



inspired by tomorrow

EMCO LIMITED

CIN: L31102MH1964PLC013011

Regd. Office: N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003

Tel No.: +91 257 2272 462 • Fax: +91 257 2272 598

Web: www.emco.co.in • E-mail: emco.jalgaon1@emco.co.in

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF EMCO LIMITED

Day	:	Tuesday
Date	:	17th November, 2015
Time	:	12:00 Noon
Venue	:	N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003

Sr. No.	Contents	Page No.
1.	Notice of the Court Convened Meeting of the Equity Shareholders of EMCO Limited	2-3
2.	Explanatory Statement under Section 393 of the Companies Act, 1956	4-12
3.	Scheme of Arrangement between EMCO Limited (Transferor Company) and EMCO Infrastructure Limited (Transferee Company) and their respective shareholders and creditors under Sections 391 and 394 and other relevant provisions of the Companies Act, 1956 and any amendments thereto or replacements thereof	13-23
4.	Valuation Report dated June 25, 2015, issued by SSPA & Co. to the Board of Directors of EMCO Limited.	24-31
5.	Fairness opinion dated June 25, 2015, issued by Saffron Capital Advisors Private Limited to the Board of Directors of EMCO Limited.	32-35
6.	Copy of the Observation Letter dated September 23, 2015 issued by BSE Limited to EMCO Limited.	36
7.	Copy of the Observation Letter dated September 23, 2015, issued by the National Stock Exchange of India Limited to EMCO Limited.	37-38
8.	Complaint Report dated August 1, 2015, submitted by EMCO Limited to BSE Limited and the National Stock Exchange of India Limited	39-40
9.	Form of Proxy	41-42
10.	Attendance Slip	43

L

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO 801 of 2015

In the matter of the Companies Act, 1956 (1 of 1956);-

AND

In the matter of Application under Sections 391 to 394 of the
Companies Act, 1956 or any re-enactment thereof;

AND

In the matter of Scheme of Arrangement between EMCO Limited
(Transferor Company) and EMCO Infrastructure Limited (Transferee
Company) and their respective shareholders and creditors

EMCO Limited [CIN: L31102MH1964PLC013011],)
a company incorporated under the provisions of)
the Companies Act, 1956 and having its registered)
office at N – 104, MIDC Area, Mehrun, Jalgaon,)
Maharashtra – 425 003, India)
).....Applicant / Transferor Company

**NOTICE OF THE COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF
EMCO LIMITED, THE APPLICANT COMPANY**

To,

The Equity Shareholders of **EMCO LIMITED** ("the Applicant Company" or "Transferor Company" or "EMCO")

TAKE NOTICE that by an order made on the 16th day of October, 2015, the Hon'ble High Court of Judicature at Bombay (the "Order"), has directed that a meeting of the **Equity Shareholders** of **EMCO Limited** ("**Meeting**"), the Applicant Company, be convened and held at N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003, India on Tuesday, November 17th, 2015 at 12:00 Noon, for the purpose of considering, and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between the Applicant Company (which is the Transferor Company) and EMCO Infrastructure Limited (the Transferee Company) and their respective shareholders and creditors ("**Scheme**" or "**the Scheme**").

TAKE FURTHER NOTICE that in pursuance of the said Order, a meeting of the Equity Shareholders of the Applicant Company will be held at N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003, India on Tuesday, the 17th of November, 2015 at 12:00 Noon which you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised signatory, is deposited at the registered office of the Applicant Company, at N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003 not later than 48 (forty eight) hours before the commencement of the meeting.

The Hon'ble High Court of Judicature at Bombay has appointed Mr. Shailesh S. Jain, Vice-Chairman of the Applicant Company, and failing him Mr. Rajesh S. Jain, Chairman of the Applicant Company, and failing him, Mr. Amit Sudhakar, Chief Financial Officer of the Applicant Company to be the Chairman of the said Meeting.

A copy of each of the Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956, the other enclosures as indicated hereinabove, the Form of Proxy and Attendance Slip is enclosed.

Dated this October 21, 2015

Sd/-

Shailesh S. Jain
Chairman appointed for the meeting

Registered Office:

EMCO Limited
N – 104, MIDC Area, Mehrun, Jalgaon,
Maharashtra – 425 003

otes:

1. All alterations made in the form of proxy should be initialed.
2. Only registered equity shareholders of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under applicable provisions of the Companies Act) at the Equity Shareholders meeting. The authorized representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend and vote at the Equity Shareholders meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the commencement of Meeting.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE APPLICANT COMPANY. THE FORM OF PROXY DULY COMPLETED SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE APPLICANT COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
4. Foreign Institutional Investor (FII) who are registered Equity Shareholder(s) of the Applicant Company would be required to deposit certified copies of Custodial resolutions/Power of Attorney, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of the Applicant Company not later than 48 hours before the commencement of the meeting.
5. Members are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Applicant Company in respect of such joint holding will be entitled to vote.

Encl.: As above

↓

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO 801 of 2015

In the matter of the Companies Act, 1956 (1 of 1956);-

AND

In the matter of Application under Sections 391 to 394 of the
Companies Act, 1956 or any re-enactment thereof;

AND

In the matter of Scheme of Arrangement between EMCO Limited
(Transferor Company) and EMCO Infrastructure Limited (Transferee
Company) and their respective shareholders and creditors.

EMCO Limited [CIN: L31102MH1964PLC013011],)
a company incorporated under the provisions of)
the Companies Act, 1956 and having its registered)
office at N – 104, MIDC Area, Mehrun, Jalgaon,)
Maharashtra – 425 003, India)
).....Applicant / Transferor Company

**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956. TO THE NOTICE OF
THE COURT CONVENED MEETING, OF THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY**

- 1 Pursuant to an order dated October 16, 2015, passed by the Hon'ble High Court of Judicature at Bombay, in Company Summons for Directions No. 801 of 2015 (the "**Order**"), a Meeting ("**Court Convened Meeting**") of the equity shareholders of EMCO Limited (the "**Transferor Company**", which is the Applicant Company herein) is being convened and held at N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003, India on Tuesday, the 17th of November, 2015 for the purpose of considering, and if thought fit, approving, with or without modification, the Scheme of Arrangement between EMCO Limited (the "**Transferor Company**" or "**the Applicant Company**" or "**EMCO**") and EMCO Infrastructure Limited (the "**Transferee Company**" or "**EIL**") and their respective shareholders and creditors (the "**Scheme**").
2. In terms of the said Order, the quorum for the Court Convened Meeting shall be as prescribed under Section 103 of the Companies Act, 2013 of the Transferor Company present in person. Further in terms of the said Order, the Hon'ble High Court of Judicature at Bombay, has appointed Mr. Shailesh S. Jain, Vice-Chairman of the Applicant Company, and failing him, Mr. Rajesh S. Jain, Chairman of the Applicant Company, and failing him, Mr. Amit Sudhakar, Chief Financial Officer of the Applicant Company, shall be the Chairman of the aforesaid Meeting.
3. This explanatory statement explaining the terms of the Scheme is being furnished as required under Section 393 of the Companies Act, 1956 (the "**Act**"), ("**Explanatory Statement**").
4. The Scheme envisages transfer of the "Infrastructure Undertaking" (as defined in the Scheme) of the Applicant Company to the Transferee Company, its effective wholly owned subsidiary (WoS), with effect from April 1, 2015 ("**Appointed Date**"). A copy of the Scheme setting out in detail the terms and conditions of the arrangement is enclosed.
5. Under Section 391 of the Companies Act, 1956, the proposed Scheme will have to be approved by a majority in number representing at least three-fourths in value of Equity shareholders present and voting either in person or by proxy at the meeting.
6. The resolution to be moved at the said meeting will read as follows:
"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 and of the Companies Act, 2013 including any statutory modifications, amendments or re-enactment thereof for the time being in force and Clause 24 of Object Clause III of the Memorandum of Association of EMCO Limited ("the Company" or "EMCO" or "the Transferor Company" or "the Applicant Company") and subject to the requisite sanction of the High Court of Judicature at Bombay or the National Company Law Tribunal ("NCLT"), as the case may be, and such other statutory / regulatory authority(ies), as may be applicable, the Scheme of Arrangement ("the Scheme") between the Company and EMCO Infrastructure Limited ("EIL" or "the Transferee Company") and their respective shareholders

and creditors providing for sale of the Infrastructure Undertaking of the Transferor Company to EIL, as per the terms and conditions mentioned in the draft scheme placed before this meeting and initialed by the Chairman of the Meeting for the purposes of identification, be and hereby approved.

RESOLVED FURTHER THAT Mr. Rajesh S. Jain (DIN:00005829), Chairman, Mr. Shailesh S. Jain (DIN:00006180), Director, Mr. Amit Sudhakar, Chief Financial Officer, Mr. Ganesh Tawari, Company Secretary and Mr. Balmukund Somani, Mr. Suhas Pawar, Authorised Signatories of the Company be and are severally authorised to give effect to the Scheme and to do all such acts, deeds, matters and things as also to execute such documents, writings, affidavits as may be necessary and to settle any questions or difficulties to give effect to this resolution, give any directions necessary for obtaining approval of and giving effect to the Scheme and to accept such alteration, modification and / or conditions, if any which may be proposed required or imposed by the Hon'ble Court of Judicature at Bombay while sanctioning the Scheme."

BACKGROUND OF COMPANIES

7. EMCO LIMITED ("EMCO" or "the Applicant Company" or "the Transferor Company")

- a) The Applicant Company, namely EMCO Limited, was incorporated under the Act on September 19, 1964, as EMCO Transformers Private Limited. The status of the company has been changed from private limited to public limited and hence the name of the company changed to "EMCO Transformers Limited" on 15th May, 1965. Its name was subsequently changed to "EMCO Limited" with effect from 27th October, 1998.
- b) The Registered Office of the Applicant Company is situated at N – 104, MIDC Area, Mehrun, Jalgaon – 425 003, Maharashtra, India.
- c) The authorized, issued, subscribed and paid-up share capital of the Applicant Company as on March 31, 2015 is as under:

Share Capital	Amount in Rs.
Authorised Capital	
<u>Equity Shares</u>	
7,50,00,000 Equity Shares of Rs. 2/- each	15,00,00,000
<u>Preference Shares</u>	
5,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each	5,00,00,000
Total	20,00,00,000
Issued, Subscribed and Paid-up Share Capital	
<u>Equity Shares</u>	
6,75,75,885 Equity Shares of Rs. 2/- each, fully paid up	13,51,51,770
Total	13,51,51,770

Subsequent to March 31, 2015 there is no change in the Capital Structure of the Applicant Company. The equity shares of Applicant Company are, at present, listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

- d) The Applicant Company is India's leading products and solutions provider for power generation, transmission, distribution, utilities and industry.
- e) The Objects of the Applicant Company as set out in Clause III of its Memorandum of Association which are being pursued by the Applicant Company are *inter alia* as follows:
 - 1) "To carry on business as manufacturers and repairs of and dealers in, dynamos, motors, armatures, magnatos, batteries, conductors, insulators, transformers, converters, switch-boards, stoves, cooker, glass, pottery, rubber, insulating materials and generally electrical plant, machinery, appliances and supplies of every description, railway locomotives, carriages, wagons and running stock, motor omnibuses, motor cars and accessories, motor cycles, cycles, aeroplanes, sea-planes, and air vehicles or apparatus.
 - 2) To carry on business as ironmasters, iron founders, steel makers, and converters, and manipulators of and workers in, metals and alloys of all descriptions, electrical and mechanical engineers and contractors, wood and timber merchants, joiners and carpenters, garage proprietors, carriers of passengers and goods, haulage contractors, and builders merchants.
 - 3) To carry on the business of electricians, electrical engineers and manufacturers of all kinds of electrical machinery and electrical apparatus for any purpose whatsoever and to manufactures, sell, supply and deal in accumulators, lamps, meters, engines, dynamos, batteries, telephonic or telegraphic apparatus of any kind and manufacturers of and dealers in scientific instruments of any kind."

