demerged Company after the Appointed Date but prior to the Effective Date for operation of and in relation to the Demerged Undertaking shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of the Scheme

SECTION 4 – CONSIDERATION

15. The provisions of this Section 4 of this Scheme shall operate notwithstanding anything to the contrary in this Scheme or in any other instrument, deed or writing.
16. Upon the Scheme coming into effect, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company, in terms of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to every member of the Demerged Company holding fully paid up equity shares in the Demerged Company, except the Resulting Company i.e. Godawari Power and Ispat Limited, and whose names appear in the Register of Members of the Demerged Company

on the Demerger Record Date in respect of every 140 (One Hundred and Forty) Equity Shares of the face value of Rs. 10 (Rupees Ten) each fully paid up held by him / her / it in the Demerged Company, 89 (Eighty Nine) new Equity shares of the Resulting Company of the face value of Rs.10 (Rupees 10) each fully paid up.

17. The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank *pari passu* in all respects with the existing equity shares of the Resulting Company. Upon issue of shares by the Resulting Company to the Shareholders of the Demerged Company as per clause 16 of the scheme, the company shall be in compliance with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 and Regulation 38 of SEBI (LODR) Regulations, 2015.
18. The issue and allotment of new equity shares by the Resulting Company to the Shareholders of the Demerged Company pursuant to Clause 16 above is an integral part of this Scheme.
19. In case any member's holding in the Demerged Company is such that the member becomes entitled to a fraction of an equity share of the Resulting Company, then the Resulting Company shall not issue fractional shares to such member but shall instead consolidate all such fractional entitlements to which the members of the Demerged Company may be entitled on the issue and allotment of equity shares of the Resulting Company and allot consolidated equity shares to a trustee nominated by the Resulting Company in that behalf.
20. The trustee nominated by the Resulting Company under Clause 19 above shall, at its discretion, sell such shares in the open market and distribute the net sale proceeds (after deduction of the expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements. The shares issued pursuant to Clause 16 of Part II above ("New Shares"), shall be issued to the shareholders of the Demerged Company in demat form, that is, dematerialized shares unless otherwise notified in writing by a shareholder of the Demerged Company to the Resulting Company on or before such date as may be determined by the Board of Resulting Company. In the event that such notice has not been received by Resulting Company in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the

requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company, then the Resulting Company shall issue the equity shares in physical form to such shareholder or shareholders.

21. The New Shares to be issued by the Resulting Company in respect of the shares of the Demerged Company the allotment or transfer of which is held in abeyance under Applicable Law, shall, pending allotment or settlement of dispute by order of the appropriate court or otherwise, also be kept in abeyance in like manner by the Resulting Company.
22. Unless otherwise determined by the Board of Directors or any committee thereof of the Demerged Company and the Resulting Company, allotment of shares in terms of Clause 16 of Part II above shall be done within 45 days from the Demerger Record Date.
23. The New Shares allotted and issued in terms of Clause 16 of Part II above, shall be listed and/or admitted to trading on the Stock Exchanges after obtaining the requisite approvals. The Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Laws for complying with the formalities of the Stock Exchanges.
24. The equity shares of the Resulting Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchange.
25. Till the listing of the equity shares of the Resulting Company, there will be no change in the pre-arrangement capital structure and shareholding pattern or controls in the Resulting Company which may affect status of the approval of the stock exchanges to this Scheme.
26. Approval of the Scheme by the shareholders of Godawari shall be deemed to be due compliance of the provisions of section 42, 62 if any and other relevant or applicable provisions of the Companies Act, 2013 and Rules made thereunder for the issue and allotment of the Equity shares by Godawari to the shareholders of Jagdamba as provided hereinabove.

PART III

SECTION 5 - GENERAL TERMS AND CONDITIONS:

27. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

27.1. The book value of all assets and liabilities pertaining to the Demerged Undertaking, which ceased to be assets and liabilities of Demerged Company, shall be reduced by Demerged Company from the respective assets and liabilities.

The differences i.e. the excess / shortfall of the book value of the assets of the Demerged Undertaking over the book value of the liabilities transferred shall be debited/credited respectively, to the 'Retained Earnings/Capital Reserve (Reserves & Surplus) of the Demerged Company.

27.2. Notwithstanding anything above, the Board of Directors of the Demerged Company is authorized to account for any of the above mentioned transactions or any matter not dealt with under this clause in accordance with the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 and generally accepted accounting principles.

28. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

28.1. The Resulting Company shall record the assets and liabilities of the Demerged Undertaking, transferred to and vested in it pursuant to this Scheme, at their fair values as on the Appointed Date immediately before the Appointed Date in accordance with the provisions of section 2(19AA) of the IT Act;

28.2. The Resulting Company shall credit its equity share capital account with the face value of New Shares issued in accordance with Clause 16 of Part II of this Scheme.

