

HIGH COURT, BOMBAY

29947

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION NO.112 OF 2006
CONNECTED WITH
COMPANY APPLICATION NO.872 OF 2005

In the matter of Companies Act,
1956;

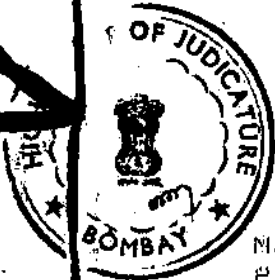
and

In the matter of Section 391 to
394 of the Companies Act, 1956;

and

In the matter of Scheme of
Arrangement between:-

Amforge Industries Limited
and
Mahindra Automotive Steels
Pvt.Ltd.



Mahindra Automotive Steels
Private Limited

.. Petitioner

Mr.Vinag Tulzapurkar, Senior Advocate with
Mr.Amit Jamsandekar i/b. Khaitan & Co. for
petitioner

Mr.C.J.Joy with R.C.Master with M.M.Goswami
Panel Counsel i/b. Dr.T.C.Kaushik - Regional
Director.

WITH

HIGH COURT, BOMBAY

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COMPANY PETITION NO.119 OF 2006
CONNECTED WITH
COMPANY APPLICATION NO.850 OF 2005

In the matter of Companies Act,
1956;

and

In the matter of Section 391 to
394 and 100 to 104 of the
Companies Act, 1956;

and

In the matter of Scheme of
Arrangement between:

Amforge Industries Limited
And
Mahindra Automotive Steels
Pvt.Ltd.

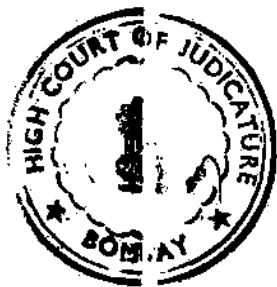
Amforge Industries Limited .. Petitioner.

Mr.Jijina with Mr.Sameer Samant i/b. M/s.Mulla &
Mulla & C.B.C. for petitioner
Mr.C.J.Joy with R.C.Master and Mr.M.M.Goswami,
Panel Counsel i/b. Dr.T.C.Kaushik - Regional
Director.

CURAM : S.C.DHARMADHIKARI, J.
DATE : 21st March 2006

P.C.

Heard Mr.Tulzapurkar, learned Senior
Counsel appearing for petitioner company and
Mr.Joy, learned Counsel appearing for Regional



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Director.

2. Present petition is by Transferee company seeking sanction of this Court to a scheme of arrangement with the Transferor company which is petitioner in Company Petition No.119 of 2006. The Chakan unit of Transferor company would be taken over as a going concern by the petitioner in Company Petition No.112 of 2006 and is proposed to be vested on the terms and conditions set out in the scheme.



3. The features of the scheme are set out in the petition. Audited financial accounts of petitioner company for the year ended 31st March 2005 are also annexed. The scheme postulates that in consideration of the de-merger of the transferor company the transferee company shall without any further payment issue and allot on a proportionate basis to each of the member of transferor company, whose name is recorded in the Register of members of the transferor company,

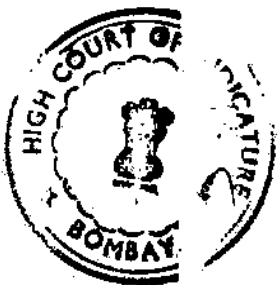
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shares in the ratio set out in the petition. Meeting has been dispensed with by this Court. The Regional Director has filed an affidavit in both matters. The Regional Director has pointed out that the transferee company proposes to change its name and, therefore, it will have to comply with provisions of sections 21 and 23 of the Companies Act, 1956. Further, conversion contemplates change from "Private Limited" to "Public Limited" and, therefore, the transferee company will also have to comply with the provisions of Companies Act in that behalf. Additionally, it is pointed out that issue of shares to Non Resident Indians may involve taking appropriate permission from Reserve Bank of India.

3. Mr. Tulzapurkar, learned Senior Counsel appearing for petitioner in C.P.112 of 2006 and the learned Advocate appearing for petitioner in C.P.119 of 2006 make a statement that compliance with all statutory provisions of Companies Act

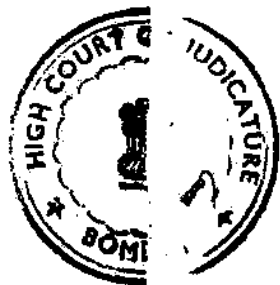


HIGH COURT, BOMBAY

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and if necessary, with Foreign Exchange Management Act as also Reserve Bank guidelines would be made, before the scheme is implemented fully. Similarly, provisions contained in Companies Act with regard to increase in authorised share capital would also be made by parties.

4. Needless to state that the order passed by this Court sanctioning the scheme is subject to compliance as aforesaid. Both petitions are made absolute accordingly in the following manner:-



a) Company Petition No.112 of 2006 is made absolute in terms of prayer clauses (a) to (h). Cost of Regional Director is quantified at Rs.2,500/-;

b) Company Petition No.119 of 2006 is made absolute in terms of prayer clauses (a) to (d). Cost of Regional

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Director is quantified at Rs.2,500/-;

c) As far as reduction of share capital is concerned, form of minutes in terms of Exh.M would be filed with the authorities within the time stipulated by Companies Act, 1936.

Parties to act on authenticated copy of this order. D.C. expedited.



(S.C.Dharmadhikari, J)

TRUE-COPY

M. D. Narvekar
22/03/06
M. D. NARVEKAR
COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY

TRUE COPY

M. D. Narvekar
3-6-06
Section Officer
High Court, Appellate Side
Bombay.

SCHEME OF ARRANGEMENT (DEMERGER)
UNDER SECTIONS 391 TO 394 OF
THE COMPANIES ACT, 1956

Between

AMFORGE INDUSTRIES LIMITED
(Amforge/The Demerged Company / Transferor Company)

And

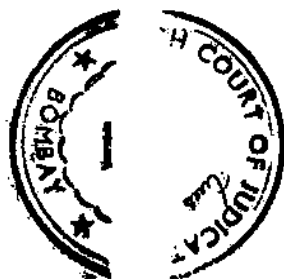
MAHINDRA AUTOMOTIVE STEELS PRIVATE LIMITED
(MASPL/The Resulting Company / Transferee Company)

And

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PART 1 - GENERAL

- (A) The Transferor Company is a listed public company and is engaged in the business *inter alia*, to manufacture, fabricate, buy, sell, deal in forgings, castings and stampings, of all metals, machinery parts, moulds, press tools, jigs, fixtures, injections and compression mouldings, garage tools, agricultural implements, small forgings, die making and die casting, automobile parts, brass parts, spare parts of all kinds of machinery and all other allied lines and to undertake sheet metal press jobs and all other engineering job works.
- (B) The Resulting Company is an unlisted company and a wholly owned subsidiary of Mahindra as on the date hereof and is engaged in the business *inter alia*, to manufacture, machine, fabricate, develop, design, refine, process, research in, contract, install, service, repair, maintain, process, refine, cure or conversion or buy, sell, trade in, deal with, otherwise deal in all types, categories, form and description of forgings, castings and stampings of all metals - including die making, die casting, machinery parts, moulds, press tools, jigs, fixtures, injections and compression molding, tools, implements.
- (C) This Scheme of Arrangement (hereinafter referred to as the "Scheme") provides for the Demerger of the Demerged Undertaking (as defined hereinafter) from the Transferor Company to the Resulting Company, and the consequent issue of shares by the Resulting Company to the shareholders of the Transferor Company, in accordance with section 2(19AA) of the Income Tax Act, 1961 and the provisions of sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and the reorganisation of share capital of the Transferor Company.
- (D) The Transferor Company and Mr. Puneet Makar being one of its promoter shareholder have pursuant to a separate Deeds of Warranties and Indemnities dated July 1, 2005 (Deeds of Warranties) represented, warranted and covenanted to the Resulting Company in relation to the Demerged Undertaking and the Transferor Company;
- (E) Mahindra has subscribed to and the Resulting Company has relying upon the Deeds of Warranties allotted to Mahindra 82,11,866 number of equity share, of the Resulting Company, at a price of Rs 97.42/- (being Rs. 10/- face value and premium of Rs 87.42/- each) aggregating to Rs 80,00,00,000 (Rupees Eighty Crores only) (being rounded off to the nearest thousand).



- (F) Mahindra has also, relying upon the Deeds of Warranties, paid share application money to the Resulting Company toward subscription of 49,78,444 number of equity shares of the Resulting Company, at a price of Rs 97.42/- (being Rs. 10/- face value and premium of Rs 87.42/- each) aggregating to Rs. 48,50,00,015 (Rupees Forty-eight crores fifty lakhs fifteen only), which will be allotted by the Resulting Company to Mahindra pursuant to the terms of the Scheme, the proceed of which shall be utilized for the purpose of redeeming the Preference Shares.
- (G) The Transferor Company acknowledges that the shareholders of the Transferee Company will be approving this Scheme in reliance upon the representations set out in the Deeds of Warranties made by Mr. Puneet Makar being one of its promoter shareholder and the Transferor Company.
- (H) Nainesh Investment And Trading Company Private Limited ("Nainesh") a company incorporated under the Companies Act, 1956 and having its registered office at 416 Raheja Chambers, 4th Floor, Free Press Journal Road, Nariman Point, Mumbai 400 021, Mumbai 400 021 is a group company of the promoters of the Transferor Company. The said Nainesh as a result of inter-se transfer of equity shares of the Transferor Company, amongst the promoter group companies, acquired equity shares of the Transferor Company and currently holds equity share of the Transferor Company representing 14.9% of the issued, subscribed and paid up equity share capital of the Transferor Company.
- (I) The Indian and Eastern Engineer Company Limited, a company incorporated under the Indian Companies Act, 1913 and existing under the Companies Act, 1956 and having its registered office at Cecil Court, 5th Floor, Mahakavi Bhushan Marg, Mumbai 400 001,, ("IEECL"), and a company controlled by family members of the promoter of Mahindra & Mahindra Limited, has subscribed to, and Nainesh has issued and allotted, on August 29, 2005, to IEECL, Class B equity shares of Nainesh representing 76.19 % of the issued and paid up share capital of Nainesh."
- (J) This Scheme also makes provisions for various other matters consequential or related thereto and otherwise integrally connected therewith.