8. EMCO INFRASTRUCTURE LIMITED (“EIL” or “the Transferee Company”)

- a) The Transferee Company, namely EMCO Infrastructure Limited, was incorporated on 14th day of May, 2008 under the name and style of “Warora Power Company Limited” under the Companies Act, 1956 (hereinafter referred to as the “Act”). Subsequently, on 27th October, 2009 the name of the company changed into “EMCO Infrastructure Limited” with the Registrar of Companies, Maharashtra at Mumbai.
- b) The Transferee Company has its registered office at Plot No – F-5, Road No. 28, Wagle Industries Estate, Thane, Maharashtra, 400 604, India.
- c) The authorized, issued, subscribed and paid-up share capital of the Transferee Company as on March 31, 2015 is as follows:

Share Capital	Amount in Rs.
Authorised Capital	
<u>Equity</u>	
50,000 Equity Shares of Rs. 10/- each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-up Share Capital	
<u>Equity</u>	
50,000 Equity Shares of Rs. 10/- each, fully paid up	5,00,000
Total	5,00,000

Subsequent to 31st March, 2015 there is no change in the capital structure of the Transferee Company. EMCO Limited holds 99.90% equity stake of EIL and the balance 0.10% equity stake is held by it's another wholly owned subsidiary viz. EMCO Renewable Energy Limited.

- d) The Objects of the Transferee Company as set out in Clause III of its Memorandum of Association which are being pursued by the Transferee Company are *inter alia* as follows:
 - 1) “To create, build, construct, install, establish, erect, undertake, acquire, procure, lay down, commission, maintain, repair, own, operate, manage, control, administrate, lease, transfer, dispose, distribute, rent all types of infrastructure projects, facilities or works and to finance, conceive, plant, survey, design, study and evaluate all steps, process, techniques and methods for setting up of infrastructure projects, facilities or works including roads, bridges, flyovers, highways, rail roads, railway station, platform yards, rail tracks, railway electrification, airports, seaports power plant, berths, jetties, docks, biotechnology park, recreation centers, entertainment park, marine structures of all types, water supply system, irrigation project, sanitation system, sewerage system, firefighting system, warehousing, storage, power substation, power transmission, telecommunication, power generation or other power related projects, transformation systems of all types, pumping stations, mass housing projects, industrial plans of all types , industrial / agricultural parks, technology park, civil projects, environmental based projects, establishment of new agro based container park, inland container depot (ICD) / container freight station (CFS), residential & commercial establishment of all description, information technology park and free trade warehousing zone (FTWZ) and oil exploration projects on shore and offshore projects, schools, colleges and other educational or vocational buildings, hospitals, health centers, community centers like public halls, theatres, gardens, parks, sports centers, museums, libraries, garages, hotels, holiday homes, resorts, motels and to render all services in connection thereto as a designers, consultants, developers, agents, advisor, builders, architects engineers and to carry on the business in India or anywhere abroad.
 - 2) To layout , develop, construct, build, erect, demolish, re-erect, alter, repair, re-model, improve, grades, curves, pave, macadamize, cement, maintain or do any other work in connection with any building or building scheme, structures, houses, apartments, places of worship, paths, streets, sideways, courts, alleys, pavements, roads, highway, docks, sewers, bridges, canal, wells, springs, dams, power plants, boors, wharves, ports, reservoirs, embankments, tramway, railways, irrigations, reclamations, improvements, sanitary, water, gas or any other structural or architectural work of any kind whatsoever and for such purpose, to prepare estimates, designs, plans, specification or models.”

9. RATIONALE FOR THE SCHEME

- a) Infrastructure Undertaking has ambitious plans for the growth of its business. Transfer of Infrastructure Business to an effective wholly owned subsidiary EIL, a separate legal entity would facilitate business growth through greater levels of empowerment.
- b) It will enable the Management of the Transferee Company to have focused attention on the Infrastructure business and create increased opportunities for leadership development and a clean structure for fund raising for the Infrastructure business.

- c) The plan includes significant participation in various markets domestic as well as international for which it is necessary to create a robust leadership team and structure to enable funds for future growth of the Infrastructure business.
- d) Creating a niche in the Infrastructure sector towards building a strong brand image.
- e) Providing greater levels of empowerment to enhance competitiveness, increase accountability and strengthen performance culture.
- f) Facilitating benchmarking with established domestic / global peers in the Infrastructure sector, thereby bringing in improved efficiency in its operations, enhanced competitiveness & accountability and strengthen performance culture.
- g) Enhancing the overall Shareholders' Value.

10. **Salient Features of the Scheme are as follows:**

10.1 The proposed Scheme envisages the arrangement between the Applicant Company and EIL and their respective shareholders and creditors providing for sale of the Infrastructure Undertaking of the Applicant Company to EIL under Sections 391-394 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 2013 with effect from the Appointed Date. The salient features of the Scheme are as under:

- a) Appointed Date for the Scheme of Arrangement would be April 1, 2015 or any other date as may be approved by the Board of Directors of the Transferor Company and the Transferee Company, subject to the approval of the Hon'ble High Court;
- b) Transfer of all assets and liabilities, commercial and business rights including the pre-qualification financials and technical parameters, bidding rights, capabilities, legacy and track records pertaining to Infrastructure Undertaking of the Applicant Company into EIL pursuant to the Scheme of Arrangement;
- c) EIL shall be required to pay lump sum cash consideration for transfer of the Transferred Undertaking by the Applicant Company to EIL upon the terms of this Scheme, amounting to Rs. 418 Crores (Rupees Four Hundred Eighteen Crores Only) to the Applicant Company based on the fair value of the "Infrastructure Undertaking" as determined by the Independent Valuers and duly approved by the Audit Committee and the Board of Directors of Applicant Company and the Board of Directors of EIL. Such consideration inter alia would be discharged by EIL, within 180 business days from the date of the Scheme becoming Effective, for transfer of the Infrastructure Undertaking with a mix of debt, equity and internal accruals;
- d) The Scheme of Arrangement would become effective upon receipt of all requisite approvals including from the shareholders, creditors, the Securities and Exchange Board of India ("SEBI"), Bombay Stock Exchange ("BSE"), National Stock Exchange of India Limited ("NSE"), the High Court of Judicature at Bombay and upon filing the certified copies of the order of the High Court of Judicature at Bombay with the Registrar of Companies.
- e) EMCO would continue with all its other businesses such as Transformers, Energy Meters, Power Generation Business, Coal Mines etc.
- f) The Scheme provides for the accounting treatment to give effect to the transaction of sale of business as provided in the Scheme.

10.2 "**Infrastructure Undertaking**" of the Applicant Company proposed to be transferred pursuant to this Scheme is defined in Para 1(i) of the Scheme; means and includes undertaking engaged in business of fabrication and galvanizing of steel structures, erection of substation and transmission lines on Engineering-procurement-construction (EPC) / Turnkey Basis including process designing, engineering, procurement, construction, manufacturing, building, erecting, testing, commissioning, providing consultancy, supervising, owning, operating, maintaining and providing other related services in any form across the world for works or projects related to Power Transmission and Distribution and any kind of works or projects on Engineering-procurement-construction (EPC) / Turnkey basis or Build-Operate-Transfer (BOT) or Build-Own-Operate-Transfer (BOOT) or Build-Own-Operate-Maintain (BOOM) basis or any other basis either directly or through subsidiary or joint venture of the Transferor Company.

10.3 "**Transferred Undertaking**" is defined in Para 1(m) of the Scheme means Transferor Company's entire undertaking, business, activities and operations, commercial and business rights including the pre-qualification financials and technical parameters pertaining to the Infrastructure Undertaking, including all movable and immovable, tangibles and intangibles properties and liabilities, of whatsoever nature and kind and wheresoever situated, of the Transferor Company, or otherwise, pertaining to Infrastructure Undertaking, including the branches, offices, sites, factories etc. whether Indian or foreign, pertaining to Infrastructure Undertaking. The term Transferred Undertaking shall include the following:-

- (i) All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible, business and commercial rights pre-qualification conditions, track record etc.) including investments in Subsidiary / Joint ventures companies wherever situated and of whatever nature, pertaining thereto through which the Transferor Company carries on the business, activities and operations relating to the Infrastructure Undertaking .
- (ii) All present and future liabilities (including contingent liabilities) loans, debts (whether secured or unsecured) raised or incurred, current liabilities and provisions, duties and obligations of every kind, nature and description whatsoever and howsoever arising or accruing in relation to the business activities and/or operations relating solely to the Infrastructure Undertaking.

- (iii) Without prejudice to the generality of the above, Infrastructure Undertaking shall also include in particular:
- a. Land (Freehold or Leasehold), Factory buildings, workshops, warehouses, plant and machinery, equipments, furniture and fixture, vehicles and any other fixed assets in relation to the Infrastructure Undertaking;
 - b. All current assets, inventory, stock-in-trade, unbilled work-in-progress, account receivables, loans and advances, prepaid expenses and other assets in relation to the Infrastructure Undertaking;
 - c. Cash and cash equivalents, bank balances and bank accounts relating to the Infrastructure Undertaking, if any;
 - d. Security deposits, advances, earnest monies, advance lease rentals or other payments made to or received from the lessors or suppliers or service providers in relation to the Infrastructure Undertaking;
 - e. All agreements (including lease agreements and leave and license agreements), rights, contracts (including customer contracts of every nature and revenue and receipts associated therewith), entitlements, pre-qualifications, permits, licenses, registrations, insurance policies, approvals, consents, engagements, arrangements, bids, tenders, letter of intents, Memorandum of Understanding, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever (including but not limited to benefits of tax relief under the Income-tax Act, 1961, benefit/setoff/credit, refund, unutilized deposit or credit etc. to the extent it is transferable under the provisions of respective relevant laws such as VAT, sales tax, excise, service tax, Customs etc. relating to Infrastructure undertaking.
 - f. All employees of the Transferor Company who are engaged in relation to or in connection with the Infrastructure Undertaking ;
 - g. All necessary records, files, documents, reports, papers, computer programs, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form in connection with or relating to the Infrastructure Undertaking ;
 - h. All Intellectual Property rights (including patents, know-how, trade secrets) owned or licensed, records, files, papers, data and documents relating to and / or attributable to Infrastructure Undertaking ;
 - i. All pending litigations or non-litigations or proceedings filed by or against the Transferor Company pertaining to the Infrastructure Undertaking;
 - j. All loans and borrowings specifically raised and utilized for the activities or operations of the Infrastructure Undertaking and Working Capital facilities availed of by the Transferor Company for the purposes of the Infrastructure Undertaking and other liabilities incurred in connection therewith; and
 - k. All Commercial and Business right(s) including Right to use the work experience, qualifications, capabilities, legacies and track record with National & International Infrastructure Companies, Government / Non – Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financials etc.) of the Transferor Company, whether or not pertaining to the Transferred Undertaking, acquired by reason of the completion of various projects and works, certificates of completion of projects or works issued by the clients and the right to use all these for qualifying for any tender or project that may be issued at any time;
 - l. Perpetual usage of "EMCO" brand for carrying out Infrastructure Business.