28.3. The difference between the value of new equity shares issued under

Clause 16 of Part II and the face value of New Shares Issued by the Resulting Company will be credited to securities premium account of the Resulting Company.

28.4. The difference between the value of new equity shares issued under Clause 16 of Part II and the fair value of assets and liabilities (refer sub-clause (1) above) shall be debited to goodwill or as the case may be credited to capital reserve.

28.5. Further, acquisition related costs will also be accounted in accordance with the requirements of the said Ind AS

28.6. The inter-se loans and advances, receivables, payables and other dues outstanding if any, between the Demerged Company and the Resulting Company in relation to the Demerged Undertaking appearing in the books of accounts of the respective companies shall be taken over and cancelled.

29. Notwithstanding the accounting treatment mentioned above, the Demerged Company and the Resulting Company, in consultation with their statutory auditors, are authorized to account for this Scheme and effect thereof in any manner whatsoever as may be deemed fit in accordance with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013.

30. **TAXES**

All taxes (including income tax, minimum alternate tax, sales tax, excise duty, custom duty, service tax, GST, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, minimum alternate tax, sales tax, excise duty, custom duty, service tax, GST, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by Power Business Undertaking of the Resulting Company and shall, in all proceedings, be dealt with accordingly.

Upon the Scheme becoming effective, the Demerged Company and Resulting Company are also expressly permitted to revise income tax returns, goods and service tax returns and other tax returns and to claim refunds and / or credits etc. pursuant to the provisions of the Scheme.

Notwithstanding the method of accounting adopted by the Resulting Company, the losses /depreciation of the Demerged Undertaking of the Demerged Company will be allowed to be taken over by the Resulting company for the purpose of computing “book profit” under the provisions of section 115JB of the Income Tax Act, 1961 or any other applicable provisions introduced by any Finance Act

31. SCHEME CONDITIONAL ON

This Scheme is conditional upon and subject to:

- 31.1. the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors of the Demerged Company and the Resulting Company as required under the Act and the requisite order of the National Company Law Tribunal, Cuttack Bench, Cuttack being obtained.
- 31.2. The requisite consents, no-objections and approvals of the Stock Exchanges and SEBI to the Scheme in terms of the SEBI Circular, on terms acceptable to the Demerged Company and the Resulting Company;
- 31.3. such other sanctions and approvals as may be required by law in respect of this Scheme being obtained; and
- 31.4. the Certified copies of the NCLT Order referred to in this Scheme being filed with the Registrar of Companies, Chhattisgarh by the Demerged Company and the Resulting Company.

31.5. In the event of this Scheme failing to take effect by 31st March, 2021 or such later date as may be agreed by the respective Boards of Directors, this Scheme shall stand revoked, cancelled and be of no effect and become null and void, and in that event, no rights and liabilities shall accrue to or be incurred inter se between the parties or their shareholders or creditors or employees or any other person. In such case, the Resulting Company shall bear all costs and expenses.

SECTION 6 - OTHER TERMS AND CONDITIONS

32. The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends in normal course, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date, as applicable.

33. The Equity shares of the Resulting Company to be issued and allotted to the Equity shareholders of the Demerged Company as provided in Clause 16 hereof shall be entitled to dividends from the date of allotment.

34. The holders of the shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective articles of association including the right to receive dividends.

35. 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 Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the boards of directors of the Demerged Company and the Resulting Company respectively, and subject to the approval, if required, of the shareholders of the Demerged Company and the Resulting Company respectively.

36. APPLICATION TO NATIONAL COMPANY LAW TRIBUNAL

The Demerged Company and the Resulting Company shall make necessary applications before the National Company Law Tribunal, Cuttack Bench, Cuttack for the sanction of this Scheme under Sections 230 to 232 of the Act.

37. TREATMENT OF THE SCHEME FOR THE PURPOSES OF IT ACT

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

38. MODIFICATIONS OF SCHEME

38.1. The Demerged Company and the Resulting Company through their Board of Directors may consent on behalf of all persons concerned to any modifications or amendments of this Scheme or to any conditions which the NCLT and/or any other authorities under law may deem fit to approve of or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting this Scheme into effect.

38.2. However no modifications and / or amendments to the Scheme can be carried out or effected by the Board of Directors without approval of the NCLT and the same shall be subject to powers of the NCLT under the Act.

38.3. For the purpose of giving effect to this Scheme or to any modifications thereof, the Directors of the Demerged Company and the Resulting Company are authorized to give 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.

38.4. The Demerged Company and Resulting Company shall take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

39. SEVERABILITY

If any provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Demerged Company and the Resulting Company in writing, affect the validity or implementation of the other provisions of this Scheme. If any provision of this Scheme hereof is invalid, ruled illegal by any court or tribunal of competent jurisdiction or unenforceable under present or future Applicable Laws, then it is the intention of the Parties that such provision shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such provision shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for such Parties the benefits and obligations of the Scheme, including but not limited to such provision.

