



DIGJAM LIMITED

CIN: L17110GJ1948PLC000753

Registered Office: Aerodrome Road, Jamnagar-361 006, Gujarat, India

Tel No.: 91-288-2712972, **Fax No.:** 91-288-2712991

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**COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF
DIGJAM LIMITED**

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DAY: Saturday DATE: 12th December, 2015 TIME: 10.00 A.M. (1000 hours) VENUE: at the registered office of Digjam Limited at Aerodrome Road, Jamnagar-361 006, Gujarat, India.	Notice convening meeting of the Equity Shareholders of Digjam Limited	2
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IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
ORDINARY ORIGINAL JURISDICTION

COMPANY APPLICATION NO. 331 OF 2015

In the matter of Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013;

AND

In the matter of Digjam Limited,

a company incorporated under the Indian Companies Act, 1913 and having its registered office at Aerodrome Road, Jamnagar 361 006, Gujarat

AND

In the matter of Scheme of Amalgamation between Digjam Limited and Digjam Textiles Limited and their respective creditors and shareholders

Digjam Limited,
a company incorporated under the Indian Companies Act,
1913 and having its registered office at Aerodrome Road,
Jamnagar 361006, Gujarat.

... Applicant Amalgamating Company

NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF DIGJAM LIMITED

To,
The Equity Shareholders,
Digjam Limited

TAKE NOTICE that by an Order dated 2nd day of November, 2015 in the above Company Application, the Hon'ble High Court of Gujarat at Ahmedabad ("**High Court**") has directed that a meeting of the Equity Shareholders of the Applicant Amalgamating Company be convened and held at the Registered Office of the Applicant Amalgamating Company i.e. Aerodrome Road, Jamnagar – 361 006, Gujarat, India, on Saturday, the 12th day of December, 2015 at 10 a.m. (1000 hours) for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Amalgamation between Digjam Limited, the Applicant Amalgamating Company and Digjam Textiles Limited, the Amalgamated Company and their respective Creditors and Shareholders ("the Scheme") for the proposed amalgamation of Digjam Limited with Digjam Textiles Limited.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Amalgamating Company will be held at the Registered Office of the Applicant Amalgamating Company i.e. Aerodrome Road, Jamnagar-361 006, Gujarat, India, on Saturday, the 12th day of December 2015 at 10.00 a.m. (1000 hours) at which place, day, date and time 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 authorized representative, is deposited at the Registered Office of the Applicant Amalgamating Company at Aerodrome Road, Jamnagar - 361 006, Gujarat, India, not later than 48 hours before the meeting.

The Hon'ble Court has appointed Sri M. P. Sarda, Chartered Accountant, and in his absence, Sri B. B. Jhaveri, Advocate, and in his absence, Sri C. Bhaskar, the Managing Director of the Applicant Amalgamating Company to be the Chairman of the aforesaid meeting.

A copy each of the said Scheme of Amalgamation, the Explanatory Statement under Section 393 of the Companies Act, 1956, Form of Proxy and Attendance Slip are enclosed.

Dated this 5th day of November, 2015

Registered Office:
Aerodrome Road,
Jamnagar-361 006, Gujarat, India

Sd/-
M. P. Sarda
Chairman appointed for the meeting

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered Equity Shareholders of the Applicant Amalgamating Company may attend and vote (either in person or by proxy) at the aforesaid Equity Shareholders' meeting. The authorized representative of a body corporate which is a registered Equity Shareholder of the Applicant Amalgamating Company may attend and vote at the aforesaid 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 said meeting is deposited at the registered office of the Applicant Amalgamating Company not later than 48 hours before the time of meeting.
3. A proxy need not be a member. A person cannot act as a proxy on behalf of more than 50 equity shareholders and holding in the aggregate not more than ten percent of the total share capital of the Applicant Amalgamating Company carrying voting rights. A shareholder holding more than ten percent of the total share capital of the Applicant Amalgamating Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. A registered equity shareholder or his Proxy is requested to bring copy of the notice to the meeting and produce at the entrance of the meeting venue, the attendance slip duly completed mentioning his Folio no. (Client ID and DP ID if shares are held in dematerialised form) and signed by him.
5. Registered equity shareholders are informed that in case of joint holders attending the meeting, only such joint holder whose name stands first in the Register of Members of the Applicant Amalgamating Company in respect of such joint holding will be entitled to vote.

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
ORDINARY ORIGINAL JURISDICTION

COMPANY APPLICATION NO. 331 OF 2015

In the matter of Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Amalgamation between Digjam Limited and Digjam Textiles Limited and their respective creditors and shareholders

Digjam Limited,
a company incorporated under the Indian Companies Act, 1913 and
having its registered office at Aerodrome Road, Jamnagar 361006,
Gujarat.

..... Applicant Amalgamating Company

EXPLANATORY STATEMENT UNDER SECTION 393(1) OF THE COMPANIES ACT, 1956

Pursuant to the order dated 2nd day of November, 2015 passed by the Hon'ble High Court of Gujarat at Ahmedabad ("High Court") in the Company Application No. 331 of 2015, a meeting of the Equity Shareholders of Digjam Limited, Applicant Amalgamating Company (also referred to as 'the Company'), is being convened and held at the registered office of the Applicant Amalgamating Company i.e. Aerodrome Road, Jamnagar-361 006, Gujarat for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Amalgamation between Digjam Limited and Digjam Textiles Limited and their respective shareholders and creditors (hereinafter referred to as the "Scheme"). This statement explaining the terms of the Scheme is being furnished as required u/s 393(1)(a) of the Companies Act, 1956.

Capitalised terms used in this statement have the meanings assigned to them in the Scheme.

The Scheme, inter alia, provides for the amalgamation of Digjam Limited, the Applicant Amalgamating Company with Digjam Textiles Limited, the Amalgamated Company and has been approved by the Board of Directors of the Applicant Amalgamating Company at their meeting held on July 31, 2015.

BACKGROUND OF DIGJAM LIMITED

1. The Applicant Amalgamating Company is a leading Indian textile company engaged in manufacturing high quality worsted/woolen fabrics marketed under its own brand 'DIGJAM'. The Applicant Amalgamating Company is one of the leading exporters of the worsted/woolen fabrics in India.
2. The Applicant Amalgamating Company was incorporated on March 15, 1948 as "Shree Digvijaya Woollen Mills Limited" with the Registrar of Companies, Nawanagar State. Thereafter, the name of the Company was changed to "VXL India Limited" on June 13, 1986 and subsequently changed to "Birla VXL Limited" on April 5, 1995. The Company changed its name again on April 9, 2008 to its present name "Digjam Limited"
3. The Registered Office of the Applicant Amalgamating Company is situated at Aerodrome Road, Jamnagar – 361 006 in the State of Gujarat.
4. The objects of the Applicant Amalgamating Company as set out in its Memorandum of Association are, briefly set out hereunder:
 1. To carry on the business of spinning, weaving, manufacturing and dealing in wools, jute, flax and hemp, cotton, silk and other fibrous substances, and the preparation, bleaching, dyeing, printing or colouring of any of the said substances, and for that purpose manufacture bleaching, dyeing and other materials and generally to act as merchants for the purchase and sale of yarn, linen cloth, woollen and other worsted stuff, and other fibrous products and goods, whether textile, felted, netted or looped, and to do all other things and processes which are incidental or connected with all or any of the foregoing trades, businesses or industries.
 2. To carry on all or any of the business of silk mercers, silk weavers, cloth manufacturers, hosiers, carpet makers, makers and suppliers of clothing lingerie, and trimmings of every kind, furriers, milliners, glovers, lace makers and dealers, feather dressers and merchants, hatters, importers and wholesale and retail dealers in any of the foregoing and in textile fabrics of all kinds.
5. The Equity Shares of the Applicant Amalgamating Company are listed at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).
6. The Authorised, Issued, Subscribed and Paid up Share Capital of the Applicant Amalgamating Company as on June 30, 2015 was as follows:

Particulars	Amount (in INR)
Authorized:	
10,00,00,000 Equity Shares of Rs.10 each	100,00,00,000
25,00,000 Preference Shares of Rs.100 each	25,00,00,000
Issued:	
8,76,51,370 Equity Shares of Rs.10 each	87,65,13,700
10,00,000 Preference Shares of Rs.100 each	10,00,00,000
Subscribed and Fully Paid-up:	
8,76,41,621 Equity Shares of Rs.10 each	87,64,16,210*
5,00,000 8% Non-Convertible Redeemable Preference Shares of Rs.100 each	5,00,00,000

*Rs. 1,62,860/- stands under Forfeited Shares account in the Balance Sheet.

BACKGROUND OF DIGJAM TEXTILES LIMITED

7. Digjam Textiles Limited, (hereinafter referred to as the 'Amalgamated Company') was incorporated on June 17, 2015 in the name of Digjam Textiles Limited.
8. The Amalgamated Company is a company engaged in the business of trading in all kinds of textiles and manufacturing of high quality worsted/woollen fabrics.
9. The registered office of the Amalgamated Company is situated at Aerodrome Road, Jamnagar, 361 006 in the State of Gujarat.
10. The objects of the Amalgamated Company as set out in its Memorandum of Association are, briefly set out hereunder :
 1. To carry on the business of processing, scouring, combing, spinning, weaving, manufacturing and dealing in wools, jute, flax and hemp, linen, cotton, silk, all kinds of synthetic, manmade and artificial fibres like polyester, viscose, acrylic and other fibrous substances, and the preparation, bleaching, dyeing, printing or colouring of any of the said substances, and to manufacture, process, bleach, dye other materials and tops, all kinds of filaments, yarn and all varieties of fabrics, woollen/worsted or made from single/mixed fibres and other fibrous products, readymade garments and accessories, goods and by products, whether textiles, felted, netted or looped, and generally to act as merchants for the purchase, sale, import and export of any of aforesaid items and to do all other things and processes which are incidental or connected with all or any of the foregoing trades, businesses or industries.
 2. To purchase raw goods, semi-finished goods or finished goods connected with the objects of the company and enhance the value of such goods by suitable means such as packaging, job work etc. and market the same in its own trade mark or trade name or otherwise.
 3. To manufacture, import, export, buy, sell exchange and otherwise deal in all kinds of plant, equipment, machinery, apparatus, tools, utensils, commodities, substances, articles and things necessary or useful for carrying on the objects of the Company.
11. The Authorised, Issued, Subscribed and Paid up Share Capital of the Amalgamated Company as on June 30, 2015 was as follows:

Particulars	Amount (in INR)
Authorized:	
50,000 Equity Shares of Rs.10 each	5,00,000
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs.10 each	5,00,000

12. The entire equity share capital of the Amalgamated Company is held by the Applicant Amalgamating Company by itself or through its nominees.

OBJECTS AND RATIONALE FOR THE PROPOSED SCHEME

13. The Scheme provides for the amalgamation of Digjam Limited with Digjam Textiles Limited pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, including the corresponding provisions of the Companies Act, 2013 as and when they are notified and become applicable, with a view to achieve the following :
 - i. Greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and improve the economic and competitive position of the combined entity.
 - ii. Opportunities to strengthen leverage for raising resources to finance business needs and strengthen the financial position of the combined entity for future growth and expansion and to create a business structure, which is geared to take advantage of possible growth opportunities.
 - iii. Achieve greater efficiencies in operations with optimum utilization of resources, better administration and reduced cost. Increased cost savings are expected to flow from focused operational efforts, rationalization, standardisation and simplification of business processes, and optimum rationalization of administrative expenses and utilization of human resources.
 - iv. Additional thrust to the Amalgamated Company in terms of offering an optimum financial and capital structure resulting in better ability to leverage resources for growth and expansion.
 - v. Better financial, business and operational prospects including but not limited to, efficient management of costs, and improved administrative control of the Amalgamated Company.
 - vi. **The Scheme shall be in the beneficial interest of the Shareholders and Creditors of the Amalgamated Company. The Scheme shall not be in any manner prejudicial to the interest of the concerned members, creditors, employees or general public at large.**

SALIENT FEATURES OF THE SCHEME

14. The salient features of the Scheme of Amalgamation are as under:
 - i. The Appointed date of the Scheme of Amalgamation means the close of business on June 30, 2015 or such other date as may be assented to and approved by the Board of Directors and approved by the High Court.
 - ii. The Effective date of the Scheme of Amalgamation means the last of the dates on which the certified copy of the formal order(s) of the High Court sanctioning this Scheme is filed with the Registrar of Companies, Gujarat, by the Applicant Amalgamating Company and the Amalgamated Company respectively, as required under the provisions of the Act.
 - iii. The Amalgamation of the Applicant Amalgamating Company with Digjam Textiles Limited shall be in accordance with Section 2(1B) of the Income Tax Act, 1961.
 - iv. With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and undertaking of Applicant Amalgamating Company consisting of all its assets and liabilities shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Amalgamated Company, as a going concern, without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the business and undertaking of the Amalgamated Company by virtue of and in the manner provided in the Scheme. The transfer and vesting of the assets of the Applicant Amalgamating Company shall be subject to the existing mortgages and charges.
 - v. In consideration for the amalgamation of the Applicant Amalgamating Company with Digjam Textiles Limited, Digjam Textiles Limited shall, without any further application or deed, issue and allot to the **equity shareholders of the Applicant Amalgamating Company** (whose names appear in the Register of Members as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-litae, as the case may be), the following equity shares:

"8,76,41,621 (Eight Crores Seventy Six Lakhs Forty One Thousand Six Hundred Twenty One Only) fully paid up equity shares of face value of INR 10 (Ten) each at a Premium of INR 5 (Five) per equity share of the Amalgamated Company to the equity shareholders of the "Amalgamating Company" in the ratio of 1 (one) equity share in the Amalgamated Company against 1 (one) equity share held in the Amalgamating Company"

- vi. In consideration for the amalgamation of the Applicant Amalgamating Company with Digjam Textiles Limited, Digjam Textiles Limited shall, without any further application or deed, issue and allot to the holders of 8% Non-Convertible Redeemable Preference Shares of face value INR 100 (Hundred) each of the Applicant Amalgamating Company (whose name appear in the Register of Members as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be), the same number of 8% Non-Convertible Redeemable Preference Shares of face value INR 100 (Hundred) each as fully paid up of the Amalgamated Company, on same terms and conditions on which, the said 8% Non-Convertible Redeemable Preference Shares were issued by the Applicant Amalgamating Company.
 - vii. Upon allotment of equity shares and the preference shares as aforesaid, the equity shares held by the equity shareholder and the 8% Non-Convertible Redeemable Preference Shares held by the preference shareholders in the Applicant Amalgamating Company, whether in physical form or electronic form shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and be of no effect on and from the record date.
 - viii. Upon the Scheme becoming effective, the existing shares of the Amalgamated Company held by the Applicant Amalgamating Company and its nominees shall stand cancelled as an integral part of the Scheme without involving any diminution of liability in respect of unpaid share capital or payment of paid-up share capital.
 - ix. Upon the Scheme coming into effect, the Authorised Share Capital consisting of the Equity Share Capital and the Preference Share Capital of the Applicant Amalgamating Company shall stand combined with the Authorised Share Capital of the Amalgamated Company and the Memorandum of Association of the Amalgamated Company shall automatically stand amended accordingly as an integral part of the Scheme.
 - x. The equity shares to be issued to the members of Applicant Amalgamating Company will be listed and/or admitted to trading in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (read with the applicable regulations/circulars issued by Securities and Exchange Board of India in relation to application under sub-rule (7) of rule 19 of the Securities Contract (Regulation) Rules, 1957) including any amendment or substitution thereof on all the Stock Exchanges on which shares of Applicant Amalgamating Company are listed on the Effective Date. The equity shares of Amalgamated Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the Stock Exchange(s).
 - xi. There shall be no change in the shareholding pattern or control in Amalgamated Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges.
 - xii. Upon the Scheme becoming effective and with effect from the Appointed Date, the amalgamation of the Applicant Amalgamating Company with the Amalgamated Company shall be accounted as per 'The Purchase Method' prescribed under Accounting Standard 14 - 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India and notified by the Central Government
 - xiii. The difference, if any, between the value of net assets of the business transferred from the Applicant Amalgamating Company as recorded by Digjam Textiles Limited, and the amount credited to Share Capital and Securities Premium Account and cancellation of inter-company balances and investment shall be credited to the Capital Reserve Account or shall be debited to the Goodwill Account of Amalgamated Company, as the case may be.
 - xiv. The Applicant Amalgamating Company shall comply with the directives of SEBI contained in the Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 as modified by its subsequent Circular No CIR/CFD/DIL/8 /2013 dated May 21, 2013, in pursuance of sub-rule(7) of rule 19 of the Securities Contract (Regulation) Rules, 1957) for relaxation from the enforcement of clause (b) to sub-rule (2) of rule 19 thereof.
 - xv. Upon this Scheme becoming effective, the name of the Amalgamated Company shall be changed from "Digjam Textiles Limited" to "Digjam Limited" in accordance with Section 13 of the Companies Act, 2013 and other relevant provisions of the Act as applicable without any act or deed and the name of Digjam Textiles Limited wherever it occurs in the Memorandum of Association and Articles of Association shall stand substituted by "Digjam Limited".
 - xvi. The Scheme is conditional and subject to:
 - a. Approval by the requisite majorities in number and value of such classes of persons including the Members and/or Creditors of the Applicant Amalgamating Company and the Amalgamated Company as may be directed by the High Court or any other competent authority, as may be applicable.
 - b. Sanctions by the High Court under Sections 391 to 394 of the Act and to the necessary Orders under Section 394 of the said Act being obtained.
 - c. Certified copies of the Orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies by the Applicant Amalgamating Company and the Amalgamated Company.
 - d. Any other requisite consent, approval or permission of any Government, statutory or regulatory authority (including SEBI) which by law may be necessary for the implementation of this Scheme
 - xvii. All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in connection with this Scheme and matters incidental thereto, shall be on account of and borne by the Amalgamated Company.
 - xviii. On the Scheme coming into effect, the Applicant Amalgamating Company without any further act, instrument or deed shall stand dissolved without winding up.
- The aforesaid are only the salient features/extracts of the Scheme. Shareholders are requested to read the entire text of the attached Scheme to get acquainted with the detailed provisions thereof.**
15. As stated earlier, the Board of Directors of the Applicant Amalgamating Company at their meeting held on July 31, 2015 approved, in principle, the Scheme after considering the recommendation of the Audit Committee thereon, Report on Share Entitlement Ratio dated July 29, 2015 by an Independent Chartered Accountant namely, M/s. Jain Pramod Jain & Co., Chartered Accountants and the Fairness Opinion dated July 30, 2015 from SPA Capital Advisors Ltd, Category I Merchant Banker on the Share Entitlement Ratio.
 16. There is no likelihood that rights or interest of any creditor of the Applicant Amalgamating Company would be affected prejudicially as a result of the Scheme, post its implementation, since no sacrifice or waiver is at all being called for from them nor are any of their rights sought to be modified in any manner.

17. No investigation proceedings have been instituted and/or are pending in relation to the Applicant Amalgamating Company under Sections 235 to 251 of the Act. To the knowledge of the Applicant Amalgamating Company, no winding up proceedings have been filed and are pending against the Applicant Amalgamating Company.
18. The Applicant Amalgamating Company has obtained the observation letters from BSE and NSE conveying their no-objection to the Scheme under clause 24(f) of the Listing Agreement, in compliance with the circular dated February 4, 2013 ("Circular 1") as modified by circular dated May 21, 2013 ("Circular 2") issued by the Securities Exchange Board of India ("SEBI"). The Applicant Amalgamating Company received the said letters on October 16, 2015 from NSE and October 19, 2015 from BSE.
19. With respect to the voting mechanism, the process of voting by public shareholders through postal ballot and e-voting as stated under Para 5.16(a) of Circular 1 as modified by Para 7 of Circular 2 would not be applicable to the Applicant Amalgamating Company as the present Scheme of Amalgamation does not fall within the circumstances and illustrations as laid down under Para 5.16(a) of Circular 1 and as modified by Para 7 of Circular 2. The Applicant Amalgamating Company therefore has provided an undertaking certified from its statutory auditor in this regard, which is also approved by the Board of Directors of the Applicant Amalgamating Company in accordance with Para 5.16(b) of Circular 1 as modified by Para 7 of the Circular 2. Therefore the voting for the Scheme at the meeting of the Equity Shareholders shall be in accordance with the provisions of Section 391 of the Companies Act, 1956, wherein, the proposed Scheme of Amalgamation will have to be approved by a majority in number representing three-fourth in value of the Equity Shareholders present and voting either in person or in proxy at the meeting.
20. The Scheme of Amalgamation does not in any way violate or override or circumscribe the provisions of the Securities Exchange Board of India Act, 1992, the Securities Contracts (Regulations) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the Companies Act, 2013 the rules and regulations and guidelines made under these Acts and the provisions of the Listing Agreement or the requirements of the Stock Exchanges where the equity shares of the Applicant Amalgamating Company are listed.
21. The Directors and the Key Managerial Personnel of the Applicant Amalgamating Company may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the Applicant Amalgamating Company or to the extent the said directors are partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trusts that hold shares in the Applicant Amalgamating Company since they are Directors/Shareholders in the Amalgamated Company only as nominees of the Applicant Amalgamating Company.
22. The details of the present Directors and the Key Managerial Personnel of the Applicant Amalgamating Company and the Amalgamated Company and their respective shareholdings in the companies as on June 30, 2015 are as follows:

Name	Applicant Amalgamating Company		Amalgamated Company	
	Category	No. of Equity Shares of Rs. 10/- each held	Category	No. of Equity Shares of Rs. 10/- each held
Sri Sidharth Kumar Birla	Promoter	50,000	NA	NA
Sri Bharat Anand	Independent Director	—	NA	NA
Sri S. Ragothaman	Independent Director	25,723	Director*	—
Sri Golam Momen	Independent Director	—	NA	NA
Sri Arun Charan Mukherji	Independent Director	116	NA	NA
Smt Meenakshi Bangur	Promoter	324	NA	NA
Sri C. Bhaskar	Executive Director	2,100	Director*	1*
Sri C.L. Rathi	Non-Executive Director	—	NA	NA
Sri G.K. Sureka	Company Secretary	74	NA	NA
Sri Satish Shah	Chief Financial Officer	—	Director*	1*

* as nominees of Digjam Limited, the Applicant Amalgamating Company

23. None of the directors of the Applicant Amalgamating Company, either singly or jointly, hold any Preference Shares in the paid up share capital of the Applicant Amalgamating Company. The entire Preference Share Capital of the Applicant Amalgamating Company is held by a Promoter Group Company which will be allotted the same number of Preference Shares in the Amalgamated Company in terms of the Scheme.
24. The capital structure of:
 - A. The Applicant Amalgamating Company pre and (expected) post amalgamation will be as follows:

	Pre-Amalgamation As on June 30, 2015		Post-Amalgamation	
	No. of Shares	Amt. in Rs.	No. of Shares	Amt. in Rs.
A. Authorised Share Capital				
Equity Shares of Rs.10/- each	10,00,00,000	100,00,00,000	0	0
Preference Shares of Rs.100/- each	25,00,00,000	25,00,00,000	0	0
Total		1,25,00,00,000		0
B. Issued Capital				
Equity Shares of Rs.10/- each	8,76,51,370	87,65,13,700	0	0
Preference Shares of Rs.100/- each	10,00,000	10,00,00,000	0	0
Total		97,65,13,700		0
C. Subscribed and Paid up Share Capital				
Equity Shares of Rs.10/- each	8,76,41,621	87,64,16,210	0	0
Preference Shares of Rs.100/- each	5,00,000	5,00,00,000	0	0
Total		92,64,16,210	0	0

Note : Rs. 1,62,860 stands under Forfeited Shares Account.

B. The Amalgamated Company pre and (expected) post amalgamation will be as follows:

	Pre-Amalgamation As on June 30, 2015		Post-Amalgamation	
	No. of Shares	Amt. in Rs.	No. of Shares	Amt. in Rs.
A. Authorised Share Capital				
Equity Shares of Rs.10/- each	50,000	5,00,000	10,00,50,000	1,00,05,00,000
Preference Shares of Rs.100/- each			25,00,000	25,00,00,000
Total		5,00,000		1,25,05,00,000
B. Issued Capital				
Equity Shares of Rs.10/- each	50,000	5,00,000	8,76,41,621	87,64,16,210
Preference Shares of Rs.100/- each			5,00,000	5,00,00,000
Total		5,00,000		92,64,16,210
C. Subscribed and Paid up Share Capital				
Equity Shares of Rs.10/- each	50,000	5,00,000	8,76,41,621	87,64,16,210
Preference Shares of Rs.100/- each			5,00,000	5,00,00,000
Total		5,00,000		92,64,16,210

25. The Shareholding Pattern Pre & Post Amalgamation of the Applicant Amalgamating Company and the Amalgamated Company are as under: -

Category code	Category of shareholder	Applicant Amalgamating Company		Amalgamated Company			
		Pre-Amalgamation as on 30.09.2015		Pre-Amalgamation as on 30.09.2015		Post-Amalgamation	
		No. of shares	% of total No. of shares	No. of shares	% of total No. of shares	No. of shares	% of total No. of shares
(A)	Shareholding of Promoter and Promoter Group						
(1)	Indian						
(a)	Individuals/Hindu Undivided Family	87589	0.10	6*	0.01	87589	0.10
(b)	Central Government/ State Government(s)	-	-	-	-	-	-
(c)	Bodies Corporate	33590000	38.33	49994	99.99	33590000	38.33
(d)	Financial Institutions/Banks	-	-	-	-	-	-
(e)	Any Other(Specify) Societies	4887881	5.58	-	-	4887881	5.58
	Sub-Total (A)(1)	38565470	44.00	50000	100.00	38565470	44.00
(2)	Foreign						
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	38565470	44.00	50000	100.00	38565470	44.00
(B)	Public shareholding						
(1)	Institutions						
(a)	Mutual Funds/UTI	740	0.00	-	-	740	0.00
(b)	Financial Institutions/Banks	10184680	11.62	-	-	10184680	11.62
(c)	Central Government/ State Government(s)	1234744	1.41	-	-	1234744	1.41
(d)	Venture Capital Funds	-	-	-	-	-	-
(e)	Insurance Companies	1233227	1.41	-	-	1233227	1.41
(f)	Foreign Institutional Investors	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-
(h)	Qualified Foreign Investors	-	-	-	-	-	-
(i)	Any Other (specify)	-	-	-	-	-	-
	Sub-Total (B)(1)	12653391	14.44	-	-	12653391	14.44