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

N. B. - The above features set out being only the salient features of the Scheme of Arrangement; ALL Equity Shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

11. The financial position of the Transferor Company will not be adversely affected by the Scheme. The financial position of the Transferor Company will continue to remain strong and it will be able to meet and pay its debts as and when they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of the Transferor Company shall not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
12. The Board of Directors of the Applicant Company and EIL have at their respective meeting held on June 25, 2015 by resolutions passed, unanimously approved the Scheme. A copy of the scheme is enclosed as **Annexure 1**.
13. The Applicant Company have obtained Valuation Report from Independent Chartered Accountant, SSPA & Co. and fairness opinion of an independent Merchant Banker, Saffron Capital Advisors Private Limited. The report and the fairness opinion were also placed before the Board of Directors of the Applicant Company and EIL. A copy of the Valuation Report and Fairness opinion are enclosed as **Annexure 2 and 3** respectively.
14. In accordance with the Circular No. CIR/CFD/DIL/5/2013 issued by the Securities and Exchange Board of India ("SEBI") on February 4, 2013 as amended vide Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, meeting of the Audit Committee

of the Applicant Company held on June 25, 2015 recommended the proposed Scheme of Arrangement for approval of the Board of Directors of the Company and the same was approved.

15. National Stock Exchange of India Limited was appointed as the Designated Stock Exchange by the Applicant Company for the purpose of coordinating with the SEBI, pursuant to the SEBI Circulars. The Applicant Company has received observation letters regarding the Scheme from BSE Limited and National Stock Exchange of India Limited on September 23, 2015 pursuant to which each of the stock exchanges have respectively conveyed their no objection for filing the Scheme with the High Court. Copies of the observation letters are enclosed as **Annexure 4 and 5** respectively.
16. The Scheme was filed by the Applicant Company and EIL with the High Court of Judicature at Bombay. The Hon'ble High Court Judicature at Bombay has directed the Applicant Company to convene a meeting of its Equity Shareholders to seek their approval to the Scheme, and has dispensed with the requirement of convening meetings of the Secured Creditors and the Unsecured Creditors of the Transferor Company to seek their approval to the Scheme vide its Order dated October 16, 2015.
17. As required by the SEBI Circulars, the Applicant Company has filed the Complaint Report with BSE Limited and National Stock Exchange of India Limited on August 1, 2015. This report indicates that the Applicant Company have not received any complaints. A copy of the complaint report dated August 1, 2015 is enclosed as **Annexure 6**.
18. No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956, and/or provisions of Chapter XIV of the Companies Act, 2013, against the Applicant Company.
19. No winding up proceedings have been filed or pending against the Applicant/Transferor Company and Transferee Company under the Act except one petition which is pending for admission / withdrawal against the Applicant Company.
20. The Scheme is inter-alia conditional and subject to necessary sanctions and approvals as set out in Clause 20 of the Scheme.
21. Upon the conclusion of the Equity Shareholders meeting of the Applicant Company, the Applicant Company and the Transferee Company will file petition under Section 394 and other applicable provisions of the Companies Act, 1956 and / or Companies Act, 2013, as may be applicable with the Hon'ble High Court of Judicature at Bombay/ National Company Law Tribunal, as applicable or such other forum or authority as may be vested with any of the powers of the High Court under the Act for sanctioning of the Scheme.
22. Non-Applicability of Postal Ballot and E-Voting Procedure: Approval of the shareholders was not sought by postal ballot and e-voting (as required under Clause 5.16 (a) of the SEBI Circular) since the proposed Scheme is not covered under any of the cases listed under the aforesaid Clause 5.16 (a). As per Clause 5.16 (b), the necessary undertaking/approval/certification has been obtained by the Transferor Company.
23. Since no shares to be issued in terms of the Scheme of Arrangement by the Applicant Company. The shareholding pattern of the Applicant Company post scheme will remain same: Based on the shareholding as on September 30, 2015 the likely pre-post arrangement Shareholding pattern of the Applicant Company would be as under:

SN	Description	Pre & Post – Arrangement	
		Equity Shares	%
(A)	Shareholding of Promoter & Promoter Group		
(1)	Indian		
	Individuals / Hindu Undivided Family	2,23,65,140	33.09
	Bodies Corporate	83,55,858	12.37
	Sub Total	3,07,20,998	45.46
(2)	Foreign	0	0
	Total shareholding of Promoter and Promoter Group (A)	3,07,20,998	45.46
(B)	Public Shareholding		
(1)	Institutions		
	Mutual Funds / UTI	31,01,062	4.59
	Financial Institutions / Banks	36,999	0.05
	Foreign Institutional Investors	54,500	0.08
	Insurance Companies	3,84,838	0.57
	Sub Total	35,77,399	5.29

SN	Description	Pre & Post – Arrangement	
		Equity Shares	%
(2)	Non-Institutions		
	Bodies Corporate	1,07,17,206	15.86
	Individuals		
	Individual shareholders holding nominal share capital up to Rs. 1 lakh	1,42,76,856	21.13
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	60,97,981	9.02
	Any Others (Specify)		
	Clearing Members	2,10,315	0.31
	Directors / Relatives	62,975	0.09
	NRI (Repatriate)	4,24,884	0.63
	NRI (Non - Repatriate)	2,99,303	0.44
	Trusts	450	0.00
	HUF	11,87,518	1.76
	Sub Total	3,32,77,488	49.25
	Total Public shareholding (B)	3,68,54,887	54.54
	Total (A)+(B)	6,75,75,885	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
		0	0.00
	Promoter and Promoter Group	0	0.00
	Public	0	0.00
	Sub Total	0	0.00
	Total (A)+(B)+(C)	6,75,75,885	100.00

24. Since no shares to be issued in terms of the Scheme of Arrangement. The shareholding pattern of the Transferee Company post scheme will remain same. Pursuant to the Scheme becoming effective, EIL would continue to remain effective wholly owned subsidiary of EMCO. Based on the shareholding as on September 30, 2015, the likely pre-post arrangement Shareholding pattern of the Transferee Company would be as under:

Register Folio No.	Name of the Shareholder	No. of Equity Shares held of face value of Rs.10/- each	Paid-up capital (Rs.)
15	EMCO Limited	49,944	4,99,440
22	EMCO Renewable Energy Limited	50	500
16	Rajesh S. Jain (Nominee of EMCO Ltd)	1	10
17	Shailesh S. Jain (Nominee of EMCO Ltd)	1	10
18	Radhey S. Shah (Nominee of EMCO Ltd)	1	10
19	EMCO Investments Pvt Ltd (Nominee of EMCO Ltd)	1	10
20	Triptee R. Jain (Nominee of EMCO Ltd)	1	10
21	Yachana S. Jain (Nominee of EMCO Ltd)	1	10
	Total	50,000	5,00,000

25. Since no shares to be issued in terms of the Scheme of Arrangement, the Pre-Arrangement and Post-Arrangement (Expected) Capital Structure of the Applicant Company and the Transferee Company will remain same as provided in Para 7(c) and 8(c) of this Statement.

3. The details of the present directors of the Applicant Company are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age
1	Mr. Rajesh S. Jain	Chairman	29/06/1992	51
2	Mr. Shailesh S. Jain	Vice – Chairman	09/10/1993	50
3	Mr. S.V. Deo	Independent Director	22/03/2004	75
4	Mr. Bherulal Choudhary	Independent Director	17/04/2003	48
5	Mr. Sanjay Bhatnagar	Independent Director	20/09/2011	49
6	Mrs. Priyamvada A. Bhumkar	Independent Director	01/04/2015	53

27. The details of the present directors of EIL are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age
1	Mr. Rajesh S. Jain	Director	14/05/2008	51
2	Mr. Shailesh S. Jain	Director	14/05/2008	50
3	Mr. Radhey Shyam Shah	Director	14/05/2008	70

28. The Directors, Key Management Personnel ("KMP") and relatives of the Directors and the KMP of the Applicant Company and EIL may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective companies or to the extent the said directors are common directors in the Companies or to the extent the said directors are the partners, directors, members of the Companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies. Save as aforesaid, none of the Directors of the Applicant Company have any material interest in the proposed Scheme.

29. The extent of the shareholding of the Directors and Key Managerial Personnel of EMCO in EMCO and EIL is as under:

Sr. No.	Name of the Director / Key Managerial Personnel	Designation	Equity shares held in EMCO	Equity shares held in EIL
1	Mr. Rajesh S. Jain	Chairman	95,99,345	1*
2	Mr. Shailesh S. Jain	Vice – Chairman	62,99,340	1*
3	Mr. S.V. Deo	Director	0	0
4	Mr. Bheru Choudhary	Director	0	0
5	Mr. Sanjay Bhatnagar	Director	0	0
6	Mrs. Priyamvada A. Bhumkar	Director	0	0
7	Mr. Amit Sudhakar	Chief Financial Officer	3,000	0
8	Mr. Ganesh Tawari	Company Secretary	0	0

(* holding as Nominee of EMCO Limited)

30. The extent of the shareholding of the Directors and Key Managerial Personnel of EIL in EIL and the EMCO is as under:

Sr. No.	Name of the Director / Key Managerial Personnel	Designation	Equity shares held in EIL	Equity shares held in EMCO
1	Mr. Rajesh S. Jain	Director	1*	95,99,345
2	Mr. Shailesh S. Jain	Director	1*	62,99,340
3	Mr. Radhey Shyam Shah	Director	1*	100

(* holding as Nominee of EMCO Limited)

INSPECTION OF DOCUMENTS

31. The following documents will be open for inspection at the Registered Office of the Transferor Company / Applicant Company at N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003 between 10.00 a.m. and 5.00 p.m. on any working day, except Saturdays and Sundays, up to 1 (one) day prior to the date of the meeting:
- (i) Certified copy of the order passed by the High Court of Judicature at Bombay in Company Summons for Directions No. 801 of 2015, dated October 16th, 2015 directing the Applicant Company to convene the Court Convened Meeting;
 - (ii) Copies of the latest Memorandum and Articles of Association of the Applicant Company and EIL;
 - (iii) Annual report of the Applicant Company for the year ended March 31, 2015; March 31, 2014 and March 31, 2013;
 - (iv) Copy of the limited review accounts of the Applicant Company for the quarter ended June 30, 2015;
 - (v) Copy of the audited accounts, including directors report and auditors report of EIL for the last three financial years ended March 31, 2015, March 31, 2014 and March 31, 2013;
 - (vi) Copy of the unaudited financial results of EIL for the quarter ended June 30, 2015;
 - (vii) Copy of the valuation report, dated June 25, 2015, prepared by SSPA & Co. (*Independent Chartered Accountants*);
 - (viii) Copy of the fairness opinion, dated June 25, 2015, issued by Saffron Capital Advisors Private Limited, an Independent Merchant Banker;
 - (ix) Copy of the complaints report, dated August 1, 2015 submitted by the Applicant Company to BSE Limited and the National Stock Exchange of India Limited;
 - (x) Copy of the no-objection certificates issued by BSE Limited and National Stock Exchange of India Limited, dated September 23, 2015 to the Applicant Company; and
 - (xi) Copy of the Scheme.