40. COSTS

Upon the sanction of this Scheme by the NCLT all costs (including but not limited to stamp duty, registration charges, etc.) in relation to the Demerger shall be borne by the Resulting Company.

INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS OF
JAGDAMBA POWER & ALLOYS LIMITED**

Report on the Interim Condensed Standalone Financial Statements

We have audited the accompanying Interim Condensed Standalone Financial statements of **JAGDAMBA POWER & ALLOYS LIMITED** ("the Company"), which comprise the Condensed Balance Sheet as at September 30, 2019, and the Condensed Statement of Profit and Loss (including Other Comprehensive Income), the condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the six months period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the interim condensed standalone financial statements").

Management's Responsibility for the Interim Condensed Standalone Financial Statements

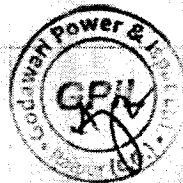
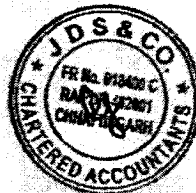
The company's Board of Directors is responsible for the preparation of these interim condensed standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility to express an opinion on these interim condensed standalone financial statements based on our audit.

We conducted our audit of the interim condensed standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim condensed standalone financial statements are free from material misstatement.




An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the interim condensed standalone financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the interim condensed standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and presentation of the interim condensed standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the interim condensed standalone financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed standalone financial statements give a true and fair view in conformity with Ind AS 34 and accounting principles generally accepted in India, of the state of affairs of the Company as at September 30, 2019, and its profit, total comprehensive income, changes in equity and its cash flows for the six months period ended on that date.

For JDS & Co.
(ICAI Firm Regn. No.018400C)
Chartered Accountants


Vijay Jadhvani
Partner

Membership number: 432878



Raipur, 24th December, 2019

UDIN: 20432878AAAAAC 9310



JAGDAMBA POWER & ALLOYS LIMITED
Interim Condensed Standalone Balance Sheet as at 30th September, 2019

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Particulars	As at 30.09.2019	As at 31.03.2019
ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	165,776,509	175,434,407
(b) Capital work-in-progress	23,266,875	4,196,573
(c) Financial assets		
(i) Investments	2,039,974	1,877,838
(ii) Loans	366,556,780	355,439,820
(iii) Other Financial Assets	28,045,270	28,045,270
(d) Deferred tax assets (net)	24,234,197	21,812,942
(e) Other non-current assets	2,833,754	2,828,754
	<u>612,757,159</u>	<u>589,635,404</u>
(2) Current-assets		
(a) Inventories	112,115,131	145,129,442
(b) Financial assets		
(i) Bank, Cash and cash equivalents	5,412,255	7,214,136
(c) Current tax assets (Net)		5,737,386
(d) Other current assets	182,833,163	151,831,505
	<u>300,360,549</u>	<u>309,912,469</u>
Total Assets	913,117,708	899,547,873
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	76,697,000	76,697,000
(b) Other equity	655,368,568	636,526,878
Liabilities		
(1) Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	29,272,659	34,251,293
(b) Provisions	1,105,182	879,377
(2) Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	3,151,094	816,931
(ii) Trade Payables		
- Micro enterprises and small enterprises		
- Other than Micro enterprises and small enterprises	34,226,611	29,544,351
(iii) Other Financial Liabilities	2,726,366	2,760,835
(b) Other current liabilities	106,774,699	118,012,123
(c) Provisions	59,085	59,085
(d) Current tax liabilities (Net)	3,736,244	-
Total Equity and Liabilities	913,117,708	899,547,873

As per our report of even date

For JDS & Co.

(ICAI Firm Reg. No. 018400C)
 Chartered Accountants

Per Vijay Jadhvani
 Partner
 Membership No. 432878

Place : Raipur
 Date : 24.12.2019



For and on behalf of the Board of
 Directors of Jagdamba Power & Alloys
 Limited

Niket Khandelwal
 Director


Arun Poddar
 Director

Shweta Sharma
 Company Secretary



JAGDAMBA POWER & ALLOYS LIMITED
 Interim Condensed Standalone Statement of Profit or Loss for the six months ended 30th September, 2019