1. Definitions

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

- (i) "Act" means the Companies Act, 1956 or any statutory modification or re-enactment thereof;
- (iii) "Appointed Date" means opening business hours of 1st day of April 2005;
- (iv) "Demerged Undertaking" means the forging and other businesses carried out by the Transferor Company at its unit located at GUT No. 856-860, Chakan Ambethan Road, Taluka - Khed, District Pune, Maharashtra - 410501, on a going concern basis and consisting inter alia all assets as set out in Part 1 of Schedule 1, and all the liabilities as set out in Part 2 of Schedule 1 relating thereto (the Chakan Undertaking) but excluding those pertaining to the Remaining Business;



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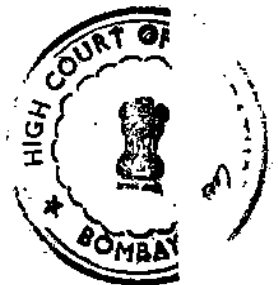
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Assets and Liabilities of the Chakan Undertaking and/ or unit shall mean and include:

- (a) all assets, wherever situated, whether movable or immovable, tangible or intangible, including but not limited to any plant and machinery, land properties, estate, buildings, offices, residential flats/guest houses/transit quarters, work-in-progress, furniture, fixtures, office equipment, data processing equipments, computer aided design equipments with software packages/licenses, electrical installations/systems, communication system/accessories, appliances, accessories, raw material, finished and semi finished goods, all scrap or by-products, inventory, investments, vehicles, fork lifts/material handling equipments, etc., together with all the present disclosed liabilities and borrowings including specific loans and borrowings (including debentures, if any) raised, incurred and/or utilized solely for the activities or operations, appertaining to or relatable to the Chakan Undertaking and particularly listed in Part 2 of Schedule 1 as on the Appointed Date;
- (b) without prejudice to the generality of the clause (a) above the Assets of the Chakan Undertaking shall also include; all permits, approvals, arrangements, authorizations, benefits, concessions, rights and benefits of all contracts, agreements, allotments, consents, quotas, rights, easements, engagements, exemptions, entitlements, advantages of whatsoever nature; industrial and other licenses, approvals, consents, municipal permissions, current assets receivables, fixed assets, industrial and intellectual property rights of any nature whatsoever and howsoever named, including trademark, trade-names, patents, copyrights, designs permits powers of every kind, nature and description whatsoever, all properties, movable and immovable, real, corporeal, or incorporeal, in possession or reversion, present or contingent of whatsoever nature and where-so-ever situated, tenancies in relation to office and/or residential properties for the employees, offices, license in respect thereof, intangibles, leasehold rights, liberties, ownerships rights and benefits, cash balances, the benefit of any deposits, bank balances, bank accounts, earnest moneys; all other rights and benefits, licenses, powers, privileges and facilities of every kind, nature and description whatsoever; right to use and avail of telephones, telexes, facsimile, connections, installations and other communication facilities and equipments, titles, all other utilities, benefits of all agreements, contracts, government contracts, memoranda of understanding, project service agreement, prequalification, applications, bids, tenders, letters of intent, concessions, agreements, non possessory contractual rights or any other contracts, development rights, allocated deferred tax, including deferred sales tax and or carry forward income tax benefits as per law, funds belonging to, proposed to be utilised by the Chakan Undertaking and arrangements and all other interest in connection with or relating to the Chakan Undertaking on the Appointed Date;



- (c) all deposits and/or moneys paid by the Transferor Company in connection with or relating to the Chakan Undertaking (including the deposits in the name of Isha Steel Processor Ltd., which was amalgamated with the Transferor Company and which originally owned the factory land at Chakan); and
- (d) all necessary records, files, papers, engineering and process information, all product pricing, costing, commercial and business related information, computer program, drawings & designs, manuals, data, catalogues, quotations, sales and advertising materials, lists and all details of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form in connection with or relating to the Chakan Undertaking.
- (v) **"Deeds of Warranties"**: the Deed of Warranties and Indemnities dated July 1, 2005 by Mr. Puneet Makar being one of the promoter shareholder of the Transferor Company and Deed of Warranties and Indemnities executed in favor of the Transferee Company dated July 1, 2005 by the Transferor Company pursuant to which they have, represented, warranted and covenant to The Transferee Company in relation to the Demerged Undertaking and the Transferor Company;
- (vi) **"Effective Date"** means the date on which
- (a) all the conditions and matters referred to in Clause 31 hereof have been fulfilled and
- (b) all the approvals and consents referred to therein have been obtained. References in the Scheme to the date of "coming into effect of this Scheme" or "effectiveness of the Scheme" shall mean the Effective Date.
- (vii) **"Transferor Company" or "Demerged Company"** means Amforge Industries Limited, a company within the meaning of the Act and having its registered office at United Bank of India Building, 6th Floor, Sir P.M. Road, Mumbai or the Transferor Company or the Demerged Company;
- (viii) **"Guaranteed Debts"** means all debts, liabilities and obligations of the Demerged Company as on the Appointed Date in relation to the Remaining Business which the Resulting Company undertakes to discharge in terms of Part V of this Scheme;
- (ix) **"Record Date"** means the date to be fixed by the Board of Directors or a committee thereof of the Transferor Company for the purpose of determining the members of the Transferor Company to whom shares will be allotted pursuant to this Scheme;
- (x) **"Remaining Business"** means all the business, units, divisions, and their respective assets and liabilities (including that portion of general common and multipurpose borrowing more particularly described in Part 3 B of Schedule 1) of the Transferor Company, other than those being transferred to the Demerged Undertaking;
- (xi)



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- (xii) "Mahindra": means Mahindra & Mahindra Limited, a company within the meaning of the Act, having registered office at Gateway Building, Apollo Bunder, Mumbai
- (xiii) "The Transferee or the Resulting Company " means Mahindra Automotive Steels Private Limited, a company within the meaning of the Act, having registered office at Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018; and
- (xiv) "New Mahindra Shares": 49,78,444 number of equity shares of Rs 10/- each, of the Resulting Company to be issued and allotted to Mahindra, at a premium of Rs 87.42/- per share pursuant to the terms of the Scheme, within 48 hours after the issue and allotment of shares pursuant to paragraph 17(c) herein, the proceed of which shall be utilized for the purpose of redeeming the Preference Shares;
- (xv) "Scheme" means this composite Scheme of Arrangement in accordance with the Section 2(19AA) of the Income Tax Act 1961, with or without any modification approved or imposed or directed by the High Court of Bombay pursuant to which the Demerged Undertaking shall be demerged and transferred and vested with the Resulting Company on and from the Effective Date;

2. Share Capital:

- (a) The Share Capital structure of the Transferor Company were as follows:

	Rs. in Lakhs as of March 31, 2005	Rs. in Lakhs as of July 1, 2005
AUTHORISED		
1,97,50,000 Equity Shares of Rs. 10 each	1,975.00	1,975.00
25,000 15% Redeemable Cumulative Pref. Shares of Rs. 100 each	25.00	25.00
	<u>2,000.00</u>	<u>2,000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
1,48,20,206 Equity Shares of Rs 10 each fully paid-up	1,482.02	1,482.02

- (b) The Share Capital structure of the Resulting Company were as follows:-

	Rs. in Lakhs as of March 31, 2005	Rs. in Lakhs as of July 1, 2005
AUTHORISED SHARE CAPITAL		
4,00,00,000 Equity Shares of Rs. 10 each;	4,000.00	4,000.00
Issued, Subscribed And Paid-Up Share Capital		
Issued Capital:		
100,70 Equity Shares of Rs. 10 Each (as on 31/3/05)	Rs.1.01	Rs 822.19
82,21,936 Equity Shares of Rs. 10 Each (on July 1,		
2005 82,11,866 Equity shares were issued to Mahindra)		

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Share Premium Account (Rounded off to nearest thousand)		Rs. 7178.81
Advance towards subscription/Application Money		Rs. 4850.00

PART II – DEMERGED UNDERTAKING

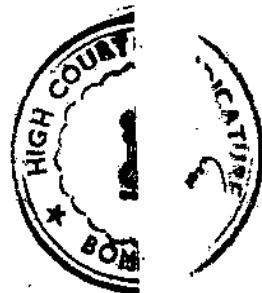
3. Upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the order of the Hon'ble High Court of Judicature at Bombay under section 391 read with section 394 and other applicable provisions of the Act, the Demerged Undertaking of the Transferor Company shall be demerged and transferred to the Resulting Company such that –
- (i) all the property of the Demerged Undertaking, being transferred by the Transferor Company, immediately before the demerger, becomes the property of the Resulting Company by virtue of the demerger;
 - (ii) all the liabilities relatable to the Demerged Undertaking, being transferred by the Transferor Company, immediately before the demerger, become the liabilities of the Resulting Company by virtue of the demerger;
 - (iii) the property and the liabilities of the Demerged Undertaking being transferred by the Transferor Company are transferred at values appearing in its books of account immediately before the demerger;
 - (iv) the Resulting Company issues, in consideration of the demerger, its shares to the shareholders of the Transferor Company on a proportionate basis;
 - (v) the shareholders holding not less than three-fourths in value of the shares in the Transferor Company (other than shares already held therein immediately before the demerger, or by a nominee for, the resulting company or, its subsidiary) become shareholders of the Resulting Company by virtue of the demerger, otherwise than as a result of the acquisition of the property or assets of the Transferor Company or any undertaking thereof by the Resulting Company;
 - (vi) the transfer of the Demerged Undertaking is on a going concern basis;
 - (vii) the demerger is in accordance with the conditions, if any, notified under sub-section (5) of section 72A by the Central Government in this behalf.

Without limiting the generality of the aforesaid and subject to this Scheme, the Demerged Undertaking shall, subject to the provisions of this clause in relation to the mode of vesting and pursuant to section 394(2) of the Act and without any further act or deed, be demerged from the Transferor Company and transferred to and vested in the Resulting Company or be deemed to have demerged from the Transferor Company and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, title, interest and authorities of the Resulting Company subject to and in accordance with the provisions of this Scheme set out hereinafter.

- 4 With effect from the Appointed Date :

- (a) the Demerged Undertaking along with all the estates, assets, rights, titles, and interest including, benefits, entitlements, provisions, concessions, remissions, accretions and appurtenances of the Demerged Undertaking at their closing book values as on 31st March 2005 shall, subject to the provisions of this Clause in relation to the mode of

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	Rs. 7178.81
	Rs. 4850.00

vesting and pursuant to Section 394(2) of the Act, without any further act, instrument or deed be demerged from, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date the estate, assets, rights, title and interest of the Resulting Company.

- (b) in respect of such of the assets of the Demerged Undertaking, held by the Transferor Company prior to the Appointed Date and/ or thereafter up to the Effective Date, including cash and bank balances, as are movable in nature or are otherwise capable of transfer by manual delivery, payment or by endorsement and delivery, shall be so transferred, and shall become the property as an integral part of the Transferee Company.
- (c) in respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-clause (b) above, and more particularly provided in sub clause (a) above, held by the Transferor Company prior to or on the Appointed Date and/ or thereafter upto the Effective Date, the same shall, without any further act, instrument or deed, be demerged, transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company pursuant to the provisions of Section 394 of the Act.
- (d) all assets acquired by the Transferor Company after the Appointed Date and prior to the Effective Date for operations of the Demerged Undertaking shall also stand transferred to and vested in the Resulting Company.
- (e) The transfer and vesting of the Demerged Undertaking, shall be subject to the securities, charges and mortgages, if any subsisting as on Effective Date.