A copy of the Scheme, the Explanatory Statement and the Proxy Form may be obtained from the Registered Office of the Applicant Company.

Dated this October 21, 2015

Sd/-

Shailesh S. Jain
Chairman appointed for the meeting

Registered Office:

EMCO Limited

N – 104, MIDC Area, Mehrun, Jalgaon,
Maharashtra – 425 003

By Order of the Board of Directors For EMCO Limited

Sd/-

Shailesh S. Jain
Vice-Chairman

Encl.: As indicated hereinabove

Annexure 1: - Scheme of Arrangement

Annexure 2: - Valuation Report issued by SSPA & Co.

Annexure 3:- Fairness opinion issued by Saffron Capital Advisors Private Limited

Annexure 4:- Observation Letters received from BSE

Annexure 5:- Observation Letters received from NSE

Annexure 6:- Complaints report filed by the Company

SCHEME OF ARRANGEMENT

BETWEEN

EMCO LIMITED ...The Transferor Company

And

EMCO INFRASTRUCTURE LIMITED ...The Transferee Company

And

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Under Sections 391 To 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 2013 and Rules Notified thereunder

In respect of the transfer of an Undertaking of EMCO Limited to EMCO Infrastructure Limited

A: PREAMBLE

1. EMCO Limited ("**Transferor Company**") is a public limited company incorporated under the provisions of the Companies Act, 1956, having its registered office at N-104, MIDC Area, Mehrun, Jalgaon, Maharashtra - 425003. The Transferor Company is India's leading products and solutions provider for power generation, transmission, distribution utilities and industry. The Company's products include transformers, energy metering system, fabrication & galvanizing of steel structure and Power Generation, erection of substation and Transmission Lines works / Project on Engineering Procurement and Construction ("EPC") / Turnkey Basis. The equity shares of the Transferor Company are listed on the BSE Limited and the National Stock Exchange of India Limited.
2. EMCO Infrastructure Limited ("**EIL**" or "**Transferee Company**") is a company incorporated under the Companies Act, 1956, having its registered office at Plot No-F-5, Road No.28, Wagle Industrial Estate, Thane, Maharashtra, 400604. The Transferee Company is, inter alia, proposed to be engaged in the business of process designing, engineering, procurement, construction, manufacturing, building, erecting, testing, commissioning, providing consultancy, supervising, owning, operating, maintaining and providing other related services in any form across the world, for works or projects related to Power Generation, Transmission and Distribution, Railways, Industry, Telecommunications, Roads, Ports and any kind of works or projects on Engineering-procurement-construction (EPC) / Turnkey basis and Build-Operate-Transfer (BOT) or Build-Own-Operate-Transfer (BOOT) or Build-Own-Operate-Maintain (BOOM) basis or any other basis either directly or through subsidiary or Joint venture. EIL is a Wholly Owned subsidiary of EMCO Limited.
3. The Transferor Company is operating in multiple businesses in the transmission and distribution within the power sector. The Company's products include transformers, energy metering system, Power Generation. It is also engaged in the business of fabrication and galvanizing of steel structures, erection of substation and transmission lines on Engineering-procurement-construction (EPC) / Turnkey Basis which includes the business of process designing, engineering, procurement, construction, manufacturing, building, erecting, testing, commissioning, providing consultancy, supervising, owning, operating, maintaining and providing other related services in any form across the world, for works or projects related to Transmission and Distribution of Power and any kind of works or projects on Engineering-procurement-construction (EPC) / Turnkey basis and Build-Operate-Transfer (BOT) or Build-Own-Operate-Transfer (BOOT) or Build-Own-Operate-Maintain (BOOM) basis or any other basis either directly or through subsidiary or joint venture (hereinafter referred to as "**Infrastructure Undertaking**") more elaborately defined in para 1(i) of Part-1 of the Scheme herein below.

In order to provide Management the opportunity to pursue focused growth opportunities and to enhance the overall shareholders value, it is proposed that the "Infrastructure Undertaking" of the Transferor Company be carved out from the Transferor Company and transferred as a going concern to the Transferee Company, a wholly owned subsidiary of the Transferor Company. Considering the growth opportunities in the Infrastructure business sector, the need for strengthening managerial bandwidth etc, it is considered desirable to transfer the Infrastructure Undertaking to the Transferee Company, a wholly owned subsidiary of the Transferor Company.

Rationale for the scheme:

1. Infrastructure Undertaking has ambitious plans for the growth of its business. The plan includes significant participation in various markets domestic as well as international for which it is necessary to create a robust leadership team and funds for future expansion and growth.
2. Transfer of Infrastructure Business to a wholly owned subsidiary EIL, a separate legal entity would facilitate business growth, through greater levels of empowerment. It will enable the Management of the Transferee Company to have focused attention on the Infrastructure business and create increased opportunities for leadership development and a clean structure for fund raising for the Infrastructure business in addition to the following benefits:
 - a. Further developing and strengthening competencies in the Infrastructure Undertaking:

The Transferee Company will be focused on Infrastructure business and this would help in attracting the best talent from the industry which is specialized in the Infrastructure business.
 - b. Creating a niche in the Infrastructure sector towards building a strong brand image.
 - c. Capitalizing on the domestic / global growth opportunities in Infrastructure sector towards a wider reach into domestic and international markets:

Considering the growth opportunities in the Infrastructure sector, the Management, Board of Directors of the Transferor Company considered it timely and appropriate to carve - out Infrastructure Undertaking into a separate entity which can focus exclusively on Infrastructure related businesses and strengthen competencies in these business areas while ensuring a wider reach into international markets.

 - Providing greater levels of empowerment to enhance competitiveness, increase accountability and strengthen performance culture.
 - Facilitating benchmarking with established domestic / global peers in the Infrastructure sector, thereby bringing in improved efficiency in its operations, enhanced competitiveness & accountability and strengthen performance culture.
 - Enhancing Shareholders' Value.

Transfer of Infrastructure Business to the wholly owned subsidiary EIL would retain the entire value within EMCO Limited and enhance the overall shareholders' value by attribution of appropriate valuation to the Infrastructure Business and the Remaining Businesses based on respective risk-return profile and cash flows.
 - Simplified structure for potential fund raising in each business vertical
3. Therefore, with a view to achieve the above, the Transferor Company proposes that the Transferred Undertaking (*defined hereinafter*) be transferred to and vested in the Transferee Company by way of business transfer at fair values on a going concern basis to be undertaken through this Scheme (defined hereinafter) under the provisions of Sections 391 to 394 and other relevant provisions of the Act (defined hereinafter), for such consideration and in such manner as provided for in this Scheme (defined hereinafter).
4. Upon the sanction of the Scheme by the Hon'ble High Court (defined hereinafter) and the Scheme becoming effective on the Effective Date (defined hereinafter), the Transferred Undertaking shall stand transferred to, and be vested in, the Transferee Company on and from the Appointed Date (defined hereinafter) for all intent and purposes.
5. This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.

B: PARTS OF THE SCHEME

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

PART I- DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- (a) "**Act**" means the Companies Act, 1956 or the Companies Act, 2013 as may be applicable and rules and regulations made thereunder and shall include any statutory modifications, amendments or re-enactment thereof for the time being in force. It is being clarified that as on the date of approval of this Scheme by the Board of Directors of the Transferor Company and the Transferee Company, sections 391 to 394 of the Companies Act, 1956 continue to be in

force with the corresponding provisions of the Companies Act, 2013 not having been notified. Accordingly, reference in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 1956. Upon such provisions standing re-enacted by enforcement of provisions of Companies Act, 2013 such references shall, unless a different intention appears, be construed as references to the provisions so re-enacted;

- (b) **"Arrangement"** means the term "arrangement" as referred to and understood under the provisions of Sections 391 to 394 of the Act;
- (c) **"Appointed Date"** means opening of business hours on April 1, 2015 or any other date as may be approved by the Board of Directors of the Transferor Company and the Transferee Company, subject to the approval of the Hon'ble High Court;
- (d) **"Board of Directors"** in relation to the Transferor Company and the Transferee Company, means their respective board of directors, and unless it is repugnant to the context or otherwise, includes any committee of directors or any person authorised by the board of directors or by such committee of directors.
- (e) **"Consideration"** shall have the meaning ascribed to it in Clause 5 hereof;
- (f) **"Court"** or **"High Court"** means the Hon'ble High Court of Judicature at Bombay and shall include the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with any of the powers of a High Court under the Act;
- (g) **"Effective Date"** shall have the meaning ascribed to it in Clause 20.2 hereof;
- (h) **"ESOP Schemes"** shall have the meaning ascribed to it in Clause 15 hereof;
- (i) **"Infrastructure Undertaking"** means and includes undertaking engaged in business of fabrication and galvanizing of steel structures, erection of substation and transmission lines on Engineering-procurement-construction (EPC) / Turnkey Basis including process designing, engineering, procurement, construction, manufacturing, building, erecting, testing, commissioning, providing consultancy, supervising, owning, operating, maintaining and providing other related services in any form across the world for works or projects related to Power Transmission and Distribution and any kind of works or projects on Engineering-procurement-construction (EPC) / Turnkey basis or Build-Operate-Transfer (BOT) or Build-Own-Operate-Transfer (BOOT) or Build-Own-Operate-Maintain (BOOM) basis or any other basis either directly or through subsidiary or joint venture of the Transferor Company;
- (j) **"Intellectual Property"** shall have the meaning ascribed to it in Clause 16 hereof;
- (k) **"Remaining Business"** means and includes all the businesses and the divisions of the Transferor Company, other than the Transferred Undertaking such as Transformers Business, Meter Business, Power Generation Business, Coal Business including similar business carried on through Subsidiary(ies) or Joint Venture(s).
- (l) **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Arrangement in its present form submitted to the High Court or with any modification(s) made under Clause 19 of this Scheme or with such other modifications / amendments as the High Court may direct;
- (m) **"Transferred Undertaking"** means Transferor Company's entire undertaking, business, activities and operations, commercial and business rights including the pre-qualification financials and technical parameters pertaining to the Infrastructure Undertaking, including all movable and immovable, tangibles and intangibles properties and liabilities, of whatsoever nature and kind and wheresoever situated, of the Transferor Company, or otherwise, pertaining to Infrastructure Undertaking, including the branches, offices, sites, factories etc. whether Indian or foreign, pertaining to Infrastructure Undertaking. The term Transferred Undertaking shall include the following:-
 - (i) All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible, business and commercial rights pre-qualification conditions, track record etc.) including investments in Subsidiary / Joint ventures companies wherever situated and of whatever nature, pertaining thereto through which the Transferor Company carries on the business, activities and operations relating to the Infrastructure Undertaking .
 - (ii) All present and future liabilities (including contingent liabilities) loans, debts (whether secured or unsecured) raised or incurred, current liabilities and provisions, duties and obligations of every kind, nature and description whatsoever and howsoever arising or accruing in relation to the business activities and/or operations relating solely to the Infrastructure Undertaking.
 - (iii) Without prejudice to the generality of the above, Infrastructure Undertaking shall also include in particular:
 - a. Land (Freehold or Leasehold), Factory buildings, workshops, warehouses, plant and machinery, equipments, furniture and fixture, vehicles and any other fixed assets in relation to the Infrastructure Undertaking;
 - b. All current assets, inventory, stock-in-trade, unbilled work-in-progress, account receivables, loans and advances, prepaid expenses and other assets in relation to the Infrastructure Undertaking;
 - c. Cash and cash equivalents, bank balances and bank accounts relating to the Infrastructure Undertaking, if any;