	30.09.2019 Rs.	30.09.2018 Rs.
INCOME		
Revenue from operations	226,644,466	41,557,281
Other Income	16,327,842	17,996,907
TOTAL REVENUE (I)	242,972,308	59,554,188
EXPENDITURE		
Cost of raw material and component consumed (Increase)/Decrease in stock of finished goods	153,464,657	30,241,369
Employees benefits expenses	(159,076)	(24,184)
Finance costs	14,851,086	4,628,180
Depreciation expenses	971,725	539,870
Other Expenses	9,765,808	9,397,916
TOTAL EXPENDITURE (II)	43,922,869	29,050,193
Profit/(loss) before tax	20,055,239	(14,279,156)
Tax expenses		
Current tax	3,736,244	-
Deferred Tax	(2,449,475)	(8,028,407)
Total tax expenses	1,286,769	(8,028,407)
Profit/(loss) for the period	18,768,470	(6,250,749)
Other Comprehensive Income		
A (i) Items that will not be reclassified to profit or loss	(60,896)	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	16,866	-
B (i) Items that will be reclassified to profit or loss	162,136	(2,028)
(ii) Income tax relating to items that will be reclassified to profit or loss	(45,106)	422
Total Comprehensive Income for the period (XIII+XIV) (Comprising	18,841,690	(6,252,355)
Earnings per equity share [nominal value of share @ Rs 10/- (30th September, 2018" Rs 10/-)]		
Basic	2.46	(6.82)
Diluted	2.46	(6.82)

As per our report of even date
 For JDS & Co.
 (ICAI Firm Reg. No.018400C)
 Chartered Accountants

 Per Vijay Jadwani
 Partner
 Membership No.432878

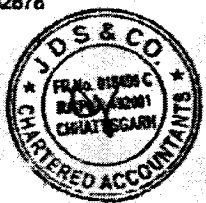
For and on behalf of the Board of Directors of Jagdamba Power & Alloys Limited


 Niket Khandehwal
 Director


 Arun Poddar
 Director


 Shweta Sharma
 Company Secretary

Place : Raipur
 Date : 24.12.2019



JAGDAMBA POWER & ALLOYS LIMITED
Interim Condensed Standalone Statement of changes in Equity for the Six months ended 30th
September, 2019

Particulars	Equity Share Capital	Reserves & Surplus	Other Comprehensive Income		Total Other Equity
		Retained Earnings	Equity Instruments through Other Comprehensive Income (Net of Tax)	Other items of Other Comprehensive Income (Gain/Loss on employee benefit) (Net of Tax)	
Balance as of April 1, 2018	76,697,000	634,197,772	208,012	-	713,102,784
Equity Instruments through Other Comprehensive Income (Net of Tax)			(1,606)		(1,606)
Profit/(loss) for the period		(6,250,749)			(6,250,749)
Balance as of September 30, 2018	76,697,000	627,947,023	208,012	-	704,852,035

Particulars	Equity Share Capital	Retained Earnings	Other Comprehensive Income		Total Other Equity
			Equity Instruments through Other Comprehensive Income (Net of Tax)	Other items of Other Comprehensive Income (Gain/Loss on employee benefit) (Net of Tax)	
Balance as of April 1, 2019	76,697,000	636,149,663	464,836	(87,621)	713,223,878
Actuarial Gain/Loss on employee benefit (Net of Tax)				(43,810)	(43,810)
Equity Instruments through Other Comprehensive Income (Net of Tax)			117,030		117,030
Profit/(loss) for the period		18,768,470			18,768,470
Balance as of September 30, 2019	76,697,000	654,918,133	581,866	(131,431)	732,065,568

The accompanying notes are integral part of the financial statements.
 As per our report of even date
 For JDS & Co.

(ICAI Firm Reg. No.018400C)
 Chartered Accountants

Jay Jadwani
 Per Jay Jadwani
 Partner
 Membership No.432878

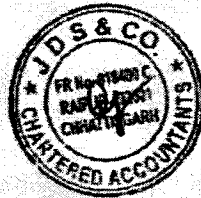
For and on behalf of the Board of Directors of Jagdamba
 Power & Alloys Limited

Niket Khandewal
 Niket Khandewal
 Director

Arun Poddar
 Arun Poddar
 Director

Shweta Sharma
 Shweta Sharma
 Company Secretary

Place : Raipur
 Date : 24.12.2019



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JAGDAMBA POWER & ALLOYS LIMITED
Interim Condensed Standalone Statement of Cash Flows for the six months ended 30th September, 2019

	30.09.2019	30.09.2018
	Rs	Rs
Cash Flow from operating activities		
Profit/(loss) before tax		
Adjustments to reconcile profit before tax to cash generated by operating activities:	20,056,239	(14,279,156)
Depreciation		
Provision for Gratuity	9,765,808	9,397,916
Interest Expenses	30,350	-
Interest Income	971,725	539,870
Changes in assets and liabilities:	(16,179,170)	(17,996,907)
Trade payables		
Other current liabilities	4,682,260	14,807,637
Other Financial liabilities	(11,212,375)	90,883,470
Trade receivables	(34,469)	473,222
Inventories		(7,812,129)
Other non-current assets	33,014,311	7,112,602
Other current assets	(5,000)	(15,700,000)
Cash generated from/(used in) operations	(31,001,658)	(65,206,650)
Income Tax (Paid)/Refund	10,087,021	(1,780,123)
Net Cash flow from/(used in) operating activities	5,737,386	3,985,071
	A	2,204,948
Cash flows from investing activities		
(Increase)/Decrease in PPE including Capital WIP	(19,070,102)	(1,436,950)
(Increase)/Decrease in Loans	(11,119,160)	(14,336,751)
Interest received	16,179,170	17,996,907
Net cash flow from/(used in) investing activities	(14,010,092)	2,223,206
	B	
Cash flows from financing activities		
Proceeds / (Repayment) of long-term borrowings	(4,978,634)	(1,522,581)
Proceeds / (Repayment) of short-term borrowings	2,334,163	(2,307,366)
Interest paid	(971,725)	(539,870)
Net cash flow from/(used in) financing activities	(3,616,196)	(4,369,838)
	C	
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(1,801,861)	58,316
Cash and Cash Equivalents at the beginning of the year	7,214,136	1,315,550
Cash and Cash Equivalents at the end of the period	5,412,255	1,373,866