The Shareholding Pattern Pre & Post Amalgamation (contd): -

Category code	Category of shareholder	Applicant Amalgamating Company		Amalgamated Company			
		Pre-Amalgamation as on 30.09.2015		Pre-Amalgamation as on 30.09.2015		Post-Amalgamation	
		No. of shares	% of total No. of shares	No. of shares	% of total No. of shares	No. of shares	% of total No. of shares
(2)	Non-institutions						
(a)	Bodies Corporate	5017372	5.72	--	--	5017372	5.72
(b)	Individuals -						
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	20137604	22.98	--	--	20137604	22.98
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	10769885	12.29	--	--	10769885	12.29
(c)	Qualified Foreign Investors	--	--	--	--	--	--
(d)	Any Other (specify)						
	Directors & Relatives	71235	0.08	--	--	71235	0.08
	Non- Residents Individuals	263198	0.30	--	--	263198	0.30
	Trusts	2020	0.00	--	--	2020	0.00
	Digjam Ltd. Unclaimed Suspense A/c	161446	0.18	--	--	161446	0.18
	Sub-Total (B)(2)	36422760	41.56	--	--	36422760	41.56
	Total Public Shareholding (B)	49076151	56.00	--	--	49076151	56.00
	TOTAL (A)+(B)	87641621	100.00	50000	100.00	87641621	100.00
(C)	Shares held by Custodian and against which Depository Receipts have been issued						
(1)	Promoter and Promoter Group	--	--	--	--	--	--
(2)	Public	--	--	--	--	--	--
	GRAND TOTAL						
	(A)+(B)+(C)	87641621	100.00	50000	100.00	87641621	100.00

* Nominees of Holding Company i.e. Applicant Amalgamating Company.

Note: As the Applicant Amalgamating Company will dissolved without winding up upon the Scheme coming into effect, there is no post amalgamation shareholding of the said Company. The Scheme also provides for cancellation of the Shares of the Amalgamated Company which are entirely held by the Holding Company i.e. the Applicant Amalgamating Company.

26. The following documents will be open for inspection at the Registered Office of the Applicant Amalgamating Company situated at Aerodrome Road, Jamnagar-361 006, Gujarat, on all working days between 10:00 a.m. and 1:00 p.m. upto the date of the meeting:
- Copy of the order passed by the Hon'ble High Court of Gujarat dated 2nd day of November 2015 directing convening the meeting of Equity Shareholders passed in Company Application No. 331 of 2015;
 - Copies of the Memorandum of Association and Articles of Association of the Applicant Amalgamating Company and Amalgamated Company;
 - Copy of the Audited Annual Accounts for the year ended on March 31, 2015 and Unaudited Financial Statement as on June 30, 2015 of Applicant Amalgamating Company;
 - Copy of the Unaudited Financial Statement as on September 30, 2015 of Amalgamated Company;
 - Register of Shareholdings of Directors and KMPs of the Applicant Amalgamating Company;
 - Copy of the Scheme of Amalgamation
 - Copies of Resolutions passed by the Board of Directors of the Applicant Amalgamating Company and the Amalgamated Company approving the Scheme
 - Copy of Fairness Opinion dated July 30, 2015 issued by SPA Capital Advisors Ltd. for the proposed Scheme of Amalgamation of ;
 - Copy of the Share Entitlement Ratio Report dated July 29, 2015 issued by Jain Pramod Jain & Co., Chartered Accountants;
 - Observation letters to the Scheme received from BSE Limited and National Stock Exchange of India Limited, where the shares of the Applicant Amalgamating Company are listed vide their letters dated October 19, 2015 and October 16, 2015 respectively;
 - Copy of Complaints Report filed with the Stock Exchanges dated September 10, 2015 and
 - Other documents displayed by the Stock Exchange and on the website of the Applicant Amalgamating Company in terms of the SEBI Circulars.
27. A copy of the Scheme, Explanatory Statement, Form of Proxy and Attendance Slip may be obtained free of charge, on any working day prior to the meeting from the Registered Office of the Applicant Amalgamating Company and/or at office of the Advocate Mrs. D.N. Raval, 21/23, Laxmi Chambers, Opp. Old High Court, Navjivan Press Road, Ahmedabad 380 014, Gujarat.
28. This statement may be treated as the statement under Section 393 and also under Section 173 of the Companies Act, 1956 as well as the corresponding provisions in Section 102 of the Companies Act, 2013.

Dated this 5th day of November, 2015

Registered office:
Aerodrome Road,
Jamnagar-361 006, Gujarat, India

Sd/-
M. P. Sarda
Chairman appointed for the meeting

**SCHEME OF AMALGAMATION
BETWEEN
DIGJAM LIMITED
WITH
DIGJAM TEXTILES LIMITED
AND
THEIR RESPECTIVE CREDITORS & SHAREHOLDERS**

PREAMBLE

(A) BACKGROUND AND DESCRIPTION OF COMPANIES

- (i) Digjam Limited ('Digjam Limited' or 'Amalgamating Company'), is a public limited company incorporated under the provisions of the Indian Companies Act, 1913 having its registered office at Aerodrome Road, Jamnagar 361 006, Gujarat, India. The Company is a leading Indian textile company engaged in the manufacturing of high quality worsted/woolen fabrics marketed under its own brand – "Digjam". It is one of the leading exporters of the worsted/woolen fabrics in India. The company was incorporated on March 15, 1948 as "Shree Digvijaya Woollen Mills Limited" with the Registrar of Companies, Nawanagar State. Thereafter, the name of the company was changed to "VXL India Limited" on June 13, 1986 and subsequently changed to "Birla VXL Limited" on April 5, 1995. The company changed its name again on April 9, 2008 to its present name "Digjam Limited".
- (ii) The equity shares of Amalgamating Company are listed at BSE (as defined hereinafter) and NSE (as defined hereinafter).
- (iii) Digjam Textiles Limited ('Digjam Textiles' or 'Amalgamated Company'), is a public limited company incorporated on June 17, 2015 under the provisions of the Companies Act, 2013 having its registered office at Aerodrome Road, Jamnagar 361 006, Gujarat, India. Digjam Textiles is a wholly owned subsidiary of Digjam Limited, in the business of trading in all kinds of textiles and manufacturing of high quality worsted/woolen fabrics.
- (iv) The Amalgamating Company presently holds, by itself or through its nominees, the entire equity share capital of the Amalgamated Company.

(B) OBJECTS AND RATIONALE FOR THE PROPOSED SCHEME

The Scheme provides for the amalgamation of Digjam Limited with Digjam Textiles pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, including the corresponding provisions of the Companies Act, 2013 as and when they are notified and become applicable, with a view to achieve the following:

- a. Greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and improve the economic and competitive position of the combined entity.
- b. Opportunities to strengthen leverage for raising resources to finance business needs and strengthen the financial position of the combined entity for future growth and expansion and to create a business structure, which is geared to take advantage of possible growth opportunities.
- c. Achieve greater efficiencies in operations with optimum utilization of resources, better administration and reduced cost. Increased cost savings are expected to flow from focused operational efforts, rationalization, standardisation and simplification of business processes, and optimum rationalization of administrative expenses and utilization of human resources.
- d. Additional thrust to the Amalgamated Company in terms of offering an optimum financial and capital structure resulting in better ability to leverage resources for growth and expansion.
- e. Better financial, business and operational prospects including but not limited to, efficient management of costs, and improved administrative control of the Amalgamated Company.
- f. The Scheme shall be in the beneficial interest of the Shareholders and Creditors of the Amalgamated Company. The Scheme shall not be in any manner prejudicial to the interest of the concerned members, creditors, employees or general public at large.

(C) PARTS OF THE SCHEME:

The Scheme of Amalgamation is divided in the following parts:

- (i) **Part I** deals with Definitions, Interpretation and Share Capital
- (ii) **Part II** deals with the amalgamation of Amalgamating Company with the Amalgamated Company
- (iii) **Part III** deals with the General Terms and Conditions

**PART I
DEFINITIONS AND SHARE CAPITAL**

1. DEFINITIONS

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

- 1.1 **"Act" or "The Act"** means the Companies Act, 1956 and shall include the Companies Act, 2013 (to the extent applicable), including applicable rules and regulations thereunder, and includes any statutory re-enactments, modification or amendment thereto.

Accordingly any reference in this Scheme to any Section(s) of the Companies Act, 1956 (such as Sections 391 to 394 or Sections 100 to 103 etc.) which remain in force, till they are re-enacted by their corresponding Sections by the Central Government, shall also

include reference to their corresponding Sections of the Companies Act, 2013 as and when such corresponding sections are made applicable by notification of the Central Government.

- 1.2 **"Amalgamating Company" or "Digjam Limited"** means Digjam Limited, a company incorporated under the provisions of the Indian Companies Act, 1913 having its Registered Office at Aerodrome Road, Jamnagar - 361006, Gujarat, India.
- 1.3 **"Amalgamated Company" or "Digjam Textiles"** means Digjam Textiles Limited, a company incorporated under the provisions of the Companies Act, 2013 having its registered office at Aerodrome Road, Jamnagar - 361 006, Gujarat, India.
- 1.4 **"Appointed Date"** means the date from which the provisions of this Scheme shall become operational i.e. close of business on June 30, 2015 or such other date as may be assented to and approved by the Board of Directors (in pursuance to Clause 19.1 of the Scheme) and approved by the High Court (as defined hereunder).
- 1.5 **"Board of Directors"** in relation to Amalgamating Company and Amalgamated Company, as the case may be, unless it be repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee of directors.
- 1.6 **"Court" or "High Court"** means the Hon'ble High Court of Gujarat, and shall include the National Company Law Tribunal ('NCLT'), or such other forum or authority having appropriate jurisdiction, as may be vested with any powers of a High Court under the Act.
- 1.7 **"Effective Date" or "upon this Scheme becoming effective" or "upon coming into effect of this Scheme"** shall mean the last of the dates on which the certified copy of the formal order(s) of the High Court sanctioning this Scheme, as defined hereunder, is filed with the Registrar of Companies at Gujarat, by the Amalgamating Company and the Amalgamated Company respectively, as required under the provisions of the Act.
- 1.8 **"Encumbrance"** means:
- (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of the Amalgamating Company or the Amalgamated Company, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Law;
 - (ii) any proxy, power of attorney, voting trust agreement, interest or option in favour of any Person;
 - (iii) any adverse claim as to title, possession or use; or
 - (iv) any transfer restrictions.
- 1.9 **"Government Authority"** means any applicable Central or State Government or local body, Legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction;
- 1.10 **"Law" or "Applicable Law"** includes all applicable statutes, enactments, acts of legislature or Parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any government, statutory authority, tribunal, board, court or recognized stock exchange of India or any other country or jurisdiction as applicable.
- 1.11 **"Person"** shall include any individual, joint venture, company, corporation, partnership (whether limited or unlimited), proprietorship, trust or other enterprise (whether incorporated or not), Hindu undivided family, union, association, government (central, state or otherwise), or any agency, department, authority or subdivision thereof, and shall include their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees for the time being.
- 1.12 **"Record Date(s)"** means the date(s) to be fixed by the Board of Directors of the Amalgamated Company, after the Effective Date, with reference to which the eligibility of the equity shareholders and/or preference shareholders of the Amalgamating Company for the purposes of issue and allotment of shares of the Amalgamated Company, in terms of the Scheme, shall be determined.
- 1.13 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Amalgamation as set out herein and approved by the Board of Directors of the Amalgamating Company and the Amalgamated Company, subject to such modifications as the High Court or SEBI or any other regulatory authority as applicable may impose or the Amalgamating Company and the Amalgamated Company may prefer and the High Court may approve.
- 1.14 **"SEBI"** means Securities and Exchange Board of India.
- 1.15 **"Share Entitlement Ratio"** means the number of equity shares of the Amalgamated Company to which a shareholder of the Amalgamating Company would be entitled to in proportion to his/hers/its existing shareholding in Amalgamating Company.
- 1.16 **"Stock Exchange" or "Stock Exchanges"** means BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. INTERPRETATION

- a) References to statutory provisions shall be construed as references to the statutory provisions under laws of India unless otherwise specified, and in any event to those provisions as respectively amended, superseded or re-enacted or as their application is modified by any other provisions (whether made before or after the date of this Scheme) from time to time.
- b) References to Clauses are to the Clauses of this Scheme and references to sub-clauses are to the sub-clauses of the Clause of this Scheme in which the reference appears;
- c) The headings and sub-headings are for information only and shall not affect the construction or interpretation of this Scheme;
- d) The singular shall include the plural and vice versa; and reference to one gender shall include all genders;
- e) Any phrase introduced by the terms "including", "include" or any similar expression shall be construed as illustrative and shall not limit the sense or scope of the word(s) preceding those terms.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court under Clause 19 of the Scheme shall be operative from the Appointed Date but shall be effective from the Effective Date.