5 Borrowings

- (a) Upon the coming into effect of the Scheme, such of borrowings of the Transferor Company, which arose out of the activities or operations of the Demerged Undertaking and which are more particularly identified in Part 2 of Schedule 1 on the Appointed Date and to the extent they are outstanding on the Effective Date shall without any further act or deed be and stand transferred to the Resulting Company and shall become the borrowings of the Resulting Company which undertakes to meet, discharge and satisfy the same.
- (b) Upon coming into effect of the Scheme, so much of the amounts of the general or multipurpose borrowings of the Demerged Company as standing in the same proportion which the value of the assets of the Demerged Undertaking transferred to the Resulting Company bears to the total value of assets of the Demerged Company immediately before the Appointed Date and which are more particularly identified in Part 3 of Schedule 1 and to the extent they are outstanding on the Effective Date shall without any further act or deed be and stand transferred to the Resulting Company and shall become the borrowings of the Resulting Company which undertakes to meet, discharge and satisfy the same.



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The borrowings referred to in clause (a) and (b) above and more particularly set out in Part 2 and 3A of the Schedule 1 is hereinafter referred to as the "Transferred Liabilities".

- (c) Where any of the borrowings of the Transferor Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company and all loans raised and used and the borrowings incurred by the Transferor Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed stand transferred to the Resulting Company and shall become the borrowings of the Resulting Company which undertakes to meet, discharge and satisfy the same.
- (d) In so far as the existing charge or security in respect of the Transferred Liabilities is concerned such security shall without any further act, instrument or deed, be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been charged and secured in respect of the Transferred Liabilities as on the Effective Date. Provided however that if any of the assets comprised in the Demerged Undertaking have not been charged or secured in respect of the Transferred Liabilities as on the Effective Date, such assets shall remain unencumbered and the existing security referred to above shall not be extended to and shall not operate over such assets. Notwithstanding the above, the Resulting Company shall be liable for repayment of principal and payment of interest in relation to such Transferred Liabilities based on terms and condition mutually agreed amongst the Resulting Company, the Transferor Company and Lenders;
- (e) In so far as the assets comprised in the Remaining Business are concerned the security over such assets relating to Transferred Liabilities shall without any further act, instrument or deed be released and discharged from the obligations and security relating to the same. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.
- (f) Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the security and charge over such assets relating to any loans, borrowing which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company) shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to any liabilities of the Remaining Business. Notwithstanding the above, the Transferor Company shall be liable for repayment of principal and payment of interest in relation to such of the loans, borrowing which are not transferred pursuant to this Scheme;
- (g) Without prejudice to the provisions of sub clauses (a) to (f) above, upon the Scheme becoming effective, the Demerged Company, the Lenders of the Demerged Company and the Resulting Company shall execute any instrument or documents or do all the acts and deeds as may be required, including the filing of necessary particular and /or

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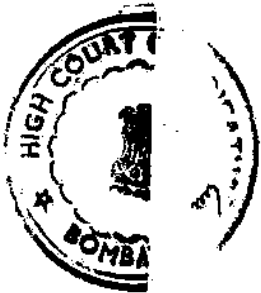


modification(s) of charge, with the Registrar of Companies, Maharashtra to give formal effect to the above provisions, if required.

6. All the assets and liabilities of the Demerged Undertaking, as broadly set out in Schedule 1, and stated in Schedule 3, shall be transferred on the Appointed Date, at the values appearing in the books of the Transferor Company, immediately, before the demerger which are set forth in the statement set out in Schedule 3..

7. **Contracts**

- (a) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking to which the Transferor Company is a party or to the benefits of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- (b) Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Demerged Undertaking with the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company may, at its own costs at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Transferor Company will, if necessary, also be a party to the above but shall not be required to incur any cost in this behalf. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- (c) 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 (including those under the Urban Land Ceiling Act), authorities (including for the operation of bank accounts), powers of attorneys all in respect of the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company.
- (d) It is hereby clarified that if any assets (estate, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Transferor Company owns or to which the Transferor Company is a party to cannot be transferred to the Resulting Company for any reason whatsoever, the Transferor Company shall hold such asset or contract,



deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company and shall utilise, dispose or otherwise treat the same in such a manner as instructed by the Transferee Company in this regard and forward the benefits and proceeds of the same to the Resulting Company.

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- (e) The Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, as it may, if the terms of a contract are reviewed, renegotiated with the parties and mutually agreed, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferor Company will, if necessary, also be a part to the above but shall not be required to incur any cost in this behalf. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out and perform all such formalities or compliances referred to above to be carried out or performed on the part of the Transferor Company.

8. **Employees**

- (a) The Resulting Company undertakes to engage, on and from the Effective Date, all employees of the Transferor Company relating to the Demerged Undertaking as on the Effective Date (the "Transferred Employees"), without any interruption of service, on the terms and conditions not less favorable than those on which they are engaged by the Transferor Company prior to the Effective Date. The Resulting Company undertakes to continue to abide by any agreement/settlement entered into by the Transferor Company with Transferred Employees in respect of the Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Transferred Employees with the Transferor Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- (b) In so far as the existing provident fund, and pension fund, maintained by the Transferor Company, for its employees (including the Transferred Employees) are concerned, the part of the funds referable to the Transferred Employees shall be transferred to the separate accounts of such funds set up by the Resulting Company. The Transferor Company and the Resulting Company shall take all necessary steps to separate such provident fund, pension fund, as soon as practicable. Until such time the accounts are separated and the policies are created the Resulting Company may, subject to necessary approvals and permissions, if any, continue to contribute in respect of the Transferred Employees to the account and under the policies maintained by the Transferor Company. Upon creation of new account and the policies, the entire contributions pertaining to the Transferred Employees shall be transferred by the Transferor Company/relevant authority to the new account or policies as the case may be.

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9. **Legal Proceedings**

Upon the coming into effect of the Scheme, all legal or other proceedings by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted in future (whether before or after the Effective Date) in respect of any matter arising before the Effective Date and relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company after the Effective Date.

Provided however that the Resulting Company shall not be liable for any liability, loss, expenses, damages, taxes, charges, penalty etc. suffered and or incurred by the Transferor Company arising out of any demand on account of deficiencies or disallowance or breach or contravention or non-compliance of any statute, law, regulation, contract or agreement or otherwise, pertaining to the period prior to the Effective Date.

In the event that the legal proceedings referred to herein require both the Demerged Company and the Resulting Company to be added as parties thereto, the Demerged Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Resulting Company. However, the Demerged Company shall not be liable to incur any cost in prosecuting or defending such proceedings. In the event of any difference or difficulty in determining whether any specific legal or other proceedings relates to the Demerged Undertakings or not, the decision of the Boards of Directors of the Resulting Company and the Demerged Company as to whether such proceeding relates to the Demerged Undertaking or not, shall be conclusive evidence of the relationship with the Demerged Undertaking.

10. **Carrying on business in trust:**

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

- (a) the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking and stand possessed of all the estates, assets, rights, title and interest of the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;
- (b) the Demerged Company undertakes that it will from the Appointed Date and up to and including the Effective Date preserve and carry on the Demerged Undertaking with diligence, prudence and agrees that it will not, in any material respect without the prior written consent of the Resulting Company, alienate, charge or otherwise deal with or dispose of the Demerged Undertaking or any part thereof or recruit new employees or revise terms of employment, or conclude settlements with union or employees, or accept or compromise waive or settle any claim or take any new liability in each case except in the ordinary course of business or undertake substantial expansion of the Demerged Undertaking, other than expansions which have already been commenced or undertake any financial commitments on behalf of the Demerged Undertaking;
- (c) the Transferor Company shall carry on all business and activities relating to the Demerged Undertaking such that the principles of



corporate governance usually followed in such transactions are observed.

- (d) all decisions on operational and/ or business transactions relating to items set out in Schedule 2 shall be made with prior consultation and agreement of the authorized representative of the Resulting Company appointed for such purpose.
- (e) all profits accruing to the Transferor Company, or losses arising or incurred by it (including the effect of taxes if any thereon) from the appointed date relating to the Demerged Undertaking shall for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Resulting Company.
- (f) the Transferor Company, its Board of Director, and the Key officials such as the Managing Director, Chief Executive officer and Chief Financial Officer of the Transferor Company shall in relation to the Demerged Undertaking, take all steps, action and deed in consultation with the representative and nominees of the Resulting Company.
- (g) the Transferor Company shall appoint a CEO and a CFO in consultation with or at the recommendation of the Resulting Company for the Demerged Undertaking to monitoring operational parameters and improve efficiencies. Such CFO and CEO of the Demerged Undertaking shall be entitled to
 - (i) have access to the books and records of the Demerged Undertaking;
 - (ii) to over see the operations of the Demerged Undertaking;
 - (iii) be invited and attend meetings of the Board of Directors of the Transferor Company and all such committees constituted by them only as far as the business to be transacted at such meeting pertaining to the Demerged Undertaking.
- (h) Proportionate costs shall be debited to the Demerged Undertaking (during the demerger process), for services rendered / facilities utilised by the Demerged Undertaking from the other divisions of the Transferor Company /corporate, shall not exceed (a) the allocated costs for such services as may be allocated based on a fair allocation mechanism or (b) Rs.15 lacs per month, which ever is lower. Upon the Scheme coming into effect the Resulting Company shall decide on the need for continuation of such services from the Transferor Company and if the services are required, then both parties shall decide on a fair compensation to the Transferor Company for such services to be rendered for such period as may be mutually decided.
- (i) All transactions, including fund transfers between the Demerged Undertaking and the Remaining Business subsequent to the Appointed Date shall be at arms length and shall carry interest of 10% p.a. till the date of such transaction settlement.
- (j) The Demerged Company shall carry on the Remaining Business in terms of this Scheme distinctly and as a separate business from the Demerged Undertaking.

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11. The Transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking under Clause 3 & 4 and the continuance of the proceedings by or against the Resulting Company under Clause 9 hereof shall not affect any transactions or proceedings already completed by the Transferor Company on and after the Appointed date to the end and intent that, the Resulting Company accepts all acts, deeds and things done and executed by the Transferor Company in concurrence with the Resulting Company, as acts, deeds and things done and executed by and on behalf of the Resulting Company.
12. From the date of the filing of this Scheme with the High Court and including the Effective Date, the Demerged Company shall not make any change in its capital structure in any manner either by way of an increase (including by way of equity and/or preference shares on a rights basis or by way of public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organisation or in any other manner which may, in any way, affect the Entitlement Ratio as defined below except with the prior approval of the board of directors of the Resulting Company.

PART III – REMAINING BUSINESS

13. The Remaining Business and all the assets, investments, liabilities and obligations other than those identified in Part 1, Part 2 and Part 3(A) of Schedule 1 shall continue to belong to and be vested in and be managed by the Transferor Company.
14. All legal or other proceedings by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company which shall keep the Resulting Company fully indemnified in that behalf. The Resulting Company in no event shall be responsible or liable in relation to any such legal or other proceedings against the Transferor Company.
15. (i) With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company:
- (a) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - (b) all profits accruing to the Transferor Company thereon or losses arising or incurred by it including the effect of taxes (including advance taxes paid), if any, thereon relating to the Remaining Business shall, for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Transferor Company.
- (ii) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Remaining Business to which the Transferor Company



is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Transferor Company.