Notes:

(a) Cash and cash equivalent include the following :

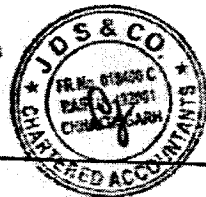
Cash in hand	62,545	89,397
With banks- on Deposits account	1,264,168	1,226,988
- on current account	4,085,542	57,481
	5,412,255	1,373,866

(b) Previous year figures have been recast/restated wherever necessary.

(c) Figures in brackets represent outflows.

As per our report of even date
For JDS & Co.
(Firm Reg. No.018400C)
Chartered Accountants

Per *Jyoti* Jadhani
Partner
Membership No.432878



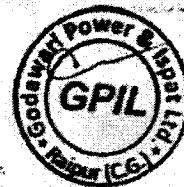
Place : Raipur
Date : 24.12.2019

For and on behalf of the Board of Directors of
Jagdamba Power & Alloys Limited

Niket Khandewal
Director

Arun Poddar
Director

Shweta Sharma
Company Secretary



JAGDAMBA POWER & ALLOYS LIMITED
Notes to the Interim condensed standalone financial statements

1. Corporate Information

The interim standalone financial statements of M/s Jagdamba Power & Alloys Limited for the six months ended 30th September, 2019 were authorised for issue in accordance with a resolution of the directors on 24.12.2019.

Jagdamba Power & Alloys Limited (the company) is a company domiciled in India and incorporated under the provisions of the Companies Act. The company is mainly engaged in Generation of Electricity and manufacturing of H.B. Wire.

2. Basis of preparation

i) The Interim condensed standalone financial statements for the six months ended 30th September, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

ii) The Interim condensed standalone financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the standalone annual financial statements as at 31st March 2019.

3. Income Tax:

The company calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses in the interim condensed financial statement of profit or loss are :

Particulars	For the six month ended 30th September	
	2019	2018
Income tax		
Current income tax Expenses	3,736,244	-
Deferred income tax expenses relating to origination and reversal of temporary differences	(2,449,475)	(8,028,407)
Income tax Expenses Recognised in Statement of Profit or Loss	1,286,769	(8,028,407)

4. Property, Plant and Equipment

During the six months ended 30th September, 2019, the company acquired assets with the cost of Rs.1,08,910 (the six month ended 30th September,2018 with the cost of Rs. 14,30,961)

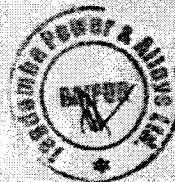
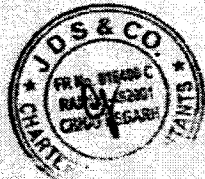
Assets with a net book value of Rs.NIL, were disposed of by the company during the six months ended 30th September 2019 (on 31st March 2019 of Rs.8,62,587) Resulting in a net gain(loss) on disposal of Rs. NIL (on 31st March 2019 of Rs.40,806)



5. RELATED PARTY DISCLOSURE

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30th September 2019 and 2018, as well as balances with related parties as at 30th September 2019 and 31st March 2018:

PARTICULARS	30.09.2019	30.09.2018
	Rs	Rs
Sale of finished goods to Entity with significant influence of the KMP:		
Hira Steels Ltd.	4141983	17503507
TOTAL	4141983	17503507
Purchase of materials from Entity with significant influence of the KMP:		
Hira Steels Ltd.	9672498	18277086
TOTAL	9672498	18277086
Interest paid to Entity with significant influence of the KMP:		
Tashu Realty Pvt Ltd	736646	0
TOTAL	736646	0
Remuneration/Salary paid to Key Management Personnel (KMP):		
Shri Anun Poddar	480000	480000
CS Shweta Sharma	123000	0
CS Akash Agrawal	0	120000
Unsecured loans received from Entity with significant influence of the KMP:		
Tashu Realty Pvt Ltd	0	215000
Repayment of Unsecured loans received from KMP:		
Shri Alok Agrawal	5000000	5500030
Outstanding Balances	30.09.2019	31.03.2019
Key Management Personnel:		
Shri Alok Agrawal	10589970	15589970
Entity with significant influence of the KMP:		
Tashu Realty Pvt Ltd	17051824	16325178
Hira Steels Ltd.	4579225	748710



6. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

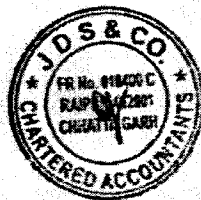
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

	Carrying amount As at 31.03.2019	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Loans	355439620			
Other Financial Assets	28045270			
Bank, Cash and cash equivalents	7214136	-	-	-
Total	390699026	-	-	-
Financial assets at fair value through other comprehensive income:				
Investments	1877838	-	1877838	-
Total	1877838	-	1877838	-
Financial liabilities at amortised cost:				
Long term borrowings	34251293	-	-	-
Short term borrowings	816931	-	-	-
Trade payables	29544351	-	-	-
Other financial liabilities (current)	2760835	-	-	-
Total	67373410	-	-	-



Notes to the Interim condensed standalone financial statements

	Carrying amount As at 30.09.2019	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Loans	366558780	-	-	-
Other Financial Assets	28045270	-	-	-
Bank, Cash and cash equivalents	5412255	-	-	-
Total	400016305	-	-	-
Financial assets at fair value through other comprehensive income:				
Investments	2039974	-	2039974	-
Total	2039974	-	2039974	-
Financial liabilities at amortised cost:				
Long term borrowings	29272659	-	-	-
Short term borrowings	3151094	-	-	-
Trade payables	34226611	-	-	-
Other financial liabilities (current)	2726366	-	-	-
Total	69376730	-	-	-

During the reporting period ending 30th September, 2019 and 31st March, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.



Notes to the Interim condensed standalone financial statements

7. Cash and cash equivalents :


For the purpose of the interim standalone financial statement of cash flow, cash and cash equivalents are comprised of the following.

	For the six month ended 30th September	
	2019	2018
Cash at bank and in hand	4,148,087	146,878
Short term deposits	1,264,168	1,226,988
Total Cash and Cash Equivalents	5,412,255	1,373,866

8. Contingent Liabilities not provided for, are in respect of :-

- i. Disputed liability of Rs.1027.40 lacs (As at 31.03.2019 Rs. 1027.40 Lacs) on account of demand raised by Custom and Excise department for denial of Cenvat credit availed on capital goods during July 2008 to March 2013 and equal penalty imposed, against which the company has preferred an appeal with CESTAT, New Delhi.
- ii. Counter Guarantees given against the bank guarantees issued by the company's banker aggregating to Rs.256.95 lacs (As at 31.03.2019 Rs.256.95 lacs).

As per our report of even date
For JDS & Co.
(ICAI Firm Reg. No.018400C)
Chartered Accountants


Poojay Jadwani
Partner
Membership No.432878

For and on behalf of the Board of Directors of Jagdamba
Power & Alloys Limited

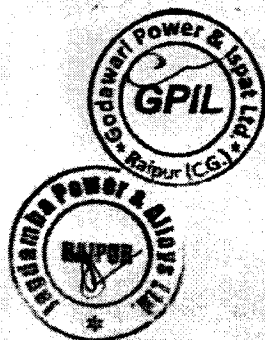

Niket Khandelwal
Director


Arun Poddar
Director

Place : Raipur
Date : 24.12.2019




Shweta Sharma
Company Secretary



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF GODAWARI POWER AND ISPAT LIMITED ('COMPANY') IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 AT ITS MEETING HELD ON 24th DECEMBER, 2019.

1. The Board of Directors ('Board') of the Company at their meeting held on 24th December, 2019 had approved a draft of the proposed Scheme of Arrangement between Jagdamba Power and Alloys Limited ('Demerged Company') and Godawari Power and Ispat Limited ('Company/Resulting Company') and their respective shareholders.

Pursuant to this Scheme of Arrangement the shareholders of the Demerged Company will be issued 89 Equity Shares of Rs. 10/- each fully paid up of the Resulting Company for every 140 Shares of the Demerged Company. The Scheme was approved by the Audit Committee at its meeting held on 24th December, 2019.

2. As per Section 232(2) (c) of the Companies Act, 2013 a report is required to be adopted by the Directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters, non-promoter shareholders of the Company laying out in particular the Share exchange ratio, specifying any special valuation difficulties.
3. Having regard to the applicability of the aforesaid provisions, the scheme and the following documents are placed before the Board;
 - a. Valuation Report dated 23rd December, 2019 issued by M/s Bansi S. Mehta & Co., Chartered Accountants, Mumbai, describing inter alia the methodology adopted by them in arriving at the share valuation including the share entitlement ratio and setting out the details of computation of fair entitlement ratios for the proposed arrangement ("Valuation Report")
 - b. Fairness Opinion dated 24th December, 2019 issued by Equirus Capital Private Limited, a SEBI Registered Merchant Banker, providing its opinion on the fairness of the Valuation Report and the Share Entitlement Ratio.