The amalgamation of the Amalgamating Company with the Amalgamated Company shall be in accordance with Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions or part of this Scheme are found or interpreted to be inconsistent with the provisions of Section 2(1B) of the Income Tax Act 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(1B) of the Income Tax Act shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income Tax Act and such modifications shall not affect other parts of the Scheme.

4. SHARE CAPITAL

- 4.1 The authorized, issued, subscribed and paid up share capital of the Amalgamating Company as on 31st March, 2015 as per the last audited annual report was as under:

Particulars	Amount (in INR)
Authorized Capital	
10,00,00,000 Equity Shares of INR 10 each	100,00,00,000
25,00,000 Preference Shares of INR 100 each	25,00,00,000
Issued Capital	
8,76,51,370 Equity Shares of INR 10 each	87,65,13,700
10,00,000 8% Non-Convertible Redeemable Preference Shares of INR 100 each	10,00,00,000
Subscribed and Paid-up Capital	
8,76,41,621 Equity Shares of INR 10 each	87,64,16,210*
5,00,000 8% Non-Convertible Redeemable Preference Shares of INR 100 each	5,00,00,000

*Besides, INR 1,62,860/- stands under Forfeited Shares account in the Balance Sheet.

Subsequent to the above mentioned date, there has been no change in the Authorized, Issued, Subscribed and Paid-up Share Capital of the Amalgamating Company. The equity shares of the Amalgamating Company are listed on the Stock Exchanges.

- 4.2 The authorized, issued, subscribed and paid up share capital of the Amalgamated Company as on 31st July, 2015 was as under:

Particulars	Amount (in INR)
Authorized Capital	
50,000 Equity Shares of INR 10 each	5,00,000
Issued, Subscribed and Paid-up Capital	
50,000 Equity Shares of INR 10 each	5,00,000

Subsequent to the above date, there has been no change in the Authorized, Issued, Subscribed and Paid-up Share Capital of the Amalgamated Company. The entire equity share capital of the Amalgamated Company is held by the Amalgamating Company by itself or through its nominees.

PART II

AMALGAMATION OF AMALGAMATING COMPANY WITH THE AMALGAMATED COMPANY

5. TRANSFER AND VESTING

- 5.1 With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and undertaking of Amalgamating Company shall, pursuant to the sanction of this Scheme by the High Court and in accordance with the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Amalgamated Company, as a going concern, without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the business and undertaking of the Amalgamated Company by virtue of and in the manner provided in this Scheme.

5.2 TRANSFER OF ASSETS

Upon the sanction of the Scheme by the High Court, and without prejudice to the generality of the preceding clause, upon the coming into effect of the Scheme and with effect from the Appointed Date:

- a. All immovable properties, assets and rights (whether contingent or not) in the immovable properties of the Amalgamating Company, whether freehold or leasehold or licensed or otherwise and all documents of title, rights and easements in relation thereto, shall pursuant to the provisions of Sections 391 to 394 of the Act and pursuant to the orders of the High Court or any other appropriate authority sanctioning the Scheme and without any further act, instrument or deed shall stand transferred to and vested in and/or deemed to be transferred to and vested in the Amalgamated Company, subject to all the encumbrances, fixed and/or floating charges (if any). The Amalgamated Company shall be entitled to and exercise all rights and privileges attached thereto and shall be liable to pay ground rent, taxes and to fulfill all obligations in relation to or applicable to such immovable properties. The Amalgamated Company shall under the provisions of Scheme be deemed to be authorized to execute, if required such instruments, deeds and writing on behalf of the Amalgamating Company and to implement or carry out all such formalities or compliances to give effect to the provisions of this Scheme. Furthermore, no duty (including stamp duty), levy, cess of any nature will be payable by the Amalgamated Company at the time of replacement of the encumbrance, charge and/or right covered above with respect to the immovable property. The

mutation of the title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of the Amalgamated Company. Any inchoate title or possessory title of the Amalgamating Company shall be deemed to be the title of the Amalgamated Company.

- b. In respect of such of the assets and properties of the Amalgamating Company as are movable in nature or which are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same may be so transferred (along with the encumbrance, charges and/or rights thereon) to the Amalgamated Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the Amalgamated Company to the end and intent that all the property, rights and benefits therein pass to the Amalgamated Company with effect from the Appointed Date pursuant to the provisions of Section 391 to Section 394 of the Act and all other provisions of applicable laws, if any, without requiring any further act, deed or instrument for the transfer of the same.
- c. In respect of such of the assets and properties belonging to the Amalgamating Company other than those specified above, including but not limited to sundry debtors, receivables, bills, credits, loans and advances if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any governmental authority, quasi government, local or other authority or body or with any company or other person, (along with the encumbrance, charges and/or rights thereon), shall without any further act or deed, cost or charge and without any notice or other intimation to any third party be transferred to and be vested in the Amalgamated Company upon coming into effect of the Scheme.
- d. All assets, estates, rights, title, interest, investments, properties of the Amalgamated Company and any assets, estates, rights, title, interest, investments, properties authorities acquired by the Amalgamating Company prior to, or as on the Effective Date shall also stand transferred (along with the encumbrance, charges and/or rights thereon) to, and vested in the Amalgamated Company upon the Scheme becoming effective from the Appointed Date, pursuant to the provisions of Section 391 to Section 394 of the Act and all other provisions of applicable laws, if any. Further, no duty (including stamp duty), levy, cess of any nature will be payable by the Amalgamated Company at the time of replacement of the encumbrance, charge and/or right covered above with respect to the assets.
- e. Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme on the Appointed Date, all consents, permissions, licenses, approvals, certificates, environment or other clearances and authorities, leases, tenancy, assignment, allotments, power of attorney given by, issued to or executed in favour of the Amalgamating Company, claims, powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, lease-hold rights and tenancies, and other intangible rights issued to or executed in favour of the Amalgamating Company, shall stand transferred to the Amalgamated Company as if the same were originally given by, issued to or executed in favour of the Amalgamated Company, and the rights and benefits under the same shall be available to the Amalgamated Company. Any registration fees, charges etc. paid by the Amalgamating Company in relation to the aforementioned consents, permissions, licenses, approvals, certificates, clearances and authorities, etc. shall be deemed to have been paid by the Amalgamated Company and consequently, the concerned Government authority shall carry out necessary mutations in favour of the Amalgamated Company.
- f. Upon the coming into effect of the Scheme on the Appointed Date, all consents, permissions, licenses, approvals, registrations, certificates, clearances and authorities in respect to or under the provision(s) of the Factories Act, Industrial Disputes Act, Industries (Development and Regulation) Act, Payment of Wages Act, Payment of Gratuity Act, Payment of Bonus Act, Industrial Employment Standing Orders Act, Employment Exchange Act, State Labour Welfare Fund Act, Motor Vehicle Act, Environment Protection Act & Pollution Control Act, Electricity Act, State Tax on Professions, Trades, and/or any other act of the Government or any authority, originally given by, issued to or executed in favour of the Amalgamating Company shall stand transferred or deemed amended in favour of the Amalgamated Company as if the same were originally given by, issued or executed in favour of the Amalgamated Company, and the rights and benefits under the same shall be available to the Amalgamated Company and consequently, the concerned Government or authority shall carry out necessary mutations in favour of the Amalgamated Company.
- g. All the statutory or other licenses, permits, quotas, approvals, sanctions (including pertaining to electricity, water, telephones), permissions, registrations (including for vehicles), incentives, tax deferrals, export incentives, duty drawbacks, exemptions and benefits (including but not limited to that under the Foreign Trade Policy, cenvat, sales tax/VAT and service tax), subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status, no objection certificates and other benefits or privileges enjoyed or conferred upon or held or availed of by, or vested in, the Amalgamating Company and all rights and benefits that have accrued or which may accrue to the Amalgamating Company, whether before or after the Appointed Date, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vested in or be deemed to be transferred to and vested in and be available to the Amalgamated Company so as to become, as and from the Appointed Date or thereafter as the case may be, licenses, permits, quotas, approvals, sanctions, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges etc. of the Amalgamated Company and shall remain valid, effective and enforceable on the same terms and conditions.
- h. Upon the coming into effect of the Scheme on the Appointed Date, all trademarks, trade names, service names, marks, logos, brands, copyrights, pricelists, customers lists, catalogues, advertisement materials, selvedges, designs, drawings, maps, technical or any other manuals, books or documents, marketing authorizations, approvals, marketing tangibles, licenses, or consents or any right in any intellectual property, whether registered or not and whether or not recorded in the books of the Amalgamated Company, pertaining to or enjoyed by the Amalgamating Company shall stand vested in or transferred to or be deemed to have been transferred to and vested in and be available to Amalgamated Company, subject to any encumbrances, charge or lien thereon, without any further act, instrument or deed and shall be appropriately mutated by the statutory or any other authority or party concerned, if and as may be required, in favour of the Amalgamated Company.
- i. It is hereby provided that all documents executed and/or filed including but not limited to documents related to charges, encumbrance or right, whether or not registered with any Governmental authority (including Registrar of Companies) or any other person as regards the transfer and vesting of assets of the Amalgamating Company, shall be deemed to have been executed and/or filed and/or registered by the Amalgamated Company and the Amalgamated Company shall not be required to execute and/or perform any further act, instrument or deed separately. It is further clarified that filing of the certified copy(ies) of the Order of the High Court sanctioning this Scheme with the Registrar of Companies shall be deemed to be sufficient for modifying or creating the charges in favour of the secured creditors of the Amalgamating Company as against the Amalgamated Company, as applicable, as required as per the provision of this Scheme.

- j. Further, where any document in case any encumbrance, charge and/or right created by the Amalgamating Company with respect to the assets mentioned in this Clause, is transferred to or replaced by the Amalgamated Company, no duty (including stamp duty), levy and/or cess of any nature will be payable by the Amalgamated Company at the time of replacement of the encumbrance, charge and/or right and the duty and other levies already paid by the Amalgamating Company shall be deemed to have been paid by the Amalgamated Company.
- k. For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of the bank accounts of the Amalgamating Company would be replaced with that of the Amalgamated Company, the Amalgamated Company shall be entitled to operate the bank accounts of the Amalgamating Company in the name of the Amalgamating Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Amalgamating Company after the Effective Date shall be accepted by the bankers of the Amalgamated Company and credited to the account of the Amalgamated Company, if presented by the Amalgamated Company. The Amalgamated Company shall be allowed to maintain bank accounts in the name of the Amalgamating Company for such time as may be determined to be necessary by the Amalgamated Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Amalgamating Company. It is hereby expressly clarified that any legal proceedings by or against the Amalgamating Company in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Amalgamating Company shall be instituted, or as the case maybe, continued by or against the Amalgamated Company after the coming into effect of the Scheme.

5.3 TRANSFER OF LIABILITIES

- a. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities (whether in Indian rupees or foreign currency) of the Amalgamating Company including all secured and unsecured debts/credits payables, liabilities (including contingent liabilities), duties, obligations and undertakings of the Amalgamating Company of every kind, nature and description whatsoever, whether or not provided or recorded in the books of the Amalgamated Company or not, (herein collectively referred to as the "Liabilities") as on the Appointed Date, shall, pursuant to the sanction of this Scheme by the High Court and under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Amalgamated Company, and the same shall be assumed by the Amalgamated Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the Liabilities or contingent liabilities etc. as the case may be, of the Amalgamated Company on the same terms and conditions as were applicable to the Amalgamating Company, and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.
- b. Upon coming into effect of this Scheme, all credit facilities, sanctioned by banks or any other party, whether utilised or not, as on the Effective Date shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Amalgamated Company as if the same were sanctioned to the Amalgamated Company.
- c. All other debts, liabilities, duties and obligations of the Amalgamating Company as on the Appointed Date, whether or not provided in the books of the Amalgamating Company, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Amalgamating Company on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Amalgamated Company by virtue of this Scheme.
- d. Where any such debts, liabilities, duties and obligations (including contingent liabilities) etc. of the Amalgamating Company as on the Appointed Date have been discharged or satisfied by the Amalgamating Company after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Amalgamated Company.
- e. All liabilities of Amalgamating Company including all secured and unsecured debts payables, loans raised and utilised, liabilities (including contingent liabilities), duties, obligations and undertakings incurred or undertaken by the Amalgamating Company in the ordinary course of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, utilised, incurred or undertaken for and on behalf of the Amalgamated Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed, cost or charge and without any notice or intimation to any third party for the transfer of the same be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Amalgamated Company and shall become the liabilities, contingent liability, duties and obligations etc., as the case may be, of the Amalgamated Company and the Amalgamated Company shall meet, discharge and satisfy the same.