PART IV - CAPITAL

The provisions of this Part shall operate notwithstanding anything to the contrary in this Scheme or in any other instrument/deed or writing.

SECTION "A"

16. In view of the demerger, and as an integral part of the Scheme, the capital of Resulting Company shall be organized in the manner set out in Section "B" and "C" below and the capital of Demerged Company shall be reorganized in the manner set out in Section "D" below.

SECTION "B"

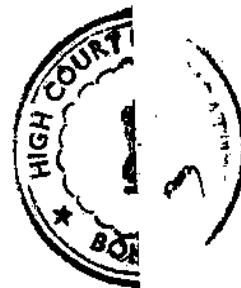
17. Upon the Scheme coming into Effect:

- (a) the Authorised share capital of the Resulting Company shall, without any further act on part of it shareholders or the Board of Directors, be deemed to have been reclassified and increased from Rs 40,00,00,000/- comprising 4,00,00,000 equity shares of Rs. 10/- each, to Rs 78,94,26,386/- comprising 3,30,00,000 equity shares of Rs 10/- each aggregating to Rs 33,00,00,000/- (Rupees Thirty Three crores) and 1,48,20,206 - 4% non cumulative, redeemable non convertible preference shares of Rs 31 /- each aggregating to Rs 45,94,26,386/- (Rupees forty five crores ninety-four lakhs twenty-six thousand three hundred and eighty-six only).
- (b) Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Resulting Company (relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 16, 31, 94, and 394 and other applicable provisions of the Act, as the case may be and be replaced by the following clause:

"The Authorised share capital of the Company is Rs 78,94,26,386/- comprising 3,30,00,000 equity shares of Rs 10/- each aggregating to Rs 33,00,00,000/- (Rupees Thirty Three crores) and 1,48,20,206 - 4% non cumulative, redeemable, non convertible preference shares of Rs 31 /- each aggregating to Rs 45,94,26,386/- (Rupees forty five crores ninety-four lakhs twenty-six thousand three hundred and eighty-six only) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force."

It is clarified that the approval of the members of the Resulting Company to the Scheme shall be deemed to be their consent/ approval

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also to the alteration of the Memorandum and Articles of Association of the Resulting Company as required under section 17 and other applicable provisions of the Act.

- (c) in consideration for the demerger of the Demerged Undertaking, including the transfer and vesting thereof in the Resulting Company pursuant to Part II of the Scheme, the Resulting Company shall, without any further payment, issue and allot on a proportionate basis to each member of the Transferor Company whose name is recorded in the register of members of the Transferor Company on the Record Date, in the following ratio (the "Entitlement Ratio"):

- (i) Equity Shares -
One (1) Equity Share in the Resulting Company of Rs. 10 each credited as fully paid-up for every One (1) Equity Share of Rs. 10 each fully paid up held by such member in the Transferor Company.
- (ii) Preference Shares -
One (1) 4% non cumulative redeemable, non convertible Preference Share of Rs. 31/- each in the Resulting Company for every One (1) fully paid-up Equity Share of Rs. 10 held by such member in the Transferor Company.

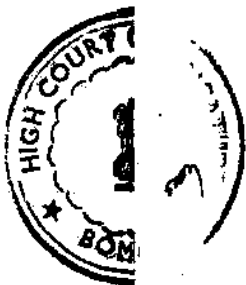
The Preference Shares shall have:

- (a) tenure of 18 months
(b) face value Rs 31/-;
(c) shall be redeemed at its face value;
(d) The Resulting Company shall have an option to redeem the Preference shares any time after one month from the Preference shares being issued and allotted;
(e) the Preference Shares shall carry a fixed coupon or dividend rate of 4% p.a..

The Resulting Company shall make necessary application to the stock exchange for the listing of the Preference Shares.

The Share Capital Structure of the Resulting Company post the allotment of shares under this sub-clause (c) shall be as follows:

	Rs. in Lakhs
AUTHORISED SHARE CAPITAL	
3,30,00,000 Equity Shares of Rs. 10 each (aggregating to Rs. 33,00,00,000/-)	Rs 7894.26
1,48,20,206 4% Non Cumulative, Redeemable, Non Convertible Preference. Shares of Rs. 31/- ; (aggregating to Rs 45,94,26,386)	
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
Issued Allotted and Paid up Share Capital:	
2,30,42,142 Equity Shares of Rs. 10 each;	Rs 2304.21
Share Premium Account	Rs. 7178.81
1,48,20,206 4% Non Cumulative, Redeemable, Non	Rs. 4594.26



Convertible Pref. Shares of Rs. 31/- ;	
Advance towards subscription/Application Money	Rs. 4850.00

- (d) The Board of the Resulting Company shall, within 48 hours, after the issue and allotment of shares pursuant to clause 17(c) above, issue and allot, to Mahindra, further shares, without any further act on part of its Board or Shareholders of the Resulting Company, , the New Mahindra Shares (viz.49,78,444 number of equity shares of Rs 10/- at premium of Rs 87.42 representing approximately 17.76 % of the post issue equity share capital of the Resulting Company), the proceeds of which shall be utilized to redeem the 4% Non Cumulative, Redeemable, Non Convertible Preference Shares of Rs. 45,94,26,386/- in compliance with section 80 of the Act.
- (e) The Share Capital Structure of the Resulting Company post the allotment of shares under clause 17 above shall be as follows:-

	Rs. in Lakhs
AUTHORISED SHARE CAPITAL	
3,30,00,000 Equity Shares of Rs. 10 each (aggregating to Rs. 33,00,00,000/-)	Rs 7894.26
1,48,20,206 4% Non Cumulative, Redeemable, Non Convertible Preference. Shares of Rs. 31/- ; (aggregating to Rs 45,94,26,386)	
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
Issued Allotted and Paid up Share Capital:	
2,80,20,586 Equity Shares of Rs. 10 each;	Rs 2802.05
Share Premium Account	Rs.11530.96
1,48,20,206 4% Non Cumulative, Redeemable, Non Convertible Pref. Shares of Rs. 31/- ;	Rs. 4594.26

- (f) the proceeds of issue and allotment of New Mahindra Shares shall be utilized for the propose of redeeming the Preference Shares in accordance with its terms and conditions and provisions of section 80 of the Act.
18. Upon the approval of the Scheme by the shareholders of the Resulting Company pursuant to Section 391 of the Act, no further approval of the shareholders of the Resulting Company under section 81(1A) of the Act or other provisions of the Act would be required with regard to allotment of the New Mahindra Shares under the Scheme, being 49,78,444 number of equity shares of Rs 10/- each of the Resulting Company at a premium of Rs 87.42/- per share.
19. In case any member's shareholding in the Transferor Company is such that the member becomes entitled to a fraction of an Equity Share of the Resulting Company, the Resulting Company shall not issue fractional Share Certificates to such member but shall consolidate such fractions and issue such consolidated Equity Shares in Trust to a trustee, who is nominated by the Board of Directors of the Resulting Company in that behalf, who shall sell



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such Shares and distribute the net of the proceeds to the shareholders respectively entitled to the same in proportion to their fractional entitlements.

20. Such Equity Shares to be issued and allotted by the Resulting Company in terms of clauses 16 and 17 above shall stand pari passu in all respects with the existing Equity Shares of the Resulting Company.
21. Equity Shares of the Resulting Company issued in terms of clauses 16 and 17 above, shall be listed on the relevant Stock Exchange/s, where the existing Equity Shares of the Transferor Company are listed and the Resulting Company shall pay the appropriate fee and incur all costs for the same.
22. The new Equity Shares and the Preference Shares issued pursuant to clauses 16 and 17 above shall be issued in the dematerialized form by the Resulting Company unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the Board of Directors of the Resulting Company or a committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Transferor Company, the new Equity Shares and Preference Shares shall be issued to such members in dematerialized form provided that the members of the Transferor Company shall be required to have an account with a depositary participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon the Resulting Company shall issue and directly credit the demat/ dematerialized securities account of such members of the Transferor Company. In the event that the Resulting Company has received the notice from any of the members of the Transferor Company that the new Equity Shares and Preference Shares are to be issued in certificate form or if any member has not provided the requisite details regarding the account with a depositary participant or other confirmations as may be required, then the Resulting Company shall issue the new Equity Shares and the Preference Shares in certificate form in such number.

SECTION "C"

23. Unless otherwise determined by the Board of Directors or any Committee thereof of the Transferor Company and the Board of Directors or any Committee thereof of the Resulting Company, allotment of Shares in terms of Clause 17 of this Part shall be done within the prescribed statutory period from the Effective Date.

SECTION "D"

24. Upon the coming into effect of this Scheme and upon the transfer of the Demerged Undertaking, under and pursuant to the provisions of this Scheme and Section 100 and all other applicable provisions of the Act, if any, the issued, subscribed and paid up equity share capital of the Transferor Company shall stand reduced from the Appointed Date, in the manner as provided hereunder:
 - (i) The issued, subscribed and paid up equity share capital of the Transferor Company shall be reduced from Rs.1482.02 lacs divided into 1,48,20,206 equity shares of Rs. 10/- each fully paid to Rs. 296.40 lacs divided into 1,48,20,206 equity shares of Rs.2/- each fully paid up.
 - (ii) The deficit if any, in the value of the assets over the value of the liabilities of the Demerged Undertaking vested in the Resulting

Company pursuant to the Scheme, after considering the reduction in share capital, shall be credited in the books of the Transferor Company to a reserve styled 'Reorganization Reserve'.

- (iii) The debit balance of the Profit and Loss Account of the Demerged Company as on the Appointed Date shall be written off against the balance in the Reorganization Reserve.
- (iv) The reduction of issued, subscribed and paid-up equity share capital of the Demerged Company as contemplated in this Scheme shall be carried out and effected as part of this Scheme without following the procedure laid down under Section 100 of the Act. The Demerged Company shall obtain the necessary approvals from its shareholders and creditors as required under Section 100 in terms of this Scheme only and the Demerged Company shall not nor shall be obliged to call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reduction of issued, subscribed and paid up equity share capital as contemplated herein.

PART V

GUARANTEES

25. The Transferee Company, on covenants and representations of the Transferor Company set out in its Deed of Warranties, agrees to guarantee to discharge debt of Rs 8,34,50,000 /- of Remaining Business as of the Appointed Date. The Resulting Company also agrees to guarantee payment of interest on the above debt guaranteed from the Appointed Date.

PART VI

GENERAL TERMS & CONDITIONS

26. (a) The Resulting Company, upon the coming into effect of this Scheme, an amount representing the excess of the liabilities over assets of the Demerged Undertaking in its books of account, together with the aggregate face value of the Share Capital issued by the Resulting Company to the members of the Transferor Company, to be debited to Goodwill account of the Resulting Company.
- (b) All the Assets and Liabilities of the Demerged Undertaking recorded in the books of the Transferor Company shall stand transferred to and vested in the Resulting Company pursuant to the Scheme and shall be recorded by the Resulting Company at their respective book values as appearing in the books of the Transferor Company as on the Appointed Date. The Deferred Tax Asset as appearing in books of Accounts of the Transferor Company as on the Appointed Date will be taken over as Asset of the Demerged Undertaking/ the Resulting Company only to the extent of the deferred tax liability as on the Appointed Date taken over by the Demerged Undertaking/ the Resulting Company.
- (c) With effect from the Appointed Date, the tax losses and unabsorbed depreciation relatable to the Demerged Undertaking as determined in accordance with section 72A of the Income Tax Act 1961, shall



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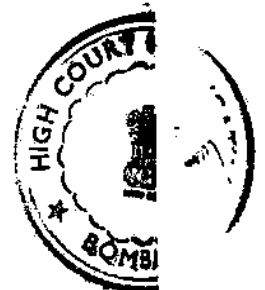
become the tax losses and unabsorbed depreciation of the Resulting Company.