- d. Security deposits, advances, earnest monies, advance lease rentals or other payments made to or received from the lessors or suppliers or service providers in relation to the Infrastructure Undertaking;
- e. All agreements (including lease agreements and leave and license agreements), rights, contracts (including customer contracts of every nature and revenue and receipts associated therewith), entitlements, pre-qualifications, permits, licenses, registrations, insurance policies, approvals, consents, engagements, arrangements, bids, tenders, letter of intents, Memorandum of Understanding, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever (including but not limited to benefits of tax relief under the Income-tax Act, 1961, benefit/setoff/credit, refund, unutilized deposit or credit etc. to the extent it is transferable under the provisions of respective relevant laws such as VAT, sales tax, excise, service tax, Customs etc. relating to Infrastructure undertaking.
- f. All employees of the Transferor Company who are engaged in relation to or in connection with the Infrastructure Undertaking ;
- g. All necessary records, files, documents, reports, papers, computer programs, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form in connection with or relating to the Infrastructure Undertaking ;
- h. All Intellectual Property rights (including patents, know-how, trade secrets) owned or licensed, records, files, papers, data and documents relating to and / or attributable to Infrastructure Undertaking ;
- i. All pending litigations or non-litigations or proceedings filed by or against the Transferor Company pertaining to the Infrastructure Undertaking;
- j. All loans and borrowings specifically raised and utilized for the activities or operations of the Infrastructure Undertaking and Working Capital facilities availed of by the Transferor Company for the purposes of the Infrastructure Undertaking and other liabilities incurred in connection therewith; and
- k. All Commercial and Business right(s) including Right to use the work experience, qualifications, capabilities, legacies and track record with National & International Infrastructure Companies, Government / Non – Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financials etc.) of the Transferor Company, whether or not pertaining to the Transferred Undertaking, acquired by reason of the completion of various projects and works, certificates of completion of projects or works issued by the clients and the right to use all these for qualifying for any tender or project that may be issued at any time;
- l. Perpetual usage of “EMCO” brand for carrying out Infrastructure Business.

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

2. DATE OF COMING INTO EFFECT

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

3. SHARE CAPITAL

- 3.1. The authorized, issued, subscribed and paid up share capital of the Transferor Company as on March 31, 2015 is as under:

Share Capital	Amount in INR
Authorized Share Capital	
7,50,00,000 Equity Shares of Rs. 2/- each	15,00,00,000
5,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each	5,00,00,000
Total	20,00,00,000
Issued, Subscribed and Paid-up Share Capital	
6,75,75,885 Equity Shares of Rs. 2/- each, fully paid up	13,51,51,770
Total	13,51,51,770

Subsequent to 31st March, 2015 there is no change in the capital structure of the Transferor Company.

- 3.2 The authorized, issued, subscribed and paid up share capital of the Transferee Company as on March 31, 2015 is as under:

Share Capital	Amount in INR
Authorized Share Capital	
50,000 Equity Shares of Rs. 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-up Share Capital	
50,000 Equity Shares of Rs. 10 each, fully paid up	5,00,000
Total	5,00,000

Subsequent to 31st March, 2015 there is no change in the capital structure of the Transferee Company. EMCO Limited holds 99.90% equity stake of EIL and the balance 0.10% equity stake is held by it's another wholly owned subsidiary viz. EMCO Renewable Energy Limited.

PART – II- TRANSFER OF THE TRANSFERRED UNDERTAKING

4. TRANSFER OF TRANSFERRED UNDERTAKING

The Transferred Undertaking shall be transferred for a lumpsum cash Consideration to the Transferor Company, as detailed in Clause 5 of the Scheme. It is hereby clarified that the Remaining Business shall continue to vest in the Transferor Company. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferred Undertaking (including all the estate, assets, rights (including business and commercial rights to use "EMCO" and the pre-qualification conditions), claims, title, interest and authorities including accretions and appurtenances of the Transferred Undertaking) pursuant to the provisions of Sections 391 to 394 of the Act shall stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company by way of business transfer, on a going concern basis without any further act, deed, matter or thing in the following manner:

4.1 Assets

- The whole of the Transferred Undertaking shall without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Transferee Company so as to vest in the Transferee Company all rights, title and interest pertaining to the Transferred Undertaking;
- All assets, investments, right, title or interest acquired by the Transferor Company after the Appointed Date but prior to the Effective Date in relation to the Transferred Undertaking shall also, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act;
- All the movable assets of the Transferred Undertaking and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, shall be so transferred to the Transferee Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date. Such date of delivery shall be within 30 (thirty) days from the Effective Date or such other date as may be mutually agreed upon by the Transferor Company and the Transferee Company;
- In respect of any movable assets of the Transferred Undertaking which are incapable of transfer by physical delivery, including actionable claims, sundry debtors, allocable miscellaneous expenditure, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, the Transferor Company shall if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Court having sanctioned this Scheme under Section 394 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company and that appropriate entries should be made in their respective books to record the aforesaid changes.

4.2 Contracts

- All contracts, deeds, bonds, agreements, schemes, bids, tenders, Letter of Intents, Memorandum of Understanding, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are

subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favor of, as the case may be, the Transferee Company in which the Transferred Undertaking vests by way of business transfer hereunder and shall be appropriately mutated by the respective authorities / parties concerned therewith in favor of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder; and

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

4.3 Liabilities

- (a) All debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Transferred Undertaking shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause;
- (b) Where any of the loans raised and used, liabilities and obligations incurred, duties and obligations of the Transferred Undertaking have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company; and
- (c) All loans raised and used and all liabilities and obligations incurred by the Transferor Company for the operations of the Transferred Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

4.4 Licenses and Permissions

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

4.5 Securities, Encumbrances and Charges Created

- (a) With effect from Appointed Date, the existing securities/encumbrances/ charges created over the assets of Infrastructure Undertaking by the Transferor Company in favour of consortium of banks or financial institution and such other secured lenders if any, shall extinguish and shall cease to have any effect over the said assets to be transferred to the Transferee Company and such said assets shall automatically be deemed to be charge to the secured creditors getting transferred as a part of the Transferred Undertaking.
- (b) The existing securities/encumbrances/charges, of the secured creditors getting transferred as a part of the Transferred Undertaking, over the assets of the Remaining Business shall automatically extinguish and shall cease to have any effect over the said assets of the Remaining Business of the Transferor Company.
- (c) Without prejudice to the foregoing and with effect from the Effective Date, the Transferor Company and the Transferee Company shall execute all such instruments or documents or do all such acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the concerned Registrar of Companies to give formal effect to the above provisions, if required.
- (d) 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 be deemed to stand modified and/or superseded by the foregoing provisions.

4.6 Others

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

5. CONSIDERATION

- 5.1 Subject to the terms and conditions of this Scheme, in consideration of the transfer of the Transferred Undertaking by the Transferor Company to the Transferee Company upon the terms of this Scheme, the Transferee Company shall be required to pay lump sum cash Consideration of Rs. 418 Crores (Rupees Four Hundred Eighteen Crores Only) ("Consideration") to the Transferor Company based on the fair value of the "Infrastructure Undertaking" determined by Independent Valuers and as approved by the Audit Committee and Board of Directors of Emco Limited and the Board of Directors of Emco Infrastructure Limited.
- 5.2 The Consideration would be discharged by the Transferee Company, within 180 business days from the date of the Scheme becoming Effective, for transfer of the Infrastructure Undertaking.

6. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY

- 6.1. Upon the Scheme becoming effective, the Transferor Company shall account for the Scheme, with effect from the Appointed Date as under:
 - (a) The accounts representing the assets and liabilities pertaining to the Transferred Undertaking shall stand reduced / closed on transfer to the Transferee Company in accordance with Clause 4.
 - (b) Any difference between the items mentioned in Clause 6.1(a) above and Consideration as detailed in Clause 5 shall be credited/debited to the Profit and Loss account.

7. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEE COMPANY

- 7.1. Upon the Scheme becoming effective, the Transferee Company shall account for the Scheme, with effect from the Appointed Date as under:
 - (a) The Transferee Company shall record all the assets (tangibles / intangibles), liabilities pertaining to the Transferred Undertaking vested in it in accordance with Clause 4, as per the values attributable to such assets, liabilities based on purchase price allocation reports obtained from valuers.
 - (b) The excess, if any, of the balances as recorded under Clause 7.1 (a) above over the Consideration as detailed in Clause 5 shall be recorded as and credited as capital reserve in the books of the Transferee Company. The shortfall, if any, shall be recorded as goodwill in the books of Transferee Company.

8. IMMOVABLE PROPERTY OF INFRASTRUCTURE UNDERTAKING OF TRANSFEROR COMPANY

- 8.1. All immovable properties of the Infrastructure Undertaking, if any, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Infrastructure Undertaking, whether

freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall be vested in and/or be deemed to have been vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties, if any, and shall be liable to pay the ground rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties, if any, shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of this Scheme by the High Court and upon the Scheme becoming effective in accordance with the terms hereof.

9. ASSETS TO BE HELD ON TRUST

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

10. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

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

11. LEGAL PROCEEDINGS

- 11.1. From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ("Proceedings") by or against the Transferor Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Transferred Undertaking shall be continued and enforced by or against the Transferee Company after the Effective Date, to the extent legally permissible. To the extent, such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company as per the instructions of and entirely at the costs and expenses of the Transferee Company.
- 11.2. If the Proceedings are taken against the Transferor Company in respect of the matters referred to in Clause 11.1 above, it shall defend the same in accordance with the advice and instructions of the Transferee Company and at the cost of the Transferee Company and the latter shall reimburse and indemnify and hold harmless the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.

12. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 12.1. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of intent, bids, Memorandum of Understanding, undertakings, arrangements, policies, agreements and other instrument, if any, of whatsoever nature pertaining to the Infrastructure Undertaking of the Transferor Company to which the Transferor Company is party and subsisting or having effect on the effective date, shall be in force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, The Transferee Company had been a party thereto.

12.2. The Transferee Company shall enter into and/or issue and/or execute deeds, writing or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Transferee Company shall to be authorized to execute any such deeds, writing or confirmation on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

13. SAVING OF CONCLUDED TRANSACTIONS

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

13.2. Benefits of any and all corporate approvals as may have already been taken by the Transferor Company in relation to the Infrastructure Undertaking, whether being in the nature of compliances or otherwise, including without limitation approvals under Sections 42, 62(1A), 180, 185, 186, 188 etc., of the Companies Act, 2013 read with the rules and regulations made thereunder, shall stand transferred to the Transferee Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company.

14. EMPLOYEES

14.1. On and from the Appointed Date, the employees who are part of the Transferred Undertaking ("**Transferred Employees**") as may be confirmed by the Board of Directors of the Transferor Company and the Transferee Company, or their respective delegates, shall, be deemed to have ceased to be employees of the Transferor Company, and the Transferee Company shall be deemed to have employed such employees on the terms and conditions which are not less favorable or are on the same terms and conditions on which they are engaged as on the Appointed Date by the Transferor Company without any interruption of service as a result of the transfer.