6. TAXES

- 6.1 Upon the Scheme becoming effective, all taxes payable by the Amalgamating Company under the Income-tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956 or VAT/Service tax etc or other applicable laws/regulations dealing with taxes/duties/levies (hereinafter in this Clause referred to as "Tax Laws") shall be transferred to the account of the Amalgamated Company; similarly all credits for taxes including Minimum Alternate Tax, Tax deduction at source on income of Amalgamating Company, or obligation for deduction of tax at source on any payment made by or to be made by the Amalgamating Company shall be made or deemed to have been made and duly complied with by the Amalgamated Company if so made by Amalgamating Company. Similarly any advance tax payment by the specified due dates in the tax laws shall also be deemed to have been made by the Amalgamated Company if so made by the Amalgamating Company. Any refunds under the Tax Laws due to the Amalgamating Company consequent to the assessments made on the Amalgamating Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by Amalgamated Company.
- 6.2 All taxes of any nature, duties, cesses or any other like payment or deductions made by Amalgamating Company to any statutory authorities such as Income Tax, Sales tax, service tax, Custom duty etc. or any tax deduction/collection at source, tax credits under Tax laws, relating to the period after the Appointed Date up to the Effective date shall be deemed to have been on account of or paid by the Amalgamated Company and the relevant authorities shall be bound to transfer to the account of and give credit for the same to Amalgamated Company upon the coming into effect of the Scheme.
- 6.3 All expenses incurred by the Amalgamating Company under Section 43B of the Income tax Act, 1961, in relation and pertaining to its business, shall be claimed as a deduction by the Amalgamated Company and the transfer of the entire business and undertaking shall be considered as succession of business by the Amalgamated Company.

6.4 Upon this Scheme becoming effective, the Amalgamated Company is expressly permitted to revise and file its income tax returns including tax deducted at source returns, service tax returns, excise tax returns, sales tax and value added tax returns and other tax returns (including revised returns) as may be necessary and expressly reserves the right to make such provisions in its returns, and to claim refunds and credits etc. pertaining to the Amalgamating Company notwithstanding that the statutory period for such revision and filing may have lapsed. The Amalgamated Company shall be entitled to claim and be allowed credit or benefits of all tax deduction certificates, advance tax or other tax payments, credits or duty drawbacks or advance licenses or any other credit or benefit of any tax, duty, cenvat, incentive etc. relating to the Amalgamating Company, notwithstanding that such certificates or challans or any other documents for tax payments or credits/benefits etc. may have been issued or made in the name of the Amalgamating Company. Such credit/benefit shall be allowed without any further act or deed by the Amalgamated Company or the need for any endorsements on such certificates, challans, documents etc. to be done by the issuers or any authority.

7. ENCUMBRANCES

7.1 The transfer and vesting of the assets of the Amalgamating Company to and in the Amalgamated Company shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.

7.2 All the existing securities, mortgages, charges, encumbrances or liens (the "Encumbrances"), if any, as on the Appointed Date and created by the Amalgamating Company after the Appointed Date, over the assets or any part thereof transferred to the Amalgamated Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to any facility, debts or any liabilities of the Amalgamating Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to Amalgamated Company and such Encumbrances shall not relate or attach to any of the other assets of Amalgamated Company.

7.3 The existing Encumbrances over the assets and properties of the Amalgamated Company or any part thereof which relate to the liabilities and obligations of Amalgamated Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Amalgamating Company transferred to and vested in Amalgamated Company by virtue of this Scheme.

7.4 Any reference to the Amalgamating Company in any security documents or arrangements to which the Amalgamating Company is a party and its assets and properties, shall be construed as a reference to the Amalgamated Company and the assets and properties of the Amalgamating Company transferred to the Amalgamated Company by virtue of this Scheme.

7.5 It is hereby provided that all documents executed and/or filed including but not limited to documents related to charges, encumbrance or right, whether or not registered with any Governmental authority (including Registrar of Companies) or any other person as regards the transfer and vesting of assets of the Amalgamating Company, shall be deemed to have been executed and/or filed and/or registered by the Amalgamated Company, and the Amalgamated Company shall not be required to execute and/or perform any further act, instrument or deed separately. It is further clarified that filing of the certified copy(ies) of the Order of the High Court sanctioning this Scheme with the Registrar of Companies shall be deemed to be sufficient for modifying or creating the charges in favour of the secured creditors of the Amalgamating Company as against the Amalgamated Company, as applicable, as required as per the provision of this Scheme.

7.6 Further, where any document in case of any encumbrance, charge and/or right created by the Amalgamating Company, is transferred to or replaced by the Amalgamated Company, no duty (including stamp duty), levy and/or cess of any nature will be payable by the Amalgamated Company at the time of replacement and/or modification of the encumbrance, charge and/or right with any Governmental authority (including Registrar of Companies) or any other person as the case maybe and the duty and other levies already paid by the Amalgamating Company shall be deemed to have been paid by the Amalgamated Company.

7.7 Upon the coming into effect of this Scheme, the Amalgamated Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.

7.8 It is expressly provided that, save as herein provided, no other terms or conditions of the Liabilities transferred to Amalgamated Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

7.9 The provisions of this Clause shall operate in accordance with the terms of the Scheme, 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 or the terms of sanction shall be deemed to stand modified and/or superseded by the foregoing provisions.

8. CONSIDERATION AND MODE OF DISCHARGE OF CONSIDERATION:

8.1 Upon coming into effect of the Scheme and in consideration for the amalgamation of the Amalgamating Company with the Amalgamated Company, the Amalgamated Company shall, without any further application or deed, issue and allot to the equity shareholders of the Amalgamating Company (whose name appear in the Register of Members as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be), the following equity shares:

"8,76,41,621 (Eight Crores Seventy Six Lakhs Forty One Thousand Six Hundred Twenty One Only) fully paid up equity shares of face value of INR 10 (Ten) each at a Premium of INR 5 (Five) per equity share of the Amalgamated Company to the equity shareholders of the "Amalgamating Company" in the ratio of 1 (one) equity share in the Amalgamated Company against 1 (one) equity share held in the Amalgamating Company"

8.2 Further it is clarified that upon allotment of equity shares as aforesaid, the equity shares held by the equity shareholder in the Amalgamating Company, whether in physical form or electronic form shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and be of no effect on and from the record date.

8.3 Upon coming into effect of the Scheme and in consideration for the amalgamation of the Amalgamating Company with the Amalgamated Company, the Amalgamated Company shall, without any further application or deed, issue and allot to the holders of 8% Non-Convertible Redeemable Preference Shares of face value INR 100 (Hundred) each of the Amalgamating Company (whose name appear in the Register of Members as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be), the same number of 8% Non-Convertible Redeemable Preference Shares of face value INR 100 (Hundred) each as fully paid up of the Amalgamated Company, on same terms and conditions on which, the said 8% Non-Convertible Redeemable Preference Shares were issued by the Amalgamating Company. Further for the purposes

of determination/ac accrual of all rights (including the right to redemption) to the 8% Non-Convertible Redeemable Preference Shares as issued by the Amalgamated Company, the date of allotment on which the 8% Non-Convertible Redeemable Preference Shares were issued by the Amalgamating Company shall be deemed to be the relevant date.

- 8.4 Further it is clarified that upon allotment of 8% Non-Convertible Redeemable Preference Shares as aforesaid, the 8% Non-Convertible Redeemable Preference Shares held by the preference shareholder in the Amalgamating Company, whether in physical form or electronic form shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and be of no effect on and from the record date.
- 8.5 The equity shares shall be issued in dematerialized form to those shareholders who hold equity shares of Amalgamating Company in dematerialized form, into their demat account in which the equity shares in Amalgamating Company are held or such other demat account as is intimated by the shareholders to Amalgamating Company and/or its Registrar before the Record Date. All those shareholders who hold equity shares in Amalgamating Company in physical form shall also have the option to receive the equity shares in dematerialized form provided the details of their demat account with a Depository Participant are intimated in writing to the Amalgamating Company and/or its Registrar before the Record Date. The shareholders who fail to provide such details, or when such details of the demat account as intimated by the shareholders do not match with those in the records of the Depository, shall be issued equity shares in physical form.
- 8.6 Subject to Clause 8.3 above, the preference shares issued to the holders of 8% Non-Convertible Redeemable Preference Shares of the Amalgamating Company shall be issued in only physical form by the Amalgamated Company.
- 8.7 The Board of Directors of Amalgamated Company shall, if and to the extent required, apply for and obtain any approvals from concerned and relevant Government/Regulatory authorities and undertake necessary compliance for the issue and allotment of equity shares to the members of Amalgamating Company pursuant to clause 8.1 of the Scheme.
- 8.8 The equity shares to be issued to the members of Amalgamating Company pursuant to clause 8.1 of this Scheme will be listed and/or admitted to trading in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (read with the applicable regulations/circulars issued by the Securities and Exchange Board of India in relation to application under sub-rule(7) of rule 19 of the Securities Contract (Regulation) Rules, 1957) including any amendment or reconstitution thereof on all the Stock Exchanges on which shares of Amalgamating Company are listed on the Effective Date. Amalgamated Company shall enter into such arrangements and give such confirmations and/or undertakings as maybe necessary in accordance with the applicable laws or regulations for Amalgamated Company with the formalities of the said Stock Exchanges. The equity shares of Amalgamated Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the Stock Exchange(s).
- 8.9 There shall be no change in the shareholding pattern or control in Amalgamated Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges.
- 8.10 The Equity Shares and Preference Shares to be issued to the members of the Amalgamating Company under Clause 8.1 and Clause 8.3 respectively shall be subject to the terms of the Memorandum and Articles of Association of the Amalgamated Company and the equity shares and preference shares shall rank pari passu with the existing equity shares of Amalgamated Company in all respects including, dividend (including interim dividend) for the period starting from the Appointed Date. The holders of the equity shares and preference shares of the Amalgamated Company and Amalgamating Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends declared, if any, by the respective companies of which they are members for the financial year upto the Appointed Date. It is clarified that the aforesaid provision in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of Amalgamated Company or Amalgamating Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of Amalgamated Company and Amalgamating Company and subject to the approval of the shareholders of Amalgamated Company and Amalgamating Company. Provided however that the lock-in period, if any, as per the applicable law outstanding on the equity shares of the Amalgamating Company, held by any shareholder shall continue to be applicable on the equity shares held by the shareholder in the Amalgamated Company for the remainder of the period stipulated under the applicable law.
- 8.11 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Amalgamating Company, the Board of Directors of Amalgamating Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties in relation to the equity shares issued in the Amalgamated Company, after the effectiveness of this Scheme. The Board of the Directors of the Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of the members in the Amalgamated Company on account of difficulties if any in the transition period.
- 8.12 The equity shares to be issued by Amalgamated Company to the members of Amalgamating Company pursuant to Clause 8.1 of this Scheme, in respect of any shares in Amalgamating Company which are held in abeyance under the provisions of Section 126 of the Companies Act 2013 or otherwise, pending allotment or settlement of dispute, by order of Court or otherwise, be held in abeyance by Amalgamated Company.
- 8.13 Approval of this Scheme by the shareholders of Amalgamated Company shall be deemed to be the due compliance of the provisions of Section 62(1)(c) of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Amalgamated Company to the shareholders of Amalgamating Company, as provided in this Scheme.
- 8.14 Upon the Scheme becoming effective and upon the issue of shares by Amalgamated Company in accordance with Clause 8.1 and Clause 8.3 above, the existing shares of Amalgamated Company held by Amalgamating Company and its nominees, as on the Record Date shall, without any application or deed or payment, stand cancelled. Further, such cancellation of the existing shares of Amalgamated Company shall be effected as an integral part of this Scheme without having to separately follow the process under Sections 100 to 103 of the Companies Act, 1956 and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the said Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and hence the provisions of Section 101 of the said Act will not be applicable. Furthermore, the Amalgamated Company shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

9 COMBINATION OF AUTHORISED SHARE CAPITAL

- 9.1 Upon the Scheme coming into effect, the authorised share capital, including the equity share capital and the preference share capital, of the Amalgamating Company shall stand combined with the authorised share capital of the Amalgamated Company and accordingly the Memorandum of Association of the Amalgamated Company shall automatically stand amended and the words and figures in Clause V of the Memorandum of Association shall be substituted to read as follows:

"The Authorised Share Capital of the Company is Rupees 1,25,05,00,000 (Rupees One Hundred Twenty Five Crores and Five Lakhs only) divided into 10,00,50,000 (Ten Crores Fifty Thousand) Equity Shares of Rs.10 each and 25,00,000 (Twenty Five Lakhs only) Preference Shares of Rs.100 each

The Company has power from time to time to increase or reduce its capital and to divide the Shares into several classes and to attach thereto, respectively, such preferential, cumulative, convertible, guarantee, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with these presents and to vary, modify or abrogate any such right, privileges or conditions or restrictions in such manner as may for the time being be permitted by these presents or the said Act or any other legislative provisions for the time being in force in that behalf.