27. (a) From the Appointed Date and up to the Effective Date, the Transferor Company and the Resulting Company shall not declare and pay dividends, whether interim or final, to their respective members in respect of the accounting period prior to the Appointed Date. After the Effective Date, both the Transferor Company & the Resulting Company can declare and pay dividends, whether interim or final, to their respective members.
- (b) The holders of the Shares of the Transferor Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- (c) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Company and the Resulting Company and subject to the approval of the members of the Transferor Company and the Resulting Company respectively.
28. (a) The Transferor Company and the Resulting Company shall make necessary applications before the High Court, Bombay for the sanction of this Scheme of Arrangement under Sections 391 and 394 of the Act. The Transferor Company and the Resulting Company may in due course apply for one or more orders under Section 394 of the Act for vesting of the Demerged Undertaking under this Scheme.
- (b) The name of the Resulting Company will be changed from "Mahindra Automotive Steels Private Limited" to "Mahindra Automotive Steels Limited" in terms of this Scheme without any further act or deed on the part of the Resulting Company and the Resulting Company shall not nor shall be obliged to call for a separate meeting of its shareholders as required under section 21 of the Act.
29. In the event of there being any pending Share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors or any Committee thereof of the Transferor Company at the sole discretion shall be empowered in appropriate cases, even subsequent to the Record Date or the Effective Date as the case may be effectuate such a transfer in the Transferor Company as if such changes in registered holder were operative as on the Record Date in order to remove any difficulties in relation to the new Shares after the Scheme becomes effective and the Board of Directors of the Resulting Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transition period.
30. (a) the Transferor Company (by its Board of Directors) and the Resulting Company (by its Board of Directors) either by themselves or through a Committee appointed by them in this behalf, and with the consent of the other may, in their full and absolute discretion, make and/or assent to any alteration or modification to this Scheme, including but not

limited to those which the Court and/or any other Authority may deem fit to approve or impose.

- (b) the Transferor Company (by its Board of Directors) and the Resulting Company (by its Board of Directors), either by themselves or through a Committee appointed by them in this behalf, may give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture-holders of the respective companies), or to review the position relating to the satisfaction of various conditions of the Scheme and if necessary, to waive any of those to the extent permissible under Law. 33.
- (c) Any issue as to whether any asset or liability pertains to the Demerged Undertaking or not shall be decided by the Boards of Directors of the Transferor Company and the Resulting Company, either by themselves or through a Committee appointed by them in this behalf on the basis of evidence that they may deem relevant for the purpose (including the books and records of the Transferor Company). 34.
31. The Scheme is conditional upon and subject to: 35.
- (a) the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Transferor Company and the Resulting Company as required under sections 21, 100, 391, and other applicable provisions of the Act and the requisite Orders of the High Court of Bombay as referred to in Clause 28 hereof being obtained; and
- (b) the Resulting Company and the lenders/secured creditors of Transferred Liabilities having agreed to the terms, conditions and securities of such Transferred Liabilities to their mutual satisfaction;
- (c) the sanction or approval under any law or of the Central Government or any other agency, department or authorities concerned in respect of any of the matters in respect of which such sanction or approval is required and obtained.
- (d) there has not occurred any force majeure event on or prior to the Effective Date that has renders the Demerged Undertaking unviable and/or any event that has a material adverse effect on the operation of the Demerged Undertaking has occurred and the intent and purpose of the transaction contemplated hereunder being frustrated.
- (e) the Transferor Company issuing a certificate that it has complied with the covenants and the representations and warranties set out in the Deed of Warranties are true and correct as on the Effective Date.
- (f) the certified copies of the Court Orders referred to in this Scheme in respect of the Transferor Company and the Resulting Company being filed with the Registrar of Companies, Maharashtra, Mumbai.
32. In the event of this Scheme failing to take effect finally by June 30, 2006 or by such later date as may be agreed by the respective Boards of Directors or Committee thereof of the Transferor Company and the Resulting Company,

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this Scheme shall become null and void in that event no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person. In such case the Transferor Company shall bear its own and all related costs.

33. In the event of non-fulfillment of any or all obligations under the Scheme by any Company towards the other Company, inter-se or to third parties and non-performance of which will put the other Company under any obligation, then such Company will indemnify all costs/interest, etc. to the other Company.
34. If any part of this Scheme is found to be unworkable for any reason whatsoever, in the sole discretion of the Transferor Company and the Resulting Company either by the Board of Directors or through Committee appointed by them in this behalf, the same shall not, subject to the decision of the Transferor Company and the Resulting Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.
35. All past, present and future costs, charges, levies, duties (including any stamp duty) and expenses in relation to or in connection with or incidental to this Scheme or the implementation thereof (including in relation to the issue of Shares by the Resulting Company and all matters related thereto and also including in relation to the transfer of the Demerged Undertaking) shall be borne and paid for by the Resulting Company.

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Schedule 1

Part 1

Assets of the Demerged Undertaking as on the Appointed Date

Schedule of Assets of Demerged Undertaking -

- (1) The summarized book value of Fixed Assets of the Demerged Undertaking as on the Appointed Date would appear as under:

[Rs.

in lacs] Items	Gross Block	Accumulated Dep.	Net WDV
Freehold Land (Refer Note A)	51.74	0	51.74
Buildings/Covered Shed Area (Refer Note B)	859.92	155.46	704.46
Flats (Refer Note B)	23.74	3.50	20.24
Plant & Machineries (Refer Note C)	4,331.88	2,231.28	2,100.60
Electrical installations	283.34	93.43	189.91
Data Processing Equipments	126.83	48.83	78.00
Furniture & Fixtures	71.32	19.38	51.94
Office Equipments	20.85	4.52	16.33
Vehicles	11.61	3.16	8.45
Total	5,781.23	2,559.56	3221.67

The Capital work in Progress of Demerged Undertaking as on the Appointed Date is

Rs. 183.73 lacs.

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Net WDV
51.74
704.46
20.24
2,100.60
189.91
78.00
51.94
16.33
8.45
3221.67

NOTES:

(A) Short Description of the freehold property relating to the Demerged Undertaking

1. All the piece and parcel of land bearing Gut No. 856 situated at village Ambethan, within the Pune registration district, sub-division, Taluka: Khed and within the limits of Zilla Parishad, Pune and Grampanchayat, Ambethan and admeasuring OH=42 R and bounded on or towards the east by boundary of village Birdawadi, on or towards the west by land of Gut No.858, on or towards the south by land of Gut No.857 and on or towards the north by land of Gut No.858.
2. All the piece and parcel of land bearing Gut No. 857 situated at village Ambethan, within the Pune registration district, sub-division, Taluka: Khed and within the limits of Zilla Parishad, Pune and Grampanchayat, Ambethan and admeasuring O H=66 R and bounded on or towards the east by Nalla and boundary of village Birdawadi, on or towards the west by land of Gut No.858, on or towards the south by land of Gut No.858 and on or towards the north by land of Gut No.856.
3. All the piece and parcel of land bearing Gut No. 858 situated at village Ambethan, within the Pune registration district, sub-division, Taluka: Khed and within the limits of Zilla Parishad, Pune and Grampanchayat, Ambethan and admeasuring 8 H=66 R including well and bounded on or towards the east by land of Gut No.855, on or towards the west by land of Gut No.855, on or towards the south by boundary of village Birdawadi and on or towards the north by land of Gut No.859.
4. All the piece and parcel of land bearing Gut No. 859 situated at village Ambethan, within the Pune registration district, sub-division, Taluka: Khed and within the limits of Zilla Parishad, Pune and Grampanchayat, Ambethan and admeasuring 2 H=91 R and bounded on or towards the east by land of Gut No.855, on or towards the west by land of Gut No.40, on or towards the south by land of Gut No.858 and on or towards the north by land of Gut No.860.
5. All the piece and parcel of land bearing Gut No. 860 situated at village Ambethan, within the Pune registration district, sub-division, Taluka: Khed and within the limits of Zilla Parishad, Pune and Grampanchayat, Ambethan and admeasuring 2H=61R and bounded on or towards the east by land of Gut No.859, on or towards the west by land of Gut No.861 and 862, on or towards the south by Chakan -Ambethan Road and on or towards the north by land of Gut No.855.
6. Land outside factory - 80R (2 Acres) land at Dawadmala, Chakan Ambethan Road, Chakan, Taluka - Khed, Dist. - Pune - 410 501

- (B) Residential Flats- Flat Nos. I-9 & 10, K-4 & 5 and K-7 & 8 (six flats) at -
The Shanta Niketan Co-op. Housing Society Ltd.
33, Bhau Patil Road, Khadki, Pune - 411 003.



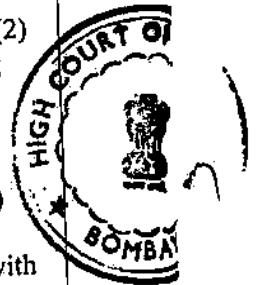
Details / break-up of Covered Shed Area and Building:

Sl. No.	Particulars	Sqr. Mtrs.
Covered Shed and Building		7337.07
1.	Factory shed & Connected Toilets	177.49
2	Watchmen Cabin	663.60
3	Administrative Building	216.00
4	Canteen	71.03
5	D. G. Set	6.48
6	Blower Shed	108.68
7	Panel Room	252.00
8	Sheering Shed 2	609.00
9	Die Yard	19.89
10	Weigh Room	11.97
11	Meter Room	538.20
12	Grinding Shed behind Shed	16.00
13	Temple	122.00
14	Scrap Yard (Welding - 1)	96.95
15	Scrap Yard (Welding - 2)	5304.00
16	Heat treatment shed	65.00
17	New Panel Room	680.76
18	Machining Shed	

- (C) All and singular the plant and machinery, engines, electricals and other installation equipments, implements, tools, appliances, fixtures, fittings, furniture, vehicles, machinery spare parts, accessories and stores relating to plant and machinery and other articles and things both present and future. A brief description of major machineries at Chakan is given below:

Major Plant & Machineries of Demerged Undertaking with quantities mentioned in brackets

Press Lines	Balancing Equipments	Ancillary Equipments	Other facilities
5000 Ton Press (1)	Heater (2) 800 Ton Trim Press (1) Conveyor (1)	1000 Ton Coining Press (1) 630 Ton Coining Press (1) Hydraulic Straightening Press (4) VMC Machine (3) Magnaflux (10)	Spectrometers (2) Tensile Testing Machine (1) Impact Testing Machine (1) Microscope (1)
3000 Ton Press (1)	Heater (1) 500 Ton Trim Press (1) Conveyor (1)	Shotblasting (9) Table Blast (1)	CAD / CAM with Euclid / Idea / Catihar / Unigraphics / Autocad Forging Simulation Software



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2500 Ton Press (1)	Heater (1) 500 Ton Trim Press (1) Conveyor (1) Reduce Roller (1)	Tumblast (6) Rubber belt blast (2) Drupp & Wrein (5+2)	1000Ton Shearing Machine (1) 500Ton Shearing Machine (2) Overhead Cranes 5 Ton (3) Overhead Cranes 25 Ton (1) Overhead Cranes 1 Ton (1) Static Weigh bridge (1) Grinders
1600 Ton Press (1)	Heater (1) 200 Ton Trim Press (1) Reduce Roller (1)	BFW VMC (3) Tafo VMC (1) HAAS VMC (1) ZNC / EDM EDM Machines (3) Lathes (3) Heat Treatment Line Bafco (2)	
1000 Ton Press (1)	Heater (1) 200 Ton Trim Press (1) Reduce Roller (1)	Heat Treatment Line Rohit Furnace (1) Bafco Stress Relieving Furnace (1)	Sufficient utilities incl. Compressors, Transformers, Generators etc.