- c. Certificate from JDS & Co, Chartered Accountants, the Statutory Auditors of the Company confirming that the accounting treatment in the draft Scheme is in accordance with the applicable accounting standards and applicable law.
- d. A copy of the Audit Committee Report dated 24th December, 2019 in terms of the requirement of circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by the Securities and Exchange Board of India.
- e. Undertaking certified by the JDS & Co., Statutory Auditors of the company to the effect that para 9 (a) Annexure 1 of SEBI Circular dated 10.03.2017 shall not be applicable (i.e. the approval only by public shareholders) since no allotment is proposed to be made to any of the persons mentioned in para 9 (b) of said circular pursuant to the proposed Scheme of Arrangement.

4. **Rationale of the Scheme**

The demerger of power business undertaking of the Demerged Company into Resulting Company would *inter alia* have the following benefits:

- a. With the complete integration of the Demerged Undertaking with Resulting Company, the captive power generation capacity of the Resulting Company will stand enhanced to 98 MW and thereby availability of much needed additional 25MW of power capacity, to meet the shortfall of electricity requirement of Resulting Company, assuring uninterrupted power supply to its steel making units at competitive cost, leading to increase in capacity utilisation of its steel melting plant and cost savings through operating leverage. It is pertinent to mention that no fresh coal based power generation capacity addition is allowed in the plant location of Resulting Company on account of environmental and pollution restriction and therefore the 25 MW power generation plant of Demerged Company is much required for smooth and efficient operations of the Steel Business Resulting Company.
- b. The Demerged Company currently has business interest in diverse businesses such as Electricity, Investment & Financing activities and other allied activities. With a view to achieve greater management focus in other business activities, Demerged Company proposes to demerge its business interest in the Demerged Undertaking and vest the same in the Resulting Company.



- c. The consolidation of operations of the Power Business of Demerged Company and the Resulting Company by merging the Demerged Undertaking into Resulting Company, will lead to a more efficient utilisation of capital, administrative and operational rationalization and promote organisational efficiencies. It will help achieve cost efficiency that will enhance the financial efficiencies and help achieve economies of scale, reduction in overheads and improvement in various other operating parameters.
- d. Integration would result in maximising overall shareholder value, improving the competitive position and enabling to unlock the economic value of both the entities.
- e. Improved organisational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
- f. Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.

5. Effect of the Scheme on Stakeholders

Sr. No.	Category of Stakeholder	Effect of the Scheme
(i)	Shareholders	<p>The Company has only Equity Shareholders and does not have any Preference Shareholders.</p> <p>Upon the Scheme coming into effect the Resulting Company shall, in consideration of the arrangement between the Demerged Company and the Resulting Company, will issue and allot, to every Equity Shareholder of the Demerged Company (Except to the Resulting Company itself towards the shares held by it in the Demerged Company), holding fully paid-up Equity Shares in the Demerged Company and</p>



		whose names appear in the register of members of the Demerged Company on the Record Date, 89 Equity Shares of Rs.10 each of the Resulting Company, credited as fully paid-up for every 140 Equity Shares of Rs.10 each fully paid-up, held by such shareholder in the capital of the Demerged Company (“Share Exchange Ratio”).
(ii)	Promoters	Promoters of the Company are not holding any shares in the Demerged Company; hence no new shares will be issued to the promoters of the Company.
(iii)	Non- Promoter Shareholders	Please refer to point (i) above the details regarding effect on shareholder.
(iv)	Key Managerial Personnel	The Key managerial Personnel of the Company (KMP’s) shall continue as KMP of the Company after effectiveness of the Scheme. No KMP is shareholder of the Demerged Company hence, no new shares shall be issued to the KMP’s.

6) **Valuation**

- I. For the purpose of arriving at the share entitlement ratio, the valuation report was obtained in terms of circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 issued by the Securities and Exchange Board of India, Circular No. LIST/COMP/02/2017-18 dated 29th May, 2017 issued by the BSE Limited and Circular No. NSE/CML/2017/12 dated 1st June, 2017 issued by the National Stock Exchange of India Ltd.
- II. Bansi S. Mehta & Co., Chartered Accountants have not expressed any difficulty while carrying out the valuation and share entitlement ratio.