- 9.2 The filing fee and stamp duty already paid by the Amalgamating Company on its authorized share capital, which is being combined with the authorized share capital of the Amalgamated Company, shall be deemed to have been paid by the Amalgamated Company and accordingly, the Amalgamated Company shall not be required to pay any fee, additional fee, charges and/or stamp duty on the authorized share capital so increased. However, the Amalgamated Company shall file the amended copy of its Memorandum of Association and Articles of Association with the Registrar of Companies within a period of 30 days from the Effective Date and the Registrar of Companies shall take the same on record.
- 9.3 It is hereby clarified that the consent of the shareholders of the Amalgamated Company to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 13, Section 14, Section 61 or any other applicable provisions of the Companies Act, 2013, would be required to be separately passed.
- 9.4 It is clarified that the approval of the members of the Amalgamated Company to the Scheme shall be deemed to be their consent/approval for the increase of the authorized share capital, amendment of the capital clause of the Memorandum of Association under the relevant provisions of the Act.

10. ACCOUNTING TREATMENT IN THE BOOKS OF AMALGAMATED COMPANY

- 10.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the amalgamation of the Amalgamating Company with the Amalgamated Company shall be accounted as per 'The Purchase Method' prescribed under Accounting Standard 14 - 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India and notified by the Central Government.
- 10.2 The Amalgamated Company shall, record the assets and liabilities of Amalgamating Company, transferred to and vested in it pursuant to this Scheme, at their respective fair values.
- 10.3 The Amalgamated Company shall credit to its share capital account(s), the aggregate face value of the equity shares and preference shares issued by it pursuant to Clause 8.1 and Clause 8.3 of this Scheme. Further, Amalgamated Company shall credit to its Securities Premium Account, the aggregate premium on equity shares issued by it pursuant to Clause 8.1 of this Scheme.
- 10.4 Any Inter-company balances and inter-company investments between the Amalgamated Company and the Amalgamating Company as on the Effective date will stand cancelled and there shall be no further obligation/outstanding in that behalf.
- 10.5 The difference, if any, between the value of net assets of the business transferred from the Amalgamating Company as recorded by the Amalgamated Company in terms of Clause 10.2 above, and the amount credited to Share capital and Securities Premium Account as per Clause 10.3 and cancellation of inter-company balances and investment as per Clause 10.4, shall be credited to the Capital Reserve Account or shall be debited to the Goodwill Account of Amalgamated Company, as the case may be.

11. LISTING AGREEMENT AND SEBI COMPLIANCES

- 11.1 The Amalgamating Company being a listed company, this Scheme is subject to the Compliances by the Amalgamating Company of all the requirements under the listing agreement and all statutory directives of the Securities and Exchange Board of India ('SEBI') insofar as they relate to sanction and implementation of the Scheme.
- 11.2 The Amalgamating Company in compliance with the listing Agreement shall apply for the in principle approval of the BSE and NSE where its shares are listed in terms of the clause 24(f) of the listing agreement at least 30 days prior to approaching the Court for sanction of the Scheme.
- 11.3 The Amalgamating Company shall also comply with the directives of SEBI contained in the Circular No. CIR/CFD/DIL/5/2013 dated 4th February 2013 as modified by its subsequent Circular No CIR/CFD/DIL/8/2013 dated 21st May 2013, in pursuance of sub-rule (7) of rule 19 of the Securities Contract (Regulation) Rules, 1957 for relaxation from the enforcement of clause (b) to sub-rule (2) of rule 19 thereof.

12. CHANGE OF NAME

- 12.1 Upon this Scheme becoming effective, the name of the Amalgamated Company shall be changed from "Digjam Textiles Limited" to "Digjam Limited" in accordance with Section 13 of the Companies Act, 2013 and other relevant provisions of the Act as applicable without any act or deed and the name of the Amalgamated Company wherever it occurs in the Memorandum of Association and Articles of Association shall stand substituted by "Digjam Limited". It is hereby clarified that for the purposes of this clause, the consent of the shareholders of the Amalgamated Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the name change and that no further resolution under the provisions of the Act would be required to be passed separately. Pursuant to this Scheme, the Amalgamated Company shall file the requisite forms with the Registrar of Companies for change of the name of the Amalgamated Company.

13. DIVIDEND

- 13.1 From the Appointed Date till the Effective Date, except as mutually agreed between the Amalgamated Company and the Amalgamating Company in writing or as required by applicable Law, neither the Amalgamating Company nor the Amalgamated Company shall be

permitted to declare or pay dividend, whether interim or final, or make any other distributions payable in cash, stock, property or in any other manner, to its shareholders, except for dividends, which are paid in cash on dates and in amounts consistent with past practice on the shares of the such company. The Shareholders shall not be entitled to dividend, if any, declared and paid on or prior to the Effective Date by the Amalgamating Company to its shareholders for the accounting period prior to the Appointed Date.

- 13.2 It is clarified that the aforesaid provision in respect of declaration of dividends, whether interim or final, is an enabling provision only and shall not be deemed to confer any right on any member of the Amalgamated Company and/or the Amalgamating Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Amalgamating Company or the Board of Directors of the Amalgamated Company, as the case may be and subject, wherever necessary, to the approval of the shareholders of the Amalgamated Company or the Amalgamating Company, as the case may be.
- 13.3 Until the coming into effect of this Scheme, the holders of equity shares and the preference shares of the Amalgamating Company and the equity shareholders of the Amalgamated Company shall save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Association.

PART III GENERAL TERMS AND CONDITIONS

14. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

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

- 14.1 The Amalgamating Company undertakes to preserve and carry on its business, with reasonable diligence and business prudence;
- 14.2 The Amalgamating Company shall carry on and be deemed to have carried on all business and activities for and on account of, and in trust for the Amalgamated Company;
- 14.3 All the transactions, including but not limited to transactions of purchases/sale of any asset/properties by the Amalgamating Company, profits and cash accruing to or losses arising or incurred (including the effect of taxes if any thereon) by Amalgamating Company, shall for all purposes, be treated as the transaction i.e. assets, liabilities, profits/cash, taxes or losses, as the case may be, of Amalgamated Company;
- 14.4 Any of the rights, powers, authorities, privileges, attached, related or pertaining to or exercised by Amalgamating Company shall be deemed to have been exercised by Amalgamating Company for and on behalf of, and in trust for and as an agent of Amalgamated Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to Amalgamating Company that have been undertaken or discharged by Amalgamated Company, shall be deemed to have been undertaken for and on behalf of and as an agent for Amalgamated Company;
- 14.5 The Amalgamated Company shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Amalgamated Company may require to own the undertaking and to carry on the business of the Amalgamating Company;
- 14.6 In case any transaction of sale of assets (including the investments held by Amalgamating Company) takes place during the interregnum period, specifically on and from the Appointed Date upto the Effective Date, such asset shall be deemed to have been first recorded in the books of the Amalgamated Company in accordance with the Scheme above and thereafter sold by the Amalgamated Company itself;
- 14.7 As and from the Appointed Date and till the Effective Date, all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations as on the Appointed Date, whether or not provided in the books of Amalgamating Company, and all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations relating thereto which arise or accrue to Amalgamating Company on or after the Appointed Date in accordance with this Scheme, shall be deemed to be the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of Amalgamated Company.
- 14.8 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Amalgamating Company occurs by virtue of this Scheme itself upon sanction by the High Court, the Amalgamated Company may at any time after coming into effect of this Scheme and in accordance with the provisions hereof, if so required under any applicable law or otherwise, give notice in such form as may be required, or as it may deem fit and proper or enter into or execute deeds (including deeds of adherence), confirmations, novations, declarations or other writings or documents as may be necessary, in order to give formal effect to the provisions of this Scheme, including, with or in favour of and carry out and perform all such formalities and compliances required by (i) any party to any Contract to which the Amalgamating Company is a party or (ii) any Governmental Authority or non- Governmental Authority, in either case in order to give formal effect to the provisions of the Scheme. Provided however that the execution of any confirmation or novation or other writings or arrangements shall in no event postpone the giving effect to this Scheme from the Effective Date. The Amalgamated Company shall under the provisions of this Scheme be deemed to be authorised to execute any such documents on behalf of the Amalgamating Company and to carry out or perform all such above mentioned formalities or compliances that are to be carried out or performed by the Amalgamating Company.

15. LEGAL PROCEEDINGS

- 15.1 With effect from the Appointed Date and up to and including the Effective Date, all legal, arbitration, and tax assessment proceedings/appeals of whatsoever nature by or against the Amalgamating Company pending and/or arising on or after the Appointed Date and relating to the Amalgamating Company shall be continued and/or enforced by or against the Amalgamated Company. As and from the Effective Date, the legal, arbitration, and tax proceedings/appeals shall be continued and enforced by or against the Amalgamated Company in the same manner and to the same extent as would and might have been continued and enforced by or against the Amalgamating Company. Further, the said proceedings shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme.

16. CONTRACTS, DEEDS, ETC.

- 16.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, letters of credit, guarantees, indemnities, insurances, agreements (including tenancy or lease or hire purchase agreements), memorandums, tender

bids, schemes, arrangements, other instruments (including negotiable instruments) or writings or documents of whatsoever nature, whether pertaining to movable or immovable properties or otherwise, to which the Amalgamating Company is a party or obligee or to the benefit of which Amalgamating Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favor of the Amalgamated Company, as the case may be, and may be enforced as fully and effectually as if, instead of Amalgamating Company, Amalgamated Company had been a party or beneficiary or obligee thereto or there under.

- 16.2 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, power of attorney given by, issued to or executed in favour of Amalgamating Company shall stand transferred to Amalgamated Company, as if the same were originally given by, issued to or executed in favour of Amalgamated Company, and Amalgamated Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to Amalgamated Company. The Amalgamated Company shall intimate, make application/enter into/execute any deeds or documents and do all such acts or things which may be necessary to obtain relevant approvals from the concerned Governmental Authorities or any other party, if and as may be necessary in this behalf. Further during the pendency of such approvals, from the concerned Governmental Authorities or any other party (as maybe applicable), the Amalgamated Company is authorized to carry on the business in the name and style of the Amalgamating Company and under the relevant licenses and/or permits and/or approvals as the case may be, and the Amalgamated Company shall keep a record and/or account of such transactions.
- 16.3 The resolutions if any of the Amalgamating Company which are valid and subsisting on the Effective Date, shall under the provisions of the Act, and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation be and stand continue to be valid and subsisting and be considered as resolutions of the Amalgamated Company and if any such resolutions have any monetary limits approved under the provisions of the Act, then the said limits shall be added to the limits, if any, under like resolutions passed by the Amalgamated Company and shall constitute as the aggregate of the said limits in the Amalgamated Company.
- 16.4 Upon the Scheme coming into effect, the experience, past track record, qualification criteria and credentials of the Amalgamating Company, including inter-alia, profitability, production, volume, market share etc. for all commercial and regulatory purposes including for the purpose of the eligibility, standing, evaluation and participation in all existing and future bids, tender, contracts of all authorities, agencies, departments, customers and clients shall be deemed to be the experience, track record, qualification criteria and credentials of the Amalgamated Company.

17. STAFF, WORKMEN & EMPLOYEES

- 17.1 On the Scheme becoming effective, all staff, workmen and employees of Amalgamating Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of Amalgamated Company respectively with effect from the Appointed Date without any break, discontinuance or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Amalgamated Company shall not be less favorable than those applicable to them with reference to Amalgamating Company, on the Effective Date.
- 17.2 Further, it is expressly provided that, on the Scheme becoming effective, the gratuity fund and superannuation fund or any other special fund or trusts created or existing for the benefit of the staff, workmen and other employees of Amalgamating Company, shall become the trusts/funds of Amalgamated Company, for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of Amalgamating Company, in relation to such fund or funds shall become those of Amalgamated Company. It is clarified that the services of the staff, workmen and employees of Amalgamating Company, will be treated as having been continuous for the purpose of the said fund or funds. This Scheme shall enable the trustees of gratuity fund and superannuation fund trusts to amend their respective trust deeds so as to be in conformity with the requirements of both the labour laws and the income tax laws, as applicable, consequent upon the vesting and transfer of employees to the Amalgamated Company as provided herein, on a continuity of employment basis and on same and/or similar terms and conditions of service.

18. APPLICATION TO HIGH COURT

- 18.1 Amalgamating Company and Amalgamated Company shall, with all reasonable dispatch, make applications/petitions under Sections 391-394 of the Companies Act, 1956 and other applicable provisions of the Act to the High Court for sanction of this Scheme with such modifications, as may be approved by the High Court under the provisions of Law.

19. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 19.1 Amalgamating Company and Amalgamated Company, through their respective Board of Directors (which shall include any committee or person authorized by the said Boards in this regard) may assent from time to time, on behalf of all persons concerned, to any extension, modifications/ amendments to the Scheme (including modification in the Appointed Date) or to any conditions or limitations that the Court, SEBI and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Amalgamating Company and Amalgamated Company, acting through their respective authorized representatives, be and are hereby authorized 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.
- 19.2 For the purpose of giving effect to this Scheme or modifications or amendments thereof or additions thereto, the Board of Directors of the Amalgamating Company and the Amalgamated Company, including any person(s) or committee as may be authorised by the respective Board of Directors on their behalf may give and are hereby authorized to determine and give all such directions as are necessary and such determination or directions, as the case may be, shall be binding on all the parties in the manner as if the same were specifically incorporated in this Scheme.
- 19.3 After sanction of the scheme, in case any doubt or difference or issue arises between the Amalgamating Company and Amalgamated Company or any of their shareholders, creditors, employees and/or any other person as to the construction hereof or as to any account, valuation or appointment to be taken or made of any asset or liability transferred under this Scheme or as to the accounting treatment thereof or as to anything else contained in or arising out of this Scheme, the same shall be referred to the arbitration of Mr Haigreve Khaitan, Advocate and failing him Mr Rabindra Jhunjhunwala, Advocate under the Arbitration and Conciliation Act, 1996, whose decision shall be final and binding on all concerned.