- (2) Details of all Current Assets and Loans & Advances pertaining to Demerged Undertaking as on the Appointed Date

CURRENT ASSETS

	Rs.in Lacs
INVENTORIES	
(as certified by a Director)	
Raw Materials & Components (Including in transit) (at cost)	1,546.22
Work in Progress(at estimated cost)	573.51
Finished Goods (lower of cost or net realisable value)	661.09
Stores and Spares (at cost)	164.00
Die Room Inventory:	0.00
- Die Steel Blocks (at cost)	38.39
- Dies (at cost, less amortisation/write offs)	1,282.36
INVENTORIES	4,265.57
SUNDRY DEBTORS (Unsecured)	
Over six months	
- Considered Good	337.17
- Considered Doubtful	0.00
	337.17
Other Debts	
- Considered Good	1,432.60
	1,769.77
Less : Provision for Doubtful Debts	0.00
SUNDRY DEBTORS	1,769.77
CASH AND BANK BALANCES	

Cash on hand	3.57
Balance with Scheduled Banks	
- In Current Account	16.03
- In Fixed Deposit Account	
- In Margin Money Deposit Account	131.56
CASH AND BANK BALANCES	151.16
CURRENT ASSET	6,186.50
LOANS AND ADVANCES	
(Unsecured, considered good)	
Due from Employees	14.15
Advances recoverable in cash or in kind or for value to be received	190.05
Balances with Central Excise Department	52.97
Deposits	235.55
Advance payment against taxes (net)	0.00
LOANS AND ADVANCES	492.72
TOTAL OF CURRENT ASSETS & LOAN AND ADVANCES	6679.22

- (3) Resulting Company will take over the Deferred Tax Assets (relating to Demerged Undertaking) appearing in the books of Accounts of the Transferor Company as on the Appointed Date , only to the extent of the Deferred Tax liability as on the Appointed Date taken over by the Demerged Undertaking / Resulting Company.

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3.57
16.03
131.56
151.16
6,186.50
14.15
190.05
52.97
235.55
0.00
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Part 2
Liabilities of the Demerged Undertaking as on the Appointed Date

Liabilities arising out of the activities or operations of Demerged Undertaking

	PARTICULARS	NATURE OF LOAN / LIABILITY	AMOUNT (Rs. Lacs)
(A)	DIRECT LOANS/BORROWINGS		
	South Indian Bank Limited	Long Term Loan	358.36
	L. I. C. of India	Long Term Loan	225.00
	L. I. C. of India	Funded Interest Term Loan	55.09
	L. I. C. of India	Funded Interest Term Loan – Interest on Long Term Loan	157.40
	L. I. C. of India	Funded Interest Term Loan – Interest on Funded Interest Term Loan	38.14
	Industrial Investment Bank of India	Long Term Loan	360.00
	Industrial Investment Bank of India	Funded Interest Term Loan	186.58
	Kotak Mahindra Bank Ltd.	Working Capital Loan	263.87
	Kotak Mahindra Bank Ltd.	Pre-Ship Advance(Unsecured)	795.46
	South Indian Bank Ltd.	Interest Accrued & Due on Term loan	370.86
	Electronica Leasing& Finance Ltd.	H. P. Loan	14.03
	Electronica Leasing& Finance Ltd.	H. P. Loan	16.39
	Sales Tax Loan	Interest free Loan	1920.76
		Total	4761.94
(B)	Other Liability / Provisions		
	Sundry Creditors		4148.45
	Advances from Customers		79.87
	Other Current Liabilities		324.29
	Interest Accrued but not Due		8.12
	Gratuity		56.99
	Leave Encashment		17.70
		Total	4635.42

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Part 3
Multi purpose and common borrowings as on the Appointed Date

Total General or Multi purpose and common borrowings of the Transferor Company as on Appointed date is:

General or Multi purpose and Common borrowings

Part	PARTICULARS	NATURE OF LOAN / LIABILITY	AMOUNT (Rs. Laes)	Status of the borrowings post Demerger
Part 3 A	State Bank of India	Working Capital Term Loan	887.00	Transferred to Resulting Company
Part 3 A	State Bank of India	Funded Interest Term Loan	722.00	Transferred to Resulting Company
Part 3 A	Union Bank of India	Working Capital Loan	180.15	Transferred to Resulting Company
Part 3 A	State Bank of India	Working Capital Loan	1493.98	Transferred to Resulting Company
Part 3 A	Atulya Trades & Agencies Ltd.	Interoperate Deposit	18.50	Transferred to Resulting Company
Part 3 A	Jaybros Investment & Trading Co. Pvt. Ltd.	Interoperate Deposit	2.00	Transferred to Resulting Company
Part 3 B	South Indian Bank Ltd.	Working Capital Loan	291.28	Remaining with Demerged Company
Part 3 B	South Indian Bank Ltd.	Working Capital Term Loan	320.00	Remaining with Demerged Company
Part 3 B	L. I. C. of India	FITL on Short Term Loan	111.83	Remaining with Demerged Company
Part 3 B	Nainesh Investment & Trading Co. Pvt. Ltd.	Inter Corporate Deposit	80.00	Remaining with Demerged Company
Part 3 B	Associated Capsules Pvt. Ltd.	Inter Corporate Deposit	50.00	Remaining with Demerged Company
Part 3 B	Allcargo Movers (India) Pvt. Ltd.	Inter Corporate Deposit	700.00	Remaining with Demerged Company
Part 3 B	Paam Pharmaceuticals & Allied Industries Ltd.	Inter Corporate Deposit	50.00	Remaining with Demerged Company
Part 3 B	Peddar Johnson	Inter	15.00	Remaining with

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Schedule 2

List of Operational and Business Transactions

On and from the Appointed Date through the Effective Date, the Transferor Company undertakes not to, without the prior written consent of the Resulting Company, in relation to or affecting the Demerged Undertaking:

- (a) sell or otherwise dispose of (including by way of scrap and or write off) any material part of its assets or those relating to the Demerged Undertaking (or any interest therein);
- (b) unless permitted under the terms of this Scheme, appoint any additional directors or otherwise change its key management or personnel;
- (c) amend its Memorandum and Articles of Association,
- (d) change its financial year end;
- (e) acquire assets (or any interest therein) or enter into contract, otherwise than in the ordinary course of its business, or acquire any shares, partnership interests or other equity interest;
- (f) enter into any contract with any related party;
- (g) borrow any money in excess of Rs.10,00,000/-;
- (h) lend any money or give any guarantee or indemnity in favour of any party in respect of the performance or obligations of a third party or give any financial assistance in any way to any related party;
- (i) give up, whether in favour of a related party or otherwise, any right that it may have with respect to any properties, assets, or any intellectual property right that it may have, or that may be transferred pursuant to this Scheme;
- (j) declare, pay or make any dividend or distribution;
- (k) issue any securities of any kind.
- (l) unusual and or disproportionate increase the wages/salaries of the employees of the Demerged Undertaking;
- (m) inter unit transaction and or transfers of assets and or liabilities
- (n) inter-unit transfers of employees
- (o) changes to the business plan;
- (p) any capital expenditure;
- (q) any new Borrowings for the Demerged Undertaking;
- (r) any inter unit cash flow;
- (s) any managerial personnel / labour related issues (like new appointment, Change in designation or work content, Transfer within divisions, wage or salary revisions, acceptance of resignations etc.)
- (t) any sale or disposal of Fixed Assets



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- (u) enter in to and perform any material contract
- (v) undertaking / Acceptance / Acknowledgment of any liability (including contingent liabilities)
- (w) change in terms of any lender / creditor / supplier / contractor or any party providing any services/goods etc.

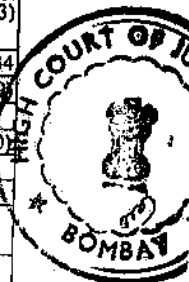
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Schedule 3

Audited accounts of the Demerged Undertaking as on 31st March, 2005

AMFORGE INDUSTRIES LIMITED				
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005				
		NON-CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
		For the year ended 31st March '2005	For the year ended 31st March '2005	For the year ended 31st March '2005
	SCHEDULE	March '2005	March '2005	March '2005
INCOME				
Operational Income	11	4,972.16	20,333.34	25,305.50
Accretion/(Decretion) to Stocks	12	(1,058.08)	563.55	(494.53)
Other Income	13	37.83	58.56	96.39
		3,951.91	20,955.45	24,907.36
EXPENDITURE				
Raw Material and Components Consumed	14	2,554.76	12,733.82	15,288.58
Payments to and Provisions for Employees	15	701.74	659.54	1,361.28
Manufacturing Expenses	16	1,635.44	4,060.68	5,696.12
Administrative, Selling and Other Expenses	17	417.58	851.73	1,269.31
		5,309.52	18,305.77	23,615.29
PROFIT BEFORE INTEREST AND DEPRECIATION		(1,357.61)	2,649.68	1,292.07
Interest	18	170.78	730.71	901.49
PROFIT BEFORE DEPRECIATION AND AMORTISATION		(1,528.39)	1,918.97	390.58
Depreciation	6	150.47	479.20	629.67
Amortisation	19	3.22	15.87	19.09
NET PROFIT/(LOSS)		(1,682.08)	1,423.90	(258.18)
Less: Bad Debts Written Off				14.49
Voluntary Retirement Scheme Expenses Written Off		169.02		169.02
Old & Obsolete Dies Written Off		78.37		78.37
Add: Other Extra Ordinary Gains (Net)		467.63		467.63
PROFIT / (LOSS) FOR THE YEAR		(1,461.84)	1,423.90	(52.43)
Prior Years' Adjustments (Net)	20	(48.16)	12.55	(35.61)
NET PROFIT / (LOSS) BEFORE TAX		(1,510.00)	1,436.45	(88.04)
Provision for Tax - Current Tax		0.32		0.32
- Deferred Tax (Refer Note No. 21)		(1,195.62)		(1,195.62)
PROFIT/(LOSS) AFTER TAX		(2,705.94)	1,436.45	(1,283.98)
Earlier years (short) /excess provision for tax			(3.24)	(3.24)
Profit/(Loss) brought forward from previous year		(3,370.73)		(3,370.73)
Provision for Doubtful Debts and Advances		43.34		43.34
BALANCE CARRIED TO BALANCE SHEET		(6,134.50)	1,433.21	(4,701.29)
Basic / Diluted Earning Per Share +/- (Rs.)		(10.40)	9.89	(0.90)
(Refer Note No. 27)				
Notes Forming Part of The Accounts	21			
For Bansal & Associates Chartered Accountants S. K. Bansal Partner Membership No. 12288		For Amforge Industries Ltd. Fali P. Manna Director Ajit P. Walwaikar- Vice President (Legal) & Company Secretary		