14.2. In so far as the existing provident fund, gratuity fund and superannuation fund and/or schemes, leave encashment and any other special scheme or benefits created or existing for the benefit of such Transferred Employees, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, upon this Scheme becoming effective, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by the Transferor Company in relation to the Transferred Undertaking, in accordance with the provisions of applicable laws or otherwise. In addition such funds, gratuity or other schemes created or maintained by the Transferor Company for the employees of the Transferred Undertaking, shall, subject to the necessary approvals and permissions, be transferred to the relevant funds and/or schemes as determined by the Transferee Company. If the Transferee Company, as on the Effective Date, does not have such funds or schemes to enable the transfer of contributions made by the Transferor Company with respect to the employees of the Transferred Undertaking, the Transferee Company shall establish such funds and/or schemes to enable the transfer of the contributions made by the Transferor Company in relation to the employees of the Transferred Undertaking.

14.3. Until such time that the Transferee Company creates its own funds and/or trust, the Transferee Company may, subject to necessary approvals and permissions that may be required, continue to contribute in respect of the Transferred Employees to the relevant funds of the Transferor Company. At the time that the Transferee Company creates its own funds, the contributions pertaining to the Transferred Employees shall be transferred to the funds created by the Transferee Company. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the Transferred Employees and the services of all the Transferred Employees of the Transferred Undertaking for such purpose shall be treated as having been continuous and uninterrupted for the purpose of the aforesaid schemes or funds and all benefits to which the said Transferred Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident fund plans, superannuation plans and any other retirement benefits and accordingly such services shall be reckoned therefore from the date of their respective appointment in the Transferor Company.

15. ESOP ENTITLEMENT

15.1. In respect of the stock options granted by the Transferor Company under all the existing Employee Stock Option Schemes (the "ESOP Schemes") to the employees who are part of the Transferred Undertaking, which have not been exercised and are outstanding as of the Effective Date, the Transferee Company shall have no obligation to issue any stock options to the such employees and all outstanding obligations under the ESOP Scheme to such employees shall continue to be honoured by the Transferor Company in accordance with the terms of the ESOP Schemes. Transferor Company shall recover ESOP charge from the Transferee Company in respect of options granted to employees of the Transferred Undertaking based on the ESOP charge accounted in the books of Transferor Company on or after the Appointed Date.

16. INTELLECTUAL PROPERTY

16.1. It is clarified that notwithstanding anything to the contrary contained herein, all rights relating to patents, designs and drawings, trademarks, service marks, logos, domain names and utility models, copyrights, inventions, brand names, business and commercial right(s) including the pre-qualification conditions and such other rights which are possessed and/or owned by the Transferor Company including the right to use the "EMCO" brand name for perpetuity, and business names and any similar rights and the benefit of any of the foregoing ("Intellectual Property") shall be available to Transferee Company, so far as it pertains to the Infrastructure Undertaking. Also it is clarified that the Transferee Company will have the right to use the remaining Intellectual Property of the Transferor Company under suitable arrangement.

17. REMAINING BUSINESS

17.1. The Remaining Business and all the assets, liabilities and reserves, other than the assets, liabilities and obligations pertaining to Infrastructure Undertaking shall continue to belong to and be vested in and be managed by the Transferor Company.

17.2. Any Proceedings by or against the Transferor Company, whether pending on the Appointed Date or which may be instituted in future whether in respect of any matter arising before or after the Effective Date and relating to the Remaining Business (including those relating to any property, right, security, power, liability, obligation or duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company, which shall keep the Transferee Company fully indemnified in that regard. The Transferee Company shall in no event be responsible or liable in relation to any such Proceedings against the Transferor Company.

PART III-GENERAL TERMS AND CONDITIONS

18. APPLICATION TO COURT

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

19. MODIFICATION OR AMENDMENTS TO THE SCHEME

19.1. Notwithstanding anything to the contrary contained in this Scheme, Subject to approval of the High Court, the Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications/ amendments to the Scheme (i) including but not limited to the terms and conditions thereof or (ii) to incorporate any conditions or limitations that the Court or any other authority may deem fit to direct or impose; or (iii) which may otherwise be considered necessary, desirable or appropriate by them.

19.2. The Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of, or under, or by virtue of the Scheme and/or any matter concerned or connected therewith, including but not limited to any questions relating to whether any assets or liabilities of the Transferor Company are included in the definition of "Transferred Undertaking".

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

20. CONDITIONALITY OF THE SCHEME

20.1 This Scheme is and shall be conditional upon and subject to:

- (a) Approval of the scheme by the requisite majority of each class of the respective members and / or creditors of the Transferor Company and Transferee Company as may be directed by the High Court;
- (b) Sanctions and orders under the provisions of Sections 391 to 394 of the Act being obtained by Transferor Company and Transferee company from the High Court
- (c) The authenticated copy / certified copy of the order(s) of the High Court sanctioning the Scheme being filed with the appropriate Registrar of Companies.

20.2. This Scheme, although to come into operation from the Appointed Date, shall not become effective until the last of the following dates, namely, that on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in the above sub-clause 20.1 is obtained or passed. Such date shall be the "Effective Date" for the purpose of this Scheme.

21. COMPLIANCE WITH TAX LAWS

21.1. Upon the coming into effect of the Scheme, the Transferee Company may, if it considers necessary or expedient, revise (with retrospective effect, if applicable) its income tax returns, TDS returns, services tax returns, sales tax returns and other tax returns, and claim refunds and/or credits, etc. pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.

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

22. EFFECT OF NON-RECEIPT OF SANCTIONS

22.1. In the event of any of the said sanctions and approvals not being obtained and/or this Scheme not being sanctioned by the High Court and/or the order or orders not being passed as aforesaid on or before 31 December 2016, or within such further period/s as may be agreed upon between the Transferor Company by its Board of Directors and the Transferee Company by its Board of Directors (and which the boards of directors of the Transferor Company and the Transferee Company are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto or as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law

23. MISCELLANEOUS

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

24. IMMEDIATELY UPON THE SCHEME BEING EFFECTIVE:

24.1. the Transferor Company and the Transferee Company shall enter into shared services agreements inter alia in relation to use by the Transferee Company of office space, infrastructure facilities, club membership facilities, information technology services, security personnel, legal, administrative and other services, etc. of the Transferor Company on such terms and conditions that may be agreed between the Parties and on payment of consideration on an arm's length basis;

24.2. It is clarified that the approval to the Scheme by the shareholders of the Transferor Company and the Transferee Company under Sections 391 to 394 of the Companies Act, 1956 shall be deemed to have their approval under: (i) any other applicable provisions under the Companies Act 2013; (ii) the Listing Agreement and SEBI regulations; and (iii) under any contractual obligations related to the Transferred Undertaking; and that no separate approval from the shareholders or creditors to that extent shall be required to be sought by the both the Companies for any matters related to Transfer of the Transferred Undertaking and the matters incidental to it including for discharge of Consideration, if required by way of investment of Transferor Company into Transferee company.

25. COSTS, CHARGES & EXPENSES

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

SSPA & CO.
Chartered Accountants
1st Floor, "Arjun", Plot No. 6 A,
V. P. Road, Andheri (W),
Mumbai - 400 058. INDIA.
Tel. : 91 (22) 2670 4376
91 (22) 2670 3682
Fax : 91 (22) 2670 3916
Website : www.sspa.in

REPORT ON VALUATION OF INFRASTRUCTURE UNDERTAKING OF EMCO LIMITED

1 BACKGROUND

1.1 EMCO LIMITED

1.1.1 EMCO Limited (hereinafter referred to as 'EMCO' or the 'Company') was incorporated on September 19, 1964. The registered office of the Company is located at N-104, MIDC Area, Jalgaon – 425 003. EMCO has *inter alia* two key divisions namely; Transformer Undertaking and Infrastructure Undertaking. It is also in the business of energy meter and power generation.

1.1.2 EMCO through the Transformer Undertaking manufactures wide range of transformers covering distribution transformers, power transformers up to 500MVA, 400 kV, furnace transformers, rectifier transformers, traction power transformers and locomotive transformers. EMCO is one of the leading players in 220 kV and 400 kV transformer segment and has dominant market share in special application transformers like furnace and rectifier transformers.

1.1.3 EMCO has been supplying its products and solutions to its customers consisting of electric utilities and Industries in India and in more than 50 countries internationally. EMCO has more than 15 offices and has 5 state-of-the-art manufacturing plants across India. EMCO has a strong foundation of technology and with an in-house R&D that works on cutting-edge technology.

1.1.4 The shares of EMCO are listed on BSE Ltd and National Stock Exchange of India Limited.

1.2 INFRASTRUCTURE UNDERTAKING

1.2.1 Infrastructure Undertaking of EMCO (hereinafter referred to as the "Infrastructure Undertaking" or the "Specified Business") is engaged in the business of fabrication and galvanizing of steel structures, erection of service station and transmission lines on Engineering Procurement and Construction (EPC)/Turnkey basis and any kind of works or

projects on EPC or Built Operate Transfer (BOT) or Build Own Operate Transfer (BOOT) or Build Own Operate Maintain (BOOM) basis or any other basis either directly or through subsidiary or joint ventures.

2 PURPOSE OF VALUATION

- 2.1 We have been requested by the management of EMCO Limited (hereinafter referred to as the "Management") to carry out fair valuation of the Infrastructure Undertaking of EMCO Limited for the purpose of slump sale to its wholly owned subsidiary EMCO Infrastructure Limited as per proposed Scheme of Arrangement (Scheme) under section 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 2013.
- 2.2 In this context, SSPA & CO. has carried out a fair valuation of the Infrastructure Undertaking of EMCO based on the approach set out herein and the valuation conclusions are detailed in this report.

3 METHODOLOGY OF VALUATION

There are various methods adopted for valuation of a business. Certain methods are based on asset value of a business while certain other methods are based on the earnings potential of a business. It must be noted that for valuation on a 'Going Concern' basis, Earnings value is given higher importance than the asset valuation. Each method proceeds on different fundamental assumptions which have greater or lesser relevance and at times even no relevance to a given situation. Thus, the methods to be adopted for a particular valuation exercise must be judiciously chosen.

3.1 NET ASSETS VALUE METHOD

The Net Assets Value ('NAV') Method values an entity with reference to the historical cost of the assets owned by the entity and attached liabilities as at the valuation date. Such value usually represents the support value of a going concern.

Considering the fact that the business of the Infrastructure Undertaking is intended to be continued on a "going concern" basis and taking into account expected improvement in profitability of the business, we have considered it appropriate to ignore Net Assets Value Method for current valuation exercise.



3.2 COMPARABLE COMPANIES MULTIPLE METHOD

The Comparable Companies Multiple ('CCM') Method arrives at the value of an entity by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. The Enterprise Value (EV) to Earnings before Interest Tax Depreciation and Amortization (EBITDA) multiples of comparable listed companies are used.

3.3 DISCOUNTED CASH FLOW METHOD

The Discounted Cash Flow Method ('DCF') values the business by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are discounted by Weighted Average Cost of Capital ('WACC'). The WACC represents the returns expected by the investors of both debt and equity, weighted for their relative funding in the entity. The present value of the free cash flows during the explicit period and the perpetuity value indicate the value of the business.

3.4 For the purpose of present valuation exercise, we have thought fit to use a combination of Comparable Companies Multiple Method and Discounted Cash Flow Method to arrive at the fair value of Infrastructure Undertaking.