20. CONDITIONALITY OF THE SCHEME

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

- 20.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the Members and/or Creditors of the Amalgamating Company and Amalgamated Company as may be directed by the High Court or any other competent authority, as may be applicable.
- 20.2 The Scheme being sanctioned by the High Court under Sections 391 to 394 of the Act and to the necessary Orders under Section 394 of the said Act being obtained.
- 20.3 Certified copies of the Orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies by the Amalgamating Company and Amalgamated Company.
- 20.4 The requisite, consent, approval or permission of any Government, statutory or regulatory authority (including SEBI) which by law may be necessary for the implementation of this Scheme.

21. REVOCATION OR WITHDRAWAL OF THE SCHEME

- 21.1 Subject to the order of the High Court, the Board of Directors of the Companies shall be entitled to revoke, cancel, withdraw and declare this Scheme to be of no effect at any stage if: (i) this Scheme is not being sanctioned by the High Court or if any of the consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not obtained or for any other reason; (ii) in case any condition or alteration imposed by the High Court, SEBI, shareholders of the Companies or any other authority is not acceptable to the Board of Directors of the Companies; (iii) the Board of Directors of the Companies are of view that the coming into effect of this Scheme in terms of the provisions of this Scheme or filing of the drawn up order with any Governmental Authority could have adverse implication on all or any of the Amalgamating Company or Amalgamated Company. On revocation, withdrawal, or cancellation, this Scheme shall stand revoked, withdrawn, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the Companies or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs unless otherwise mutually agreed.
- 21.2 If any part of the Scheme is invalid, ruled invalid by any court of competent jurisdiction, or unenforceable under present or future laws, then such part shall be severable from the remainder of the Scheme. Further, if deletion of such part of the Scheme may cause the Scheme to become materially adverse to the Amalgamating and/or Amalgamated Company, then in such case the said companies may bring about modification(s) in the Scheme, as will best preserve for these companies the benefits and obligations under the Scheme, including but not limited to such part.

22. COSTS, CHARGES & EXPENSES

- 22.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in connection with this Scheme and matters incidental thereto, shall be on account of and borne by the Amalgamated Company.

23. DISOLUTION OF THE AMALGAMATING COMPANY

- 23.1 On the coming into effect of this Scheme, the Amalgamating Company shall without any further act, instrument or deed be and stand dissolved without winding-up.
- 23.2 Upon the Scheme taking effect and after dissolution of the Amalgamating Company, the Board of Directors of the Amalgamated Company is hereby authorized to take steps as may be necessary or desirable or proper to resolve any questions, doubts, or difficulty whether by reason of any Order(s) of the Court(s) or any directive, Order or sanction of any authority or otherwise arising out of or under this Scheme or any matter therewith.



SPA Capital Advisors Ltd. (Formerly SPA Merchant Bankers Ltd.) C-1, Block, Aerodrome Road, Jamnagar, Gujarat, India	25, C Block Community Centre Jain Park, New Delhi 110 058 Tel: 011-25517377, 25517385 Fax: 011-25532944 Email: info@spacapital.com
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Board of Directors
Digjam Limited
ECE House (2nd Floor),
28A, Kasturba Gandhi Marg,
New Delhi-110001, India

Date: July 30, 2015

RE: Fairness Opinion on Share Entitlement Ratio for proposed merger of Digjam Limited into Digjam Textiles Limited.

PURPOSE

We understand that Digjam Limited and Digjam Textiles Limited Proposes a scheme of Amalgamation under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, including the corresponding provisions of the Companies Act, 2013 for Amalgamation of Digjam Limited into Digjam Textiles Limited.

We have been engaged to give fairness opinion on Share Entitlement Ratio Report for amalgamation of Digjam Limited into Digjam Textiles Limited as going concern from the appointed date in the scheme, viz. close of business hours on June 30, 2015.

This report should be read in conjunction with Share Entitlement Ratio Report dated July 29, 2015 issued by Jain Pramod Jain & Co., Chartered Accountants.

BACKGROUND

DIGJAM LIMITED (DIGJAM)

We understand that Digjam Limited, is public limited company incorporated under the provisions of the Indian Companies Act, 1913 having its registered office at Aerodrome Road, Jamnagar 361 006, Gujarat, India. The Company is a leading Indian textile company engaged in the manufacturing of high quality worsted/woolen fabrics marketed under its own brand -"Digjam". It is one of the leading exporters of the worsted/woolen fabrics in India. The company was incorporated on March 15, 1948 as "Shree Digvijaya Woollen Mills Limited" with the Registrar of Companies, Nawanagar State. Thereafter, the name of the company was changed to "VXL India Limited" on June 13, 1986 and subsequently changed to "Birla VXL Limited" on April 5, 1995. The company changed its name again on April 9, 2008 to its present name "Digjam Limited".

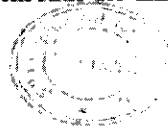
The Shares of Digjam Limited are listed on BSE Limited and the National Stock Exchange Limited.

DIGJAM TEXTILES LIMITED (DIGJAM TEXTILES)

We understand that 'Digjam Textiles', is a public limited company incorporated on June 17, 2015 under the provisions of the Companies Act, 2013 having its registered office at Aerodrome Road, Jamnagar, 361 006, Gujarat, India.

Digjam Textiles is a wholly owned subsidiary of Digjam Limited, in the business of trading in all kinds of Textiles and manufacturing of high quality worsted/ woollen fabrics.

Fairness Opinion on Share Entitlement ratio for amalgamation of Digjam Ltd into Digjam Textiles Ltd



TRANSACTION

The Scheme provides for the amalgamation of Digjam Limited with its wholly owned subsidiary Digjam Textiles Limited pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, including the corresponding provisions of the Companies Act, 2013 as and when they are notified and become applicable, with effect from the close of business hours on 30th June, 2015, as per the Scheme of Arrangement, subject to the orders of the Hon'ble High Court of Gujarat.

The Scheme is envisaged to achieve the following:

- Greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and improve the economic and competitive position of the combined entity.
- Opportunities to strengthen leverage for raising resources to finance business needs and strengthen the financial position of the combined entity for future growth and expansion and to create a business structure, which is geared to take advantage of possible growth opportunities.
- Achieve greater efficiencies in operations with optimum utilization of resources, better administration and reduced cost. Increased cost savings are expected to flow from focused operational efforts, rationalization, standardisation and simplification of business processes, and optimum rationalization of administrative expenses and utilization of human resources.
- Additional thrust to the Amalgamated Company in terms of offering an optimum financial and capital structure resulting in better ability to leverage resources for growth and expansion.
- Better financial, business and operational prospects including but not limited to, efficient management of costs, and improved administrative control of the Amalgamated Company.
- The Scheme shall be in the beneficial interest of the Shareholders and Creditors of the Amalgamated Company. The Scheme shall not be in any manner prejudicial to the interest of the concerned members, creditors, employees or general public at large.

The Scheme does not envisage any change in the existing promoters and public shareholding and also there shall be no change in the number of shares held by the existing promoters of Digjam Limited post amalgamation

INFORMATION RELIED UPON

- ⊕ Business profile of Digjam & Digjam Textiles
- ⊕ Share Entitlement ratio report from Jain Pramod Jain & Co., Chartered Accountants, dated 29th July, 2015.
- ⊕ Draft Scheme of Amalgamation
- ⊕ Information and explanations given by management of Digjam as used for valuation

Statement of Limiting Conditions: The Final Report has been prepared for the internal and exclusive use of the Board of Directors of Digjam and Digjam Textiles Limited (the "Board of Directors") in support of the decisions to be taken by them. Therefore, the Final Report may not be disclosed, in whole or in part, to any third party or used for any purpose whatsoever other than those indicated in the Engagement and in the Final Report itself, provided that the

Fairness Opinion on Share Entitlement ratio for amalgamation of Digjam Ltd into Digjam Textiles Ltd



Final Report may be transmitted to the experts appointed in compliance with the law and its content may be disclosed publicly where required by regulations of the Indian authorities. Any other use, in whole or in part, of the Final Report will have to be previously agreed and authorised in writing by SPA Capital Advisors Limited (SPA). In preparing the Final Report, SPA has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by Digjam. SPA has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Publicly available information deemed relevant for the purpose of the analyses contained in the Final Report has also been used. Therefore the Final Report is based on: (i) our interpretation of the information which Digjam, as well as their representatives and advisers, have supplied to us to date; (ii) our understanding of the terms upon which Digjam intends to consummate the Transaction (iii) the assumption that the Transaction will be consummated in accordance with the expected terms and within the expected time periods. In the execution of the Engagement, SPA has elaborated its own analyses based on the methodologies illustrated below, reaching the conclusions contained in the final paragraph of this Final Report.

The conclusions described in the Final Report have been prepared with the sole purpose of determining valuation of assets and business of Digjam & Digjam Textiles, for the purpose of proposed amalgamation therefore; the values contained in this Final Report have no relevance for purposes other than that stated. The Final Report and the Opinion concern exclusively for the purpose of proposed amalgamation and do not constitute an opinion by SPA as to the absolute value of the shares of Digjam & Digjam Textiles. The conclusions contained in this Final Report are based on the whole of the valuations contained herein and therefore no part of the Final Report may be used apart from the document in its entirety.

The Final Report and the Opinion are necessarily based on economic, market and other conditions as on the date of valuation i.e. 30th June, 2015, and the written and oral information made available to us until July 30, 2015. It is understood that subsequent developments may affect the conclusions of the Final Report and of the Opinion and that, in addition, SPA has no obligation to update, revise, or reaffirm the Opinion.

In addition, SPA is expressing no opinion as to the price at which any securities of Digjam & Digjam Textiles will trade on the stock market at any time. Other factors after the date hereof may affect the value of the businesses of Digjam & Digjam Textiles either before or after completion of the event. No opinion is expressed by SPA whether any alternative transaction might have been more beneficial to Digjam. It is understood that SPA or certain SPA affiliates, in the ordinary course of their activities, may actively trade, for their own account or for the account of customers, the equity and debt securities of Digjam/Digjam Textiles or companies directly or indirectly controlled by, affiliated with Digjam/ Digjam Textiles or in which Digjam/Digjam Textiles holds securities, and, accordingly, may at any time hold long or short positions in such securities. It also remains understood that SPA or certain SPA affiliates may currently have and may in the future have commercial banking, investment banking, trust and other relationships and/or engagements with, Counterparties which may have interests with respect to Digjam/Digjam Textiles, or companies directly or indirectly, controlled by, affiliated with Digjam/Digjam Textiles or in which Digjam/ Digjam Textiles holds securities. Finally, it remains understood that SPA or certain SPA affiliates may have fiduciary or other relationships and engagements whereby SPA or certain SPA affiliates may exercise voting power over securities of various persons, which securities may from time to time include securities of Digjam / Digjam Textiles, or companies directly or indirectly controlled by, affiliated with Digjam/Digjam Textiles, or in which Digjam/ Digjam Textiles holds securities, or other parties with an interest in the Transaction.



**SUMMARY OF VALUATION PERFORMED BY JAIN PRAMOD JAIN & CO.,
Chartered Accountants**

Digjam

1. Market Value Approach

Valuation of Digjam is derived based on average market price of 26 weeks high and low prices from NSE.

2. Discounted Cash Flow Method

The value of Digjam has been calculated after discounting free cash flows to firm projections for five years. After that Terminal value has been calculated.

3. Net Assets Value Method

Adjusted Net Asset Value is calculated after adjusting book value of net assets including fixed assets, land, building and Plant & Machinery with their fair value from respective valuer.

Post this appropriate weightage has been assigned to each value to derive final value of Digjam.

Digjam Textiles Ltd.

1. Net Assets Value Method

Valuation of Digjam Textiles is derived basis book value of assets and liabilities.

**SHARE ENTITLEMENT RATIO RECOMMENDED BY. JAIN PRAMOD JAIN & CO.,
Chartered Accountants**

Share Entitlement ratio suggested by Jain Pramod Jain & Co., Chartered Accountants "8,76,41,621 Equity Shares of face value Rs. 10 (Rupees Ten) each at a premium of Rs 5/- (Rupees Five) per equity share in Digjam Textiles Limited to be issued to the equity shareholders of "Digjam Limited" in the ratio of 1 (one) equity share in Digjam Textiles Limited against 1 (one) equity share held in Digjam Limited"

and

"the 8% Non-Convertible redeemable preference shares in Digjam Limited, it is proposed to issue the same number of 8% Non-Convertible redeemable preference shares in Digjam Textiles Limited and on the same terms and conditions pursuant to the proposed amalgamation"

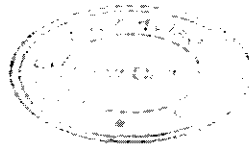
CONCLUSION


Subject to the assumptions presented herein, in our opinion the Share Entitlement Ratio derived by Jain Pramod Jain & Co., Chartered Accountants is fair considering circumstances and purpose of valuation.