Mumbai, 27th June, 2005

(In Lacs)
CONSOLIDATED

for the year ended 31st March 2005

25,305.50
(494.53)
96.39
24,907.36

15,288.58
1,361.28
5,696.12
1,269.31
23,615.29
1,292.07
901.49
390.58

629.67
19.09
(258.18)
14.49
169.02

78.37
467.63

(52.43)
(35.61)
(88.04)
0.32

195.62)
283.98)
(3.24)

170.73)
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(0.90)

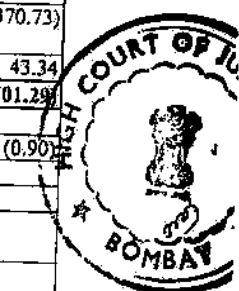
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AMFORGE INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2005

		NON-CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
		As at 31st Mar. '2005	As at 31st Mar. '2005	As at 31st Mar. '2005
	SCHEDULE			
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	1,482.02	-	1,482.02
Reserves and Surplus	2	1,449.59	-	1,449.59
		2,931.61	-	2,931.61
Loan Funds				
Secured Loans	3	914.12	5,328.85	6,242.97
Unsecured Loans	4	3,057.69	2,736.72	5,794.41
		3,971.81	8,065.57	12,037.38
		6,903.42	8,065.57	14,968.99
APPLICATION OF FUNDS				
Fixed Assets	6			
Gross Block		4,269.31	5,781.23	10,050.54
Less : Depreciation		2,888.30	2,559.56	5,447.86
Net Block		1,381.01	3,221.67	4,602.68
Add: Capital Work in Progress		7.70	183.73	191.43
		1,388.71	3,405.40	4,794.11
Investments	7	1,586.75	-	1,586.75
Current Assets, Loans and Advances				
Current Assets	8	6,612.99	6,186.50	12,799.49
Loans and Advances	9	1,574.18	492.72	2,066.90
		8,187.17	6,679.22	14,866.39
Less: Current Liabilities and Provisions	5	2,275.90	4,635.42	6,911.32
Net Current Assets		5,911.27	2,043.80	7,955.07
Deferred Tax Assets (Net) (Refer Note No. 21)		179.82	-	179.82
Miscellaneous Expenditure (To the extent not written off or adjusted)	10	453.24	-	453.24
		9,519.79	5,449.20	14,968.99
Notes Forming Part of The Accounts	21			
For Bansal & Associates Chartered Accountants			For Amforge Industries Ltd.	
S. K. Bansal Partner Membership No. 12288			Fali P. Mama Director	
			Ajit P. Walwaikar- Vice President (Legal) & Company Secretary	
Mumbai, 27th June, 2005				

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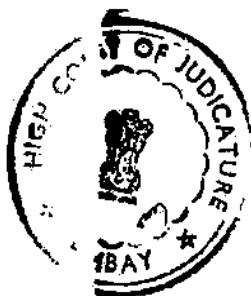


AMFORGE INDUSTRIES LIMITED			
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2005			
	NON- CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. in Lacs) CONSOLIDATED
	As at 31st Mar. '2005	As at 31st Mar. '2005	As at 31st Mar. '2005
SCHEDULE-1			
SHARE CAPITAL			
AUTHORISED			
1,97,50,000 Equity Shares of Rs. 10 each	1,975.00	-	1,975.00
25,000 15% Redeemable Cumulative Pref. Shares of Rs. 100 each	25.00 2,000.00	-	25.00 2,000.00
ISSUED, SUBSCRIBED AND PAID UP			
1,48,20,206 (1,23,96,838) Equity Shares of Rs 10 each fully paid up (out of the above, 30,00,000 Equity Shares have been issued as Bonus Shares by capitalisation of General Reserve, 24,68,370 Equity Shares have been issued to the shareholders of amalgamating Companies for consideration other than cash, and 2,80,000 Equity Shares have been allotted at par to one of the Financial Institutions on their exercising conversion option)	1,482.02	-	1,482.02
Less: Calls in Arrears (Refer Note No. 6)	-	-	-
	1,482.02	-	1,482.02

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AMFORGE INDUSTRIES LIMITED			
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2005			
	NON- CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
	As at 31st Mar. '2005	As at 31st Mar. '2005	As at 31st Mar. '2005
SCHEDULE-2			
RESERVES AND SURPLUS			
CAPITAL RESERVE			
As per last Balance Sheet	16.26	-	16.26
CAPITAL REDEMPTION RESERVE			
As per last Balance Sheet	15.10	-	15.10
SECURITIES PREMIUM ACCOUNT			
As per last Balance Sheet	1,226.11	-	1,226.11
Add: Additions during the year	605.84	-	605.84
Less: Calls in Arrears	0.00	-	-
	1,831.95	-	1,831.95
DEBENTURE REDEMPTION RESERVE			
As per last Balance Sheet	404.86	-	404.86
Less: Transferred to General Reserve	404.86	-	404.86
	-	-	-
INVESTMENT ALLOWANCE UTILISED RESERVE			
As per last Balance Sheet	-	-	-
Less: Transferred to General Reserve	-	-	-
	-	-	-
GENERAL RESERVE			
As per last Balance Sheet	3,882.71	-	3,882.71
Add: Transferred from Debenture Redemption Reserve	404.86	-	404.86
Add: Transferred from Invest. Allow. Util. Reserve	-	-	-
	-	-	4,287.57
Less: Balance in Profit and Loss Account	4,701.29	-	4,701.29
	(4,701.29)	-	(413.72)
	(2,837.98)	-	1,449.59



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AMFORGE INDUSTRIES LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2005

	NON- CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
	As at 31st Mar. '2005	As at 31st Mar. '2005	As at 31st Mar. '2005
SCHEDULE-3			
SECURED LOANS			
DEBENTURES			
4,00,000, 16% Secured Redeemable Non-Convertible Debentures of face value Rs.100 each fully paid up (Due within one year Rs. NIL (Rs.400 Lacs))			
10,56,925, 14% Secured Redeemable Non Convertible Debentures Part B of face value of Rs 65 each fully paid up Less: Calls in arrears (Due within one year Rs. NIL (Rs. NIL lacs))	211.97 0.63 211.34	- - -	211.97 0.63 211.34
	211.34	-	211.34
OTHER BORROWINGS			
Term Loans from Banks (Due within one year Rs. 358.36 lacs (Rs.548.36 lacs))	-	1,967.36	1,967.36
Term Loans from Financial Institutions (Due within one year Rs. 115.02 lacs (Rs.131.23))	-	1,022.21	1,022.21
Working Capital Loans from Banks	611.28	1,938.00	2,549.28
Interest Accrued and Due	0.03	370.86	370.89
Other Loans (Due within one year Rs. 48.81 lacs (Rs.32.62 lacs))	91.47 702.78	30.42 5,328.85	121.89 6,031.63
	914.12	5,328.85	6,242.97
Note:			
For details of nature of security, etc., refer Note no. 2 of Schedule 21			

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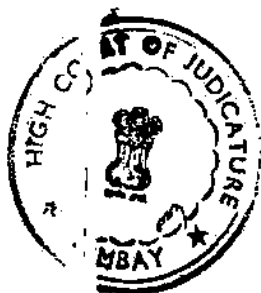


In Lacs)
CONSOLIDATED

As at 31st
Mar. '2005

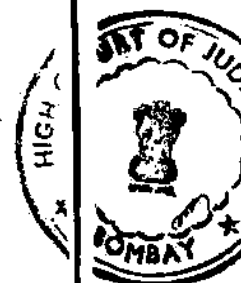
AMFORGE INDUSTRIES LIMITED			
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2005			
	NON- CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
	As at 31st Mar. '2005	As at 31st Mar. '2005	As at 31st Mar. '2005
SCHEDULE-4			
UNSECURED LOANS			
Interest Free Sales Tax Loan (Due within one year Rs. 2.96 lacs {Rs. 2.30 lacs})	11.86	1,920.76	1,932.62
From Bank & Financial Institution	111.83	795.46	907.29
{Due within one year Rs. NIL - (Rs.20 lacs)}			
From Companies	2,934.00	20.50	2,954.50
	3,057.69	2,736.72	5,794.41
SCHEDULE-5			
CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES			
Sundry Creditors	1,054.89	4,148.45	5,203.34
Advances from Customers	126.45	79.87	206.32
Deposits	8.87	-	8.87
Other Liabilities	860.37	324.29	1,184.66
Interest Accrued But Not Due	-	8.12	8.12
	2,050.58	4,560.73	6,611.31
PROVISIONS:			
Gratuity	174.17	56.99	231.16
Leave Encashment	51.15	17.70	68.85
	225.32	74.69	300.01
	2,275.90	4,635.42	6,911.32

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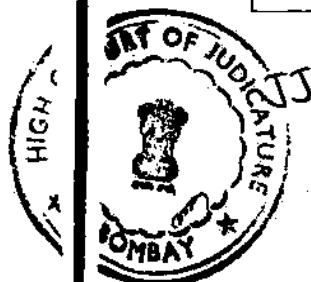


AMFORGE INDUSTRIES LIMITED			
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2005			
	NON- CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
	As at 31st Mar. '2005	As at 31st Mar. '2005	As at 31st Mar. '2005
SCHEDULE-7			
INVESTMENTS			
Non - Trade			
Long Term (Quoted) (At Cost)			
Equity Shares (Fully paid up)			
2,250 (2,250), Shares of Rs 10 each in Gajra Bevel Gears Ltd.	0.31	-	0.31
800 (800), Shares of Rs 10 each in Firth (India) Steel Co Ltd	0.12	-	0.12
0 (1000), Shares of Rs 10 each in Eicher Ltd	-	-	-
400 (Nil) Shares of Rs 10 each in Eicher Motors Ltd	0.32	-	0.32
0 (8,240), Shares of Rs. 10 each in Industrial Development Bank of India	-	-	-
0 (4,061) Shares of The South Indian Bank Ltd.	-	-	-
	0.75	-	0.75
Current (Unquoted) (Fully paid up)			
13265394.563 (Nil) Units of Rs. 10 each of Templeton Floating Rate Income Fund-Short Term Growth	1,586.00	-	1,586.00
	1,586.75	-	1,586.75
1. Aggregate of quoted investments - Cost			
	0.75	-	0.75
- Market Value			
	1.24	-	1.24
2. Aggregate cost of unquoted investments			
	1,586.00	-	1,586.00