- III. The Resulting Company is a listed company with its share listed on BSE and NSE and it is therefore governed by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Notification No. SEBI/LAD-NRO/GN/2018/31 dated 11th September, 2018. Accordingly, issuance of share pursuant to Section 230 to 232 read with Section 52 and 66 of the Companies Act, 2013, if the shares are issued to the shareholders of unlisted entity then the pricing conditions that apply to the preferential issue shall apply while calculating the price for share entitlement ratio.
- IV. Bansi S. Mehta & Co., Chartered Accountants have derived the fair value of the Resulting Company by applying higher weightage to Earnings and Market Value approach and lower weight to Assets Based Approach.
- V. However, the price derived under the ICDR Regulations was lower than the Fair Value per share. In view of the same the price considered for the swap ratio was Fair Value of Share pursuant to Regulation 158 of SEBI (ICDR) Regulations, 2018.
- VI. The fair value of the Shares of the Demerged Company has been arrived at by giving equal weightage to the values arrived at by EV/EBIDTA approach, PE approach and PAT Capitalization approach.
- VII. Based on the above the fair ratio of exchange is as under;

Resulting Company shall issue and allot to every member of the Demerged Company holding fully paid up equity shares in the Demerged Company except the Resulting Company i.e. Godawari Power and Ispat Limited whose names appear in the Register of Members of the Demerged Company on the Demerger Record Date in respect of every 140 (One Hundred and Forty) Equity Shares of the face value of Rs. 10 /- each fully paid up held by him / her / it in the Demerged Company, 89 (Eighty Nine) new Equity shares of the Resulting Company of the face value of Rs.10/- each fully paid up.



7) **Adoption of Report by the Directors**

The Directors of the Company have adopted this report after noting and considering information set forth in this report. The Board or any duly authorised person/ committee by the Board is entitled to make relevant modification to this report, if required, and such modifications or amendments shall be deemed to form part of this report.

Date: 24.12.2019

Place: Raipur



CHAIRMAN

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF JAGDAMBA POWER & ALLOYS ('COMPANY') IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 AT ITS MEETING HELD ON 24th DECEMBER, 2019.

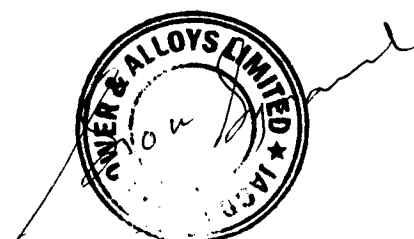
(1) Background

1.1 The proposed Scheme of Arrangement between Jagdamba Power and Alloys Limited (hereinafter referred to as Demerged Company or JPAL) and Godawari Power and Ispat Limited (hereinafter referred to as Resulting Company or GPIL) was approved by the Board of Directors of JPAL in their meeting held on 24th December, 2019. Provisions of Section 232(2)(c) of the Companies Act, 2013 requires the Directors to adopt a report explaining the effect of arrangement on Equity Shareholders, Key Managerial Personnel (KMPs), Promoters and non-promoters shareholders of the Company laying out in particular the share exchange ratio and the same is required to be circulated to the Equity Shareholders.

1.2 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2) (c) of the Companies Act, 2013.

1.3 The Following documents were placed before the Board :-

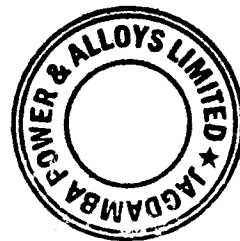
- A Draft Scheme duly initialed by the Managing Director for the purpose of identification.
- B Valuation Report dated 23rd day of December, 2019 of M/s. Banshi S. Mehta & Co. ("the Valuer"), Independent Chartered Accountants ("Valuation Report").
- C Fairness Opinion dated 24th day of December, 2019 prepared by M/s. Equirus Capital Private Limited, SEBI Registered Merchant Banker, providing the Fairness Opinion on the share exchange ratio ("Fairness Opinion") as recommended by M/s Banshi S. Mehta & Co., the Valuer.
- D Certificate dated 24th December 2019, issued by JDS & Co, Chartered Accountants, the Statutory Auditors of the Company as required under section 232(3) of the Companies Act, 2013 certifying that the accounting treatment in the draft scheme is in accordance with the accounting standards and applicable law.



2. Effect of the Scheme of arrangement on Equity Shareholders (promoter shareholder and non-promoter shareholder), employees and KMPs of JPAL.
 - 2.1 Upon the Scheme coming into effect the Resulting Company shall, in consideration of the arrangement between the Demerged Company and the Resulting Company, will issue and allot, to every Equity Shareholder of the Demerged Company (Except to the Resulting Company itself towards the shares held by it in the Demerged Company), holding fully paid-up Equity Shares in the Demerged Company and whose names appear in the register of members of the Demerged Company on the Record Date, 89 Equity Shares of Rs.10 each of the Resulting Company, credited as fully paid-up for every 140 Equity Shares of Rs.10 each fully paid-up, held by such shareholder in the capital of the Demerged Company (“Share Exchange Ratio”).
 - 2.2 Further, no new shares will be issued to the Resulting Company pursuant to the effect of this Scheme.
 - 2.3 The Key managerial Personnel of the Company (KMP’s) shall continue as KMP of the Company after effectiveness of the Scheme.
 - 2.4 No special valuation difficulties were reported.

Date: December 24, 2019

Place: Raipur



Sou Devaraj
CHAIRMAN