4 BASIS OF VALUATION

4.1 Our valuation exercise is based on the following sources of information provided by the Management:

- a) Management certified financials consisting of Balance Sheet and Profit & Loss Account of the Infrastructure Undertaking for financial year (FY) 2014-15. We have been informed that same is prepared based on the audited financial statements.
- b) Financial Projections of the Infrastructure Undertaking comprising of Balance Sheet and Profit and Loss Statement for FY 2015-16 to 2020-21.
- c) Discussions with the Management on various issues relevant for the valuation including the prospects and outlook of the business, expected growth rate, current cost of debt, business and commercial rights such as pre-qualification conditions to

852

bid for future projects and other relevant information relating to future expected profitability, etc.

- d) Such other information and explanations as we have required and which have been provided by the Management.

5 VALUATION OF INFRASTRUCTURE UNDERTAKING OF EMCO

5.1 VALUATION AS PER COMPARABLE COMPANIES MULTIPLE METHOD

5.1.1 For arriving at the maintainable EBITDA, we have considered simple average of the EBITDA for FY 2015-16 and FY 2016-17.

5.1.2 Maintainable EBITDA so arrived has been capitalized by applying an appropriate EV/EBITDA multiple to arrive at the enterprise value of Infrastructure Undertaking. EBITDA Multiple was calculated taking into account the multiples of comparable listed companies adjusted for non-operating, extraordinary items, etc. In our opinion, the multiple is reasonable after considering the Infrastructure Undertaking's growth prospects, business risk, expected return and the industry.

5.1.3 To the value so arrived, adjustments are made for loan funds, value of investments and contingent liabilities after considering the tax impact wherever applicable to arrive at the Equity Value of the Infrastructure Undertaking as per Comparable Companies' Multiple Method.

5.2 VALUATION AS PER DISCOUNTED CASH FLOW METHOD

5.2.1 Valuation under DCF method is based on the projections of the Infrastructure Undertaking for FY 2015-16 to 2020-21 ('explicit period') as provided by the Management of the Company. For the explicit period free cash flows from the business have been arrived at as follows:

- Profit before Tax (PBT) as per projections have been considered.
- Interest and Depreciation on fixed assets has been added to the PBT to arrive at the Earnings before Interest, Tax, Depreciation and Amortization (EBITDA).
- Fund requirement for projected capital expenditure and incremental working capital have been reduced from the EBITDA of the respective years.
- Estimated tax liability has been reduced to arrive at the free cash flows from the business.

PSM



- The cash flows of each year are then discounted at the Weighted Average Cost of Capital (WACC). WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the Business. In other words, WACC is the weighted average of the firm's cost of equity and debt. The WACC is worked out using the following formula:
 - The Cost of Equity is worked out using the following formulae:
 - Risk free return + (Beta x Equity Risk Premium)
 - The risk free rate of return is taken at 8% based on the return on the Government security. Beta is taken at 0.92 (based on the Beta of comparable companies) and Equity Risk Premium is taken at 9%.
 - Based on the above, the Cost of Equity comes to 16.24%.
 - The Cost of Debt is worked out using the following formulae:
 - Cost of Debt x (1 – Marginal Rate of Tax)
 - The cost of debt is considered at 13% and the Marginal Rate of Tax is considered at 34.61%.
 - Based on the above, the Cost of Debt (Net of Tax) works out to 8.50%.
 - Based on our discussion with the Management and considering the future funding requirement, an appropriate Debt Equity Mix of 1:1 is considered.
 - Based on above, WACC works out to 12.37%.
- After the explicit period, the business will continue to generate cash. In DCF Method, therefore, perpetuity value is also considered to arrive at the business value. For arriving at the perpetuity value, we have considered a growth rate of 2% which in our view is reasonable considering the growth in the explicit period and the industry in which Infrastructure Undertaking operates.
- Cash flows for perpetuity have been arrived at after considering the corporate taxes, estimated capital expenditure and working capital requirements.
- The discounted perpetuity value is added to the discounted cash flow for the explicit period to arrive at the Enterprise Value.

5.2.2 To the value so arrived, adjustments are made for loan funds, value of investments and contingent liabilities after considering the tax impact wherever applicable to arrive at the Equity Value of the Infrastructure Undertaking as per Discounted Cash Flow Method.

CBM

5.3 RECOMMENDATION OF FAIR VALUE

- 5.3.1 Though different values have been arrived at under each of the above methods, for the purposes of recommending a fair value, it is necessary to arrive at a single value of the business. For this purpose, it is necessary to give appropriate weightages to the values arrived at under each method.
- 5.3.2 We have thought fit to apply equal weightage to the values arrived under Comparable Companies Multiple Method and Discounted Cash Flow Method.
- 5.3.3 In the ultimate analysis, valuation will have to be balanced by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiment etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a business. This concept is also recognised in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under: *"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible."*
- 5.3.4 In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this Report, the fair equity value of the Infrastructure Undertaking works out to **INR 418.00 crores**.

6 LIMITATIONS/DISCLAIMERS

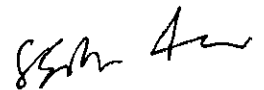
- 6.1 Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

- 6.2 Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While SSPA & Co has provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.
- 6.3 Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.
- 6.4 The draft of present report was circulated to the Management for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous and the assumptions used are reasonable.
- 6.5 No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 6.6 In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. We assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.
- 6.7 Our recommendation is based on the estimates of future financial performance as projected by the Management, which represents their view of reasonable expectation at the point of time when they were prepared, but such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections in this exercise

SSM

of valuation should not be construed or taken as our being associated with or a party to such projections.

- 6.8 A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Infrastructure Undertaking and any other matter, which may have an impact on our opinion, on the fair value of the Infrastructure Undertaking including any significant changes that have taken place or are likely to take place in the financial position of the Infrastructure Undertaking. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- 6.9 Any person/party intending to provide finance/invest in the business shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- 6.10 The decision to carry out any transaction connected to the Infrastructure Undertaking lies entirely with the parties concerned and our work and our finding shall not constitute a recommendation as to whether or not the parties should carry out the transaction.
- 6.11 Our Report is meant for the purpose mentioned in Para 2 only and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.
- 6.12 SSPA & Co., nor its partners, managers, employees makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.



SSPA & Co.
Chartered Accountants
Firm registration number: 128851W

Place: Mumbai
Date: June 25, 2015



Saffron Capital Advisors Private Limited
 605, Sixth Floor, Centre Point, Andheri Kurla Road,
 J. B. Nagar, Andheri (East), Mumbai - 400 059.
 Tel.: +91 4082 0910 / Fax: +91 4082 0999
 Email : info@saffronadvisor.com
 Website: www.saffronadvisor.com
 CIN No. U67120MH2007PTC166711

Date: 25th June 2015

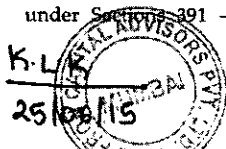
To,
 The Board of Directors
Emco Limited
 1st floor, Piramal Tower
 Peninsula Corporate Park
 G. K. Kadam Marg
 Lower Parel
 Mumbai – 400 013
 Maharashtra
 India

Subject: Fairness Opinion on Valuation Report issued by M/s SSPA & Co., Chartered Accountants, dated 25th June 2015, on the fair equity value of the Infrastructure Undertaking in connection with the proposed transfer of the Infrastructure Undertaking of Emco Limited to Emco Infrastructure Limited under the Scheme of Arrangement between Emco Limited and Emco Infrastructure Limited and Their Respective Shareholders and Creditors.

We refer to the discussion wherein the management of Emco Limited ("the Transferor Company") requested Saffron Capital Advisors Private Limited ("We", "Our" or "Us") to give a Fairness Opinion on the Valuation Report issued by M/s SSPA & Co., Chartered Accountants, dated 25th June 2015, on the fair equity value of the Infrastructure Undertaking in connection with the proposed transfer of the Infrastructure Undertaking of the Transferor Company to Emco Infrastructure Limited ("the Transferee Company") under the Scheme of Arrangement between Emco Limited and Emco Infrastructure Limited and Their Respective Shareholders and Creditors ("the Scheme").

1 Background

- 1.1 The Transferor Company was incorporated on 19th September 1964 under the Companies Act, 1956 in the state of Maharashtra. The Corporate Identity Number of the Transferor Company is L31102MH1964PLC013011 and its registered office is situated at N-104, MIDC Area, Jalgaon, Maharashtra – 425 033, India. The equity shares of the Transferor Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited (collectively, "the Stock Exchanges").
- 1.2 The Transferee Company was incorporated on 14th May 2008 under the Companies Act, 1956 in the state of Maharashtra. The Corporate Identity Number of the Transferee Company is U45400MH2008PLC182187 and its registered office is situated at Plot No-F-5, Road No.28, Wagie Industrial Estate, Thane, Maharashtra, 4006043, India. The Transferee Company is a wholly owned subsidiary company of the Transferor Company.
- 1.3 The Transferor Company proposes to transfer the Infrastructure Undertaking on a going concern basis to the Transferee Company with effect from 1st April 2015 ("Appointed Date") pursuant to the Scheme under Sections 391 - 394 of the Companies Act, 1956. The Scheme would need approval from



jurisdictional High Court, at Bombay, Maharashtra and relevant judicial, quasi judicial, statutory and other regulatory authorities, etc. as applicable.

- 1.4 M/s SSPA & Co., Chartered Accountants has been appointed to provide a Valuation Report on the fair equity value of the Infrastructure Undertaking.
- 1.5 The Fairness Opinion requested from Us is to be provided in Our capacity as Category I Merchant Banker (Registration Code: INM000011211) and is required to be submitted to the Stock Exchanges to facilitate the Transferor Company's compliance with clause 24(f) and 24(h) of the Listing Agreement and the Securities Exchange Board of India ("SEBI") Circular No CIR/CFD/DIL/5/2013 dated 4th February 2013 and CIR/CFD/DIL/8/2013 dated 21st May 2013.

2. Sources of information

For the said examination and for arriving at the Fairness Opinion set forth below, We have reviewed the following documents provided to Us by the Transferor Company:

- Valuation report issued by M/s SSPA & Co., Chartered Accountants dated 25th June 2015.
- Draft copy of the Scheme.
- Memorandum and Articles of Association of the Transferor Company.
- Such other information and explanations as We required and which have been provided by the management of the Transferor Company.

3. Limitations

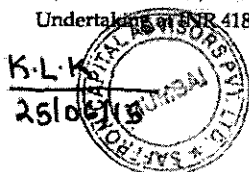
- 3.1 Our Fairness Opinion is based on the information furnished to Us being complete and accurate in all material aspects. We have relied upon the information (including financial information), explanations and representations furnished to Us without carrying out any audit or other tests to verify their accuracy with limited independent appraisal.
- 3.2 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Transferor Company and/ or the Transferee Company.
- 3.3 Our work does not constitute verification of any financial information (including the working results) of the Transferor Company and/ or the Transferee Company. Accordingly, We do not express any opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4 Our Fairness Opinion is not intended to and does not constitute any recommendation to any shareholder of the Transferor Company as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.