We believe that the above share entitlement ratio is fair and reasonable considering that all the shareholders of Digjam are and will, upon amalgamation, be the ultimate beneficial owners of the Digjam Textiles and in the same ratio (inter se) as they hold shares in Digjam, as on the record date.

For SPA Capital Advisors Limited.


(Sourabh Garg)
Vice President




(Khushboo Tanwar)
Manager

Fairness Opinion on Share Entitlement ratio for amalgamation of Digjam Ltd into Digjam Textiles Ltd

Ref: NSE/LIST/46653

October 16, 2015

The Company Secretary
Digjam Limited
Aerodrome Road,
Jamnagar - 361006,
Gujarat

Kind Attn.: Mr. G K Sureka

Dear Sir,

Sub: Observation letter for Scheme of Amalgamation between Digjam Limited and Digjam Textiles Limited and their respective creditors and shareholders

We are in receipt of the draft Scheme of Amalgamation between Digjam Limited and Digjam Textiles Limited and their respective creditors and shareholders.

We have perused the draft Scheme of Amalgamation and the related documents/details submitted by Digjam Limited including the confirmation of the Company Secretary that the scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of the Securities Laws or the Stock Exchange requirements.

Based on our letter reference no Ref: NSE/LIST/42058 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 October 15, 2015, has given following comments on the draft Scheme of Arrangement:

“a. The Company to ensure that additional information, submitted by the Company, after filing the scheme with the stock exchange is displayed from the date of receipt of this letter on the websites of the listed company.

b. The Company shall duly comply with various provisions of the Circulars.”

Accordingly, we do 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 Company to file the scheme with Hon’ble High Court.

However, the listing of equity shares of Digjam Textiles Limited on the National Stock Exchange India Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013. Further, Digjam Textiles Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authorities and Rules, Byelaws and Regulations of the Exchange.

The Company should also fulfill the Exchange’s criteria for listing such company and also comply with other applicable statutory requirements. However, the listing of shares of Digjam Textiles Limited is at the discretion of the Exchange.

Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400051, India. • Tel: +91 22 26598235/36, 26598346 • Fax: +91 22 26598237/38
E-mail : cnlist@nse.co.in • Web site: www.nseindia.com



The listing of Digjam Textiles Limited, pursuant to the Scheme of Amalgamation shall be subject to SEBI approval & Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about Digjam Textiles Limited and its group companies in line with the disclosure requirements applicable for public through website of the Company.
2. To publish an advertisement in the newspaper containing all the information about Digjam Textiles Limited in line with the details required as per SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.
3. To disclose all material information about Digjam Textiles Limited to NSE on the continuous basis so as to make the same public, in addition to the requirements, if any, specified in Listing Agreement for disclosure about the subsidiaries.
4. The following provision shall be incorporated in the scheme:
 - a. "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."
 - b. "There shall be no change in the shareholding pattern or control in Digjam Textiles Limited between the record date and the listing which may affect the status of this approval."

However, the Exchange reserves its rights to withdraw this No-objection approval 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 October 16, 2015, within which the scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above 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 Ltd.

This Document is Digitally Signed

Radhika Ropalekar
Manager



Signer : Radhika Pranav Ropalekar
Date: Fri, Oct 16, 2015 18:29:22 GMT+05:30
Location: NSE

DCS/AMAL/KS/24(f)/196/2015-16

The Company Secretary,
Digjam Ltd.
Aerodrome Road,
Jamnagar,
Gujarat – 361006.

October 19, 2015

Sub: Observation letter regarding the Draft Scheme of Arrangement between Digjam Ltd. and Digjam Textiles Ltd.

We are in receipt of draft Scheme of Arrangement between Digjam Ltd. and Digjam Textiles 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 October 15, 2015 has inter alia given the following comment(s) on the draft scheme of arrangement:

- *“Company shall duly comply with various provisions of the Circulars.”*
- *“Company to ensure that additional information, if any, submitted by the company after filing the scheme with the stock exchange is displayed from the date of receipt of this letter on the website of the listed company”.*

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.

However, the listing of equity shares of Digjam Textiles Ltd. on the BSE Limited, shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No .CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. Further, Digjam Textiles Ltd. shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange.

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of Digjam Textiles Ltd. is at the discretion of the Exchange. In addition to the above, the listing of Digjam Textiles Ltd.

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pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about Digjam Textiles Ltd. and its group companies in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information about Digjam Textiles Ltd. in line with the details required as per the aforesaid SEBI circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.
3. To disclose all the material information about Digjam Textiles Ltd. to BSE on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
 - i. "The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
 - ii. "There shall be no change in the shareholding pattern in Digjam Textiles Ltd. between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of arrangement.

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;
- 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.

Yours faithfully,


Nitin Pujari
Manager


Lalit Phatak
Asst. Manager

Secretarial Department:
Aerodrome Road,
Jamnagar – 361 006, Gujarat, India

Tel.: +91-288-2712972 - 73
Fax: +91-288-2712991
e-mail: investors@digjam.co.in

Complaints Report for Digjam Limited**Part A**

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchanges	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		
2.			
3.			

For DIGJAM LIMITED



(G K Sureka)

Company Secretary

M. No. FCS 2509

Date: September 10, 2015

Place: Jamnagar

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
ORDINARY ORIGINAL JURISDICTION
COMPANY APPLICATION NO. 331 OF 2015**

In the matter of Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013;

AND

In the matter of Digjam Limited,

a company incorporated under the Indian Companies Act, 1913 and having its registered office at Aerodrome Road, Jamnagar 361 006, Gujarat

AND

In the matter of Scheme of Amalgamation between Digjam Limited and Digjam Textiles Limited and their respective creditors and shareholders

Digjam Limited,
a Company incorporated under the Indian Companies Act, 1913
and having its registered office at Aerodrome Road,
Jamnagar 361006, Gujarat.

... Applicant Amalgamating Company

FORM OF PROXY

I/We,the undersigned Equity Shareholder(s) of Digjam Limited, being the Applicant Amalgamating Company above named, hereby appointofand failing him/her..... ofas my/our proxy to act for me/us at the Court Convened Meeting of the Equity Shareholders of the Applicant Amalgamating Company to be held on Saturday, the 12th day of December 2015 at 10.00 a.m. (1000 hours) at the Registered Office of the Applicant Amalgamating Company at Aerodrome Road, Jamnagar-361 006, Gujarat, India for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation between Digjam Limited and Digjam Textiles Limited and their respective creditors and shareholders (the "Scheme") at such meeting and at any adjournment or adjournments thereof, to vote for me/us and in my/four name (here if "for", insert "for" if "against", insert "against", and in the latter case, strike out the words below after "Scheme") the said arrangement embodied in Scheme, either with or without modification(s), as my/our proxy may approve.

(Strike out what is not necessary)

Dated this day of, 2015

Name :

Signature

Address :

No. of Shares held :

DP/Id* :

Client Id* :

Folio No :

*For Demat holding

Signature of Shareholder(s) :

Signature of Proxy holder :

Affix Re 1/- Revenue Stamp

- Notes :**
1. Proxy must be deposited at the Registered Office of the Applicant Amalgamating Company at Aerodrome Road, Jamnagar-361 006, Gujarat, India, not later than 48 (FORTY EIGHT) hours before the meeting.
 2. Alterations, if any, made in the Form of Proxy should be initialed by the shareholder.
 3. Please affix appropriate Revenue Stamp before putting Signature.
 4. A proxy need not be a shareholder of the Applicant Amalgamating Company.
 5. In case of multiple proxies, proxy later in time shall be accepted.

DIGJAM LIMITED

CIN : L17110GJ1948PLC000753

Registered Office: Aerodrome Road, Jamnagar-361 006, Gujarat, India

Tel No.: 91-288-2712972; Fax No.: 91-288-2712991

E-mail: cosec@digjam.co.in; Website: www.digjam.co.in

**ATTENDANCE SLIP FOR THE COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS
ON 12TH DAY OF DECEMBER, 2015 AT 10.00 A.M.**

PLEASE FILL THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL

Name of Shareholder	
No. of Share(s) held	

Folio No.	
DP ID*	
Client ID*	

* For Demat Holding

I/We hereby record my/our presence at the meeting of the Equity Shareholders of Digjam Limited, Applicant Amalgamating Company, convened pursuant to the order dated 2nd day of November, 2015 of the Hon'ble High Court of Gujarat at Ahmedabad at the Registered Office of the Applicant Amalgamating Company at Aerodrome Road, Jamnagar-361 006, Gujarat, India, on Saturday, the 12th day of December 2015 at 10.00 a.m. (1000 hours).

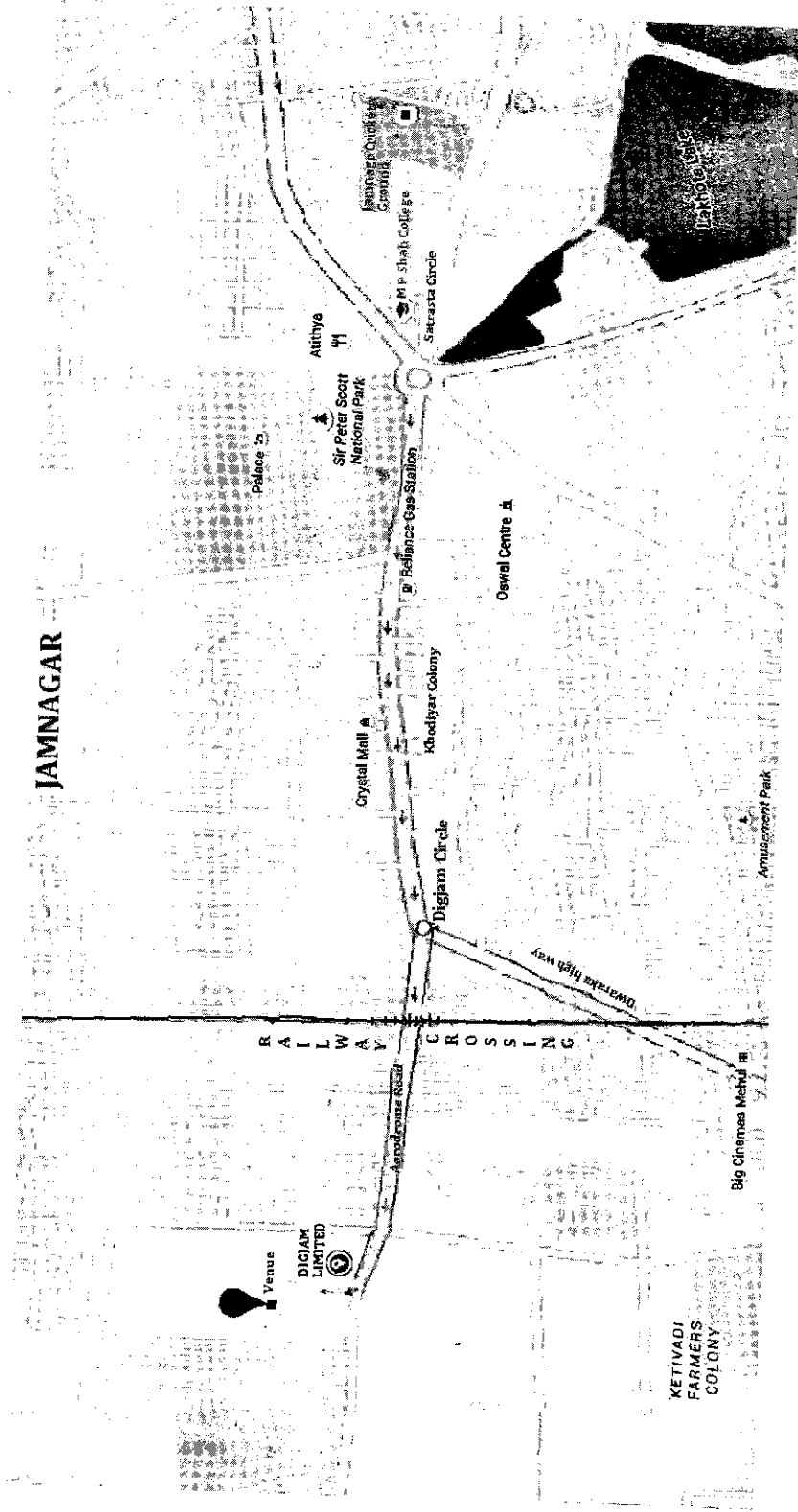
Name of the Shareholder/proxy's name in BLOCK letters

Signature of Shareholder/proxy

Notes:

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

Route Map to the Venue



BOOK POST CONTAINING PRINTED MATTER

If undelivered, please return to :

DIGJAM LIMITED

Aerodrome Road,

Jamnagar 361 006

Gujarat, INDIA