- 3.5 Our Fairness Opinion is not, nor should it be construed as Our opinion on/ or certification of compliance of this proposed transfer of the Infrastructure Undertaking of the Transferor Company to the Transferee Company with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.6 We do not assume any responsibility for updating or revising Our Fairness Opinion based on circumstances or events occurring after the date thereof.
- 3.7 We do not express any opinion as to the price at which equity shares of the Transferor Company may trade at any time, including subsequent to the date of this Fairness Opinion.
- 3.8 This Fairness Opinion has been issued for the sole purpose to facilitate the Transferor Company's compliance with clause 24(f) and 24(h) of the Listing Agreement and SEBI Circular No CIR/CFD/DIL/5/2013 dated 4th February 2013 and CIR/CFD/DIL/8/2013 dated 21st May 2013 and it shall not be used and/ or valid for any other purpose.
- 3.9 It is understood that this Fairness Opinion is issued to the Board of Directors of the Transferor Company in connection with the Scheme and may not be relied upon by any other person and may not be used or disclosed for any other purpose without Our prior written consent except that a copy of this Fairness Opinion may be included in its entirety in any filing, which the Transferor Company is required to make with SEBI and/ or with any Indian Stock Exchange in connection with this proposed transfer of the Infrastructure Undertaking of the Transferor Company to the Transferee Company, if such inclusion is required by applicable law.
- 3.10 In no event shall We be liable for any loss, damage, cost or expense arising in any way from the fraudulent acts, misrepresentations or willful default on the part of the Transferor Company or the Transferee Company, their Directors, employees or agents.
- 3.11 Our liability (statutory, financial or otherwise) for any economic loss or damage arising out of the rendering of this Fairness Opinion shall be limited to the amount of fees received for rendering this Fairness Opinion as per Our engagement with the Transferor Company.

4. Key extracts of M/s SSPA & Co., Chartered Accountants Valuation Report

- 4.1 M/s SSPA & Co., Chartered Accountants, has adopted the following valuation methods for the valuation of the Infrastructure Undertaking:
1. Comparable Companies Multiple method
 2. Discounted Cash Flow method
- 4.2 M/s SSPA & Co., Chartered Accountants, has arrived at a fair equity value of the Infrastructure Undertaking of INR 418.00 crore as per the valuation methods adopted.

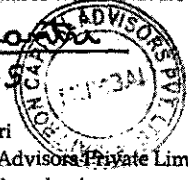


5. Fairness Opinion

On the basis of the foregoing and based on the information and explanation provided to Us, in Our opinion, the valuation methodologies adopted, and the valuation arrived at by M/s SSPA & Co., Chartered Accountants for the fair equity value of Infrastructure Undertaking is fair and reasonable to the equity shareholders of the Transferor Company.

For Saffron Capital Advisors Private Limited

K.L. Kalantri
25/06/18



Kunal L. Kalantri
Saffron Capital Advisors Private Limited
Category I Merchant bankers
Registration no.: INM000011211



DCS/AMAL/PS/24(1)/162/2015-16

Revised.

September 23, 2015



The Company Secretary,
EMCO Limited
N-104 MIDC Area, Jalgaon,
Maharashtra – 425 003

Sub: Observation letter regarding the Draft Scheme of Arrangement between EMCO Infrastructure Ltd and EMCO Ltd and their respective shareholders and creditors.

We are in receipt of draft Scheme of Arrangement involving amalgamation of EMCO Infrastructure Ltd and EMCO Ltd.

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter September 23, 2015 has inter alia given the following comment(s) on the draft scheme of arrangement:

- > "Company is advised to update para 5.2 of the draft scheme in line with its reply dated September 8, 2015 wherein it is stated that the consideration would be discharged by the Transferee Company within 180 business days from the date of the scheme becoming effective for transfer of the Infrastructure undertaking"
- > "Company shall duly comply with various provisions of the Circulars"

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- > To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- > To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- > The Company shall duly comply with provisions of Circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

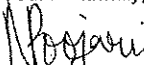
Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:


- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


Nitin Pujari
Manager


Pooja Sanghvi
Asst. Manager

SENSEX India's index the world tracks



Ref: NSE/LIST/43771

The Company Secretary
Emco Limited
Plot No. F-5, Road No. 28,
Wagle Industrial Estate
Thane - 400604

Kind Attn.: Mr. Ganesh Tawari

Dear Sir,

Sub.: Observation Letter for Scheme of Arrangement between EMCO Limited & EMCO Infrastructure Limited and their respective Shareholders and Creditors.

This has reference to draft Scheme of Arrangement between EMCO Limited & EMCO Infrastructure Limited and their respective Shareholders and Creditors submitted to NSE vide your letter dated July 10, 2015.

Based on our letter Ref: NSE/LIST/36931 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI has vide letter dated September 23, 2015, has given following comments on the draft Scheme of Arrangement:

"a. The company is advised to update para 5.2 of the draft scheme in line with its reply dated September 8, 2015 wherein it is stated that the consideration would be discharged by the Transferee Company within 180 business days from the date of the scheme becoming effective for transfer of the Infrastructure undertaking.

b. The company shall duly comply with various provisions of the Circulars."

We hereby convey our 'No-objection' with limited reference to those matters having a bearing on listing/delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Companies to file the Scheme with Hon'ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from September 23, 2015, within which the Scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, you shall submit to NSE the following:

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;



- d. Status of compliance with the Observation Letter/s of the stock exchanges;
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

Yours faithfully,
For National Stock Exchange of India Limited

Kamlesh Patel
Manager

P.S.: Checklist of all the further issues is available on website of the exchange at the following URL
http://www.nseindia.com/content/equities/eq_checklist.htm”

This Document is Digitally Signed

Signer : Patel Kamlesh



EMCO LIMITED
CIN: L31102MH1964PLC013011

Corporate Division
Plot No. F-5, Road No. 28,
Wagle Industrial Estate, Thane - 400 604
Maharashtra, India

T+91 22 4040 4500
F+91 22 2582 0571
E emco.corporate@emco.co.in

Registered Office
N-104, MIDC Area, Mehrun,
Jalgaon - 425 003
Maharashtra, India
T+91 257 2272 462
F+91 257 2272 598
E emco.jalgaon1@emco.co.in

August 1, 2015

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Fort, Mumbai – 400 001

To,
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra – Kurla Complex,
Bandra (East), Mumbai 400 051

Security Code BSE: 504008 (Equity)

Security Symbol NSE: EMCO

Dear Sir/Madam,

Sub: i) Clause 24(f) of the Listing Agreement read with SEBI Circular No. CIR/CFD/DIL/5/2013 date February 04, 2013.

ii) Complaint report w.r.t Scheme of Arrangement between EMCO Limited & EMCO Infrastructure Limited and their respective Shareholders and Creditors.

With reference to our application submitted on July 10, 2015, please find enclosed the Complaint Report for the period from July 10, 2015 to July 31, 2015, in the prescribes format.

We hereby confirm that the Company has not received complaints either directly or forwarded by the Stock Exchange(s) pertaining to the aforesaid Scheme.

Yours faithfully,

For EMCO LIMITED

Ganesh Tawari
Company Secretary & Compliance Officer



Encl.: as above

Products and Solutions for Power Generation, Transmission, Distribution Utilities & Industry



Transformers



Substations



Transmission
Towers and lines



Smart Meters



Services

www.emco.co.in



Complaints Report: EMCO Limited

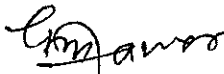
Part A

Sr. No	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	NIL
5.	Number of complaints pending	NIL

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable		

For EMCO Limited



Ganesh Tawari
Company Secretary & Compliance Officer



Date: August 1, 2015

Products and Solutions for Power Generation, Transmission, Distribution Utilities & Industry



Transformers



Substations



Transmission
Towers and lines



Smart Meters



Services

www.emco.co.in





inspired by tomorrow

EMCO LIMITED

CIN: - L31102MH1964PLC013011

Regd Office: N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003

Tel No.: +91 257 2272 462 • Fax: +91 257 2272 598

Web: www.emco.co.in • E-mail: emco.jalgaon1@emco.co.in

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SUMMONS FOR DIRECTION NO 801 of 2015

In the matter of the Companies Act, 1956 (1 of 1956);-

AND

In the matter of Application under Sections 391 to 394 of the Companies Act, 1956 or any re-enactment thereof;

AND

In the matter of Scheme of Arrangement between EMCO Limited (Transferor Company) and EMCO Infrastructure Limited (Transferee Company) and their respective shareholders and creditors.

EMCO Limited [CIN: L31102MH1964PLC013011],)
a company incorporated under the provisions of)
the Companies Act, 1956 and having its registered)
office at N – 104, MIDC Area, Mehrun, Jalgaon,)
Maharashtra – 425 003, India

).....Applicant / Transferor Company

FORM OF PROXY

I/ We, the undersigned, being the Equity Shareholder(s) of **EMCO LIMITED**, the Applicant Company do hereby appoint Mr./ Ms. _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/ us at the meeting of the Equity Shareholders to be held at N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003, India on 17th November, 2015 at 12:00 Noon for the purpose of considering and, if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between EMCO Limited ('the Transferor Company') and EMCO Infrastructure Limited ('the Transferee Company') and their respective shareholders and creditors under Sections 391 to 394 and other applicable provisions of the Act (hereinafter referred to as the "Scheme") and at such meeting, and any adjournment/ adjournments thereof, to vote, for me/us and in my/ our name(s) _____ (herein, if for insert '**FOR**', if against insert '**AGAINST**' and in the latter case strike out the words "either with or without modifications" after the word "Arrangement") the said arrangement embodied in the Scheme either with or without modifications as my/our proxy may approve.

**Strike out what is not necessary*

Dated this _____ day of _____, 2015

Name _____

Address _____

Affix
₹ 1/ revenue
stamp

Signature across the stamp

Reg. Folio No. _____

Client ID No. _____

DP ID No. _____

No. of equity shares held: _____

Signatures of

Shareholder(s)

Sole / First Holder: _____

Second Holder: _____

Third Holder: _____

Signature of Proxy

Proxy: _____

Notes:

- (1) Strike out which is not necessary.
- (2) Please affix Rs. 1/- revenue stamp before putting signature.
- (3) Alterations, if any, made in the Form of Proxy should be initialed.
- (4) The Proxy must be deposited at the Registered Office of the Applicant Company at N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003, India, at least 48 hours before the time for holding the Court Convened meeting.
- (5) A person can act as a proxy on behalf of the members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
- (6) Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip / Proxy.
- (7) The proxy need not be a member of EMCO Limited.
- (8) In case of multiple proxies, the proxy later in time shall be accepted.



inspired by tomorrow

EMCO LIMITED

CIN: -L31102MH1964PLC013011

Regd Office: N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003

Tel No.: +91 257 2272 462 • Fax: +91 257 2272 598

Web: www.emco.co.in • E-mail: emco.jalgaon1@emco.co.in

ATTENDANCE SLIP

**COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS ON
Tuesday, November 17, 2015 AT 12:00 Noon**

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

Name	
Address	
Folio No. / DP ID No. *	
Client ID No. *	
No. of Equity Shares held	
Name of the Proxy holders / Authorised Representative*	

* *Applicable for shareholders holding shares in dematerialized form*

* *To be filled in by the Proxy in case he/she attends instead of the equity shareholder*

I/We hereby record my/our presence at the Court convened Meeting of the Equity Shareholders of EMCO Limited, the applicant Company, convened pursuant to the Order dated September 16, 2015 of the Hon'ble High Court of Judicature of Bombay at N – 104, MIDC Area, Mehrun, Jalgaon, Maharashtra – 425 003, India, on Tuesday, November 17th, 2015 at 12:00 Noon.

Signature of the Shareholder /
Proxy holders / Authorised Representative

NOTE:

- 1 Equity Shareholders attending the Meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall after affixing their signature on it.
- 2 Shareholder / Proxy holder desiring to attend the meeting should bring his/her copy of the Notice for reference at the meeting.