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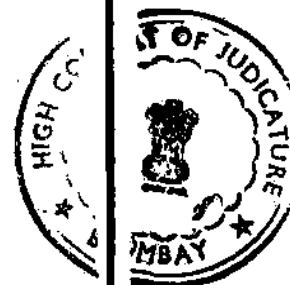


AMFORGE INDUSTRIES LIMITED			
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2005			
	NON-CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
	As at 31st Mar. '2005	As at 31st Mar. '2005	As at 31st Mar. '2005
SCHEDULE-8			
CURRENT ASSETS			
INVENTORIES			
(as certified by a Director)			
Raw Materials & Components (Including in transit) (at cost)	225.12	1,546.22	1,771.34
Work in Progress (at estimated cost)	159.74	573.51	733.25
Finished Goods (lower of cost or net realisable value)	817.73	661.09	1,478.82
Stores and Spares (at cost)	319.19	164.00	483.19
Die Room Inventory:			
- Die Steel Blocks (at cost)	28.35	38.39	66.74
- Dies (at cost, less amortisation/write offs)	1,305.95	1,282.36	2,588.31
	2,856.08	4,265.57	7,121.65
SUNDRY DEBTORS (Unsecured)			
Over six months			
- Considered Good	1,306.84	337.17	1,644.01
- Considered Doubtful	91.68	-	91.68
	1,398.52	337.17	1,735.69
Other Debts			
- Considered Good	683.43	1,432.60	2,116.03
	2,081.95	1,769.77	3,851.72
Less : Provision for Doubtful Debts	91.68	-	91.68
	1,990.27	1,769.77	3,760.04
CASH AND BANK BALANCES			
Cash on hand	19.37	3.57	22.94
Balance with Scheduled Banks			
- In Current Account	416.58	16.03	432.61
- In Fixed Deposit Account	1,300.00		1,300.00
- In Margin Money Deposit Account	30.69	131.56	162.25
	1,766.64	151.16	1,917.80
	6,612.99	6,186.50	12,799.49



AMFORGE INDUSTRIES LIMITED			
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2005			
	NON- CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
	As at 31st Mar. '2005	As at 31st Mar. '2005	As at 31st Mar. '2005
SCHEDULE-9			
LOANS AND ADVANCES			
(Unsecured, considered good)			
Due from Employees	33.82	14.15	47.97
Advances recoverable in cash or in kind or for value to be received	1,353.29	190.05	1,543.34
Balances with Central Excise Department	50.26	52.97	103.23
Deposits	127.07	235.55	362.62
Advance payment against taxes (net)	9.74	-	9.74
	1,574.18	492.72	2,066.90
SCHEDULE-10			
MISCELLANEOUS EXPENDITURE			
Preliminary Expenses	16.31	-	16.31
Deferred Revenue Expenditure	436.93	-	436.93
	453.24	-	453.24

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25)
DATED.

As at 31st
Mar. 2005

47.97

543.34

103.23

362.62

9.74

066.90

16.31

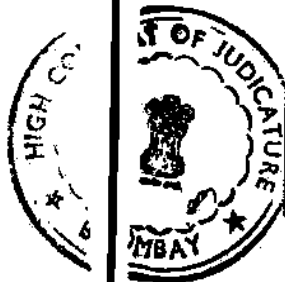
436.93

453.24

AMFORGE INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2005

	NON- CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
	For the Year ended 31st March 2005	For the Year ended 31st March 2005	For the Year ended 31st March 2005
SCHEDULE-11			
OPERATIONAL INCOME			
Domestic Sales	4,333.92	18,380.01	23,389.59
Export Sales	126.40	39.07	165.47
Export Incentives	17.04	-	17.04
Job Work	88.37	40.08	128.45
Scrap Sales	320.36	1,161.65	1,482.01
Sales Tax Set off	86.07	36.87	122.94
	4,972.16	19,657.68	25,305.50
SCHEDULE-12			
ACCRETION/(DECRETION) TO STOCKS			
OPENING STOCK - Work in Progress	130.92	66.65	197.57
- Finished Goods	1,904.63	604.40	2,509.03
	2,035.55	671.05	2,706.60
CLOSING STOCK - Work in Progress	159.74	573.51	733.25
- Finished Goods	817.73	661.09	1,478.82
	977.47	1,234.60	2,212.07
ACCRETION/(DECRETION)	(1,058.08)	563.55	(494.53)
SCHEDULE-13			
OTHER INCOME			
Dividend (Gross) (T.D.S. Rs. NIL. (Rs. NIL.))	-	0.12	0.12
Interest (Gross) (T.D.S.Rs. 2.84 Lacs(Rs. 1.78 Lacs))	1.99	42.12	44.11
Profit on Sale of Assets	6.51	0.25	6.76
Profit on Sale of Investments - Long Term	2.39	-	2.39
Miscellaneous Sale	11.96	0.12	12.08
Miscellaneous Income	14.98	15.95	30.93
	37.83	58.56	96.39
SCHEDULE-14			
RAW MATERIALS & COMPONENTS CONSUMED			
Opening stock	125.10	573.13	698.23
Add: Purchases	2,654.78	13,706.91	16,361.69
	2,779.88	14,280.04	17,059.92
Less: Closing stock (Including in Transit)	225.12	1,546.22	1,771.34
	2,554.76	12,733.82	15,288.58



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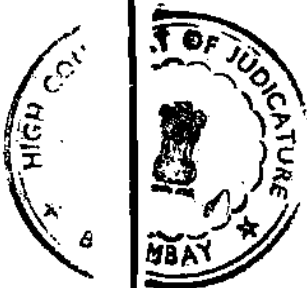
AMFORGE INDUSTRIES LIMITED			
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2005			
	NON-CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
	For the Year ended 31st March '2005	For the Year ended 31st March '2005	For the Year ended 31st March '2005
SCHEDULE-15			
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES	497.93	516.27	1,014.20
Salaries, Wages, Bonus etc.	162.69	56.49	219.18
Contribution to Provident and other Funds	41.12	86.78	127.90
Workers & Staff Welfare expenses	701.74	659.54	1,361.28
SCHEDULE-16			
MANUFACTURING EXPENSES	294.89	426.58	721.47
Sub Contract Work	698.81	1,472.72	2,171.53
Power, Fuel and Oil	131.40	231.17	362.57
Dies Consumed / Amortized	176.84	242.26	419.10
Stores and Tools Consumed	265.43	1,372.45	1,637.88
Excise duty	1.30	3.74	5.04
Lease Rentals	0.31	3.97	4.28
Technical Fees	55.37	304.87	360.24
Machinery Repairs	11.09	2.92	14.01
Building Repairs	1,635.44	4,060.68	5,696.12
SCHEDULE-17			
ADMINISTRATIVE, SELLING & OTHER EXPENSES	10.03	19.56	29.59
Rent, Rates & taxes	7.70	5.70	13.40
Insurance	2.10	0.72	2.82
Commission on sales	77.33	363.15	440.48
Freight and packing	13.83	13.42	27.25
General Repairs	69.54	3.44	72.98
Loss on Sale of Assets	0.41	-	0.41
Loss on sale of investments - Long term	5.07	15.17	20.24
Printing & Stationery	11.07	13.06	24.13
Telephone Expenses	25.72	118.85	144.57
Travelling & Conveyance	19.68	32.41	52.09
Cash Discounts	0.47	0.46	0.93
Exchange Rate Fluctuation (Net)	174.63	265.79	440.42
Other expenses	417.58	851.73	1,269.31

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AMFORGE INDUSTRIES LIMITED			
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2005			
	NON- CHAKAN TOTAL (Proposed Remaining Business)	CHAKAN TOTAL (Proposed Demerged Undertaking)	(Rs. In Lacs) CONSOLIDATED
	For the Year ended 31st March '2005	For the Year ended 31st March '2005	For the Year ended 31st March '2005
SCHEDULE-18			
INTEREST			
	-	45.10	45.10
Debentures	-	351.04	351.04
Fixed Loans	32.80	472.55	505.35
Others	137.98	(137.98)	-
Allocation	170.78	730.71	901.49
SCHEDULE- 19			
AMORTISATION			
	3.22	9.58	12.80
Preliminary Expenses	-	6.29	6.29
Deferred Revenue Expenditure	3.22	15.87	19.09
SCHEDULE- 20			
PRIOR YEAR ADJUSTMENTS			
Others (Net)	(48.16)	12.55	(35.61)
	(48.16)	12.55	(35.61)

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(Rs. in Laacs)

**SCHEDULE - 6
FIXED ASSETS -
CONSOLIDATED**

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2004	During the year		As at 31.03.2005	Upto 31.03.2004	For the Year	Deduction/ Adjustments	Upto 31.03.2005	As at 31.03.2005	As at 31.03.2004
		Additions	Deduction/ Adjustments							
Freehold Land	108.01	-	39.45	68.56	-	-	-	-	68.56	108.01
Leasehold Land	13.46	-	-	13.46	4.80	0.80	-	5.60	7.86	8.66
Buildings	1,389.90	265.30	194.95	1,460.25	439.98	42.51	83.31	399.18	1,061.07	949.92
Plant & Machinery and Electrical Installations*	7,162.81	901.03	237.20	7,826.64	4,397.59	542.44	222.94	4,717.09	3,109.55	2,765.22
Furniture Fixtures and Office Equipment	253.84	60.34	0.23	313.95	134.40	16.44	(0.32)	151.16	162.79	119.44
Vehicles **	285.22	85.88	3.41	367.69	148.65	27.48	1.29	174.84	192.85	136.57

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Grand Total	9,213.24	1,312.55	475.24	10,050.55	5,125.42	629.67	307.22	5,447.87	4,602.68	4,087.82
Previous Year	9,141.43	677.64	605.83	9,213.24	5,224.80	434.86	534.24	5,125.42	4,087.82	3,916.53

on Account of Conveyance in its favour is pending.

Notes : 1) Freehold Land includes certain land in possession of the Company, for which the execution of Conveyance is pending.

2) Building include Rs. 0.03 Lacs being cost of shares in Co-operative Housing Societies.

3) Adjustment Includes Rs. 156.91 Lacs which is removed from Gross block as well as accumulated Depreciation

on Account of Dies which were transferred from Fixed Assets to Current Assets in FY 1998-99.

4) * Includes Rs. 60.21 lacs (Rs. 84.10 Lacs) on hire purchase.

5) ** Includes Rs. 191.47 Lacs (123.84) Lacs on hire purchase.

DESCRIPTION	GROSS BLOCK			DEPRECIATION			(Rs. in Lacs)	
	AS AT 01.04.2004	Additions	Adjustments	UPTO 31.03.2004	FOR THE Year	UPTO 31.03.2005	NET BLOCK	AS AT 31.03.2005
FREEHOLD LAND	51.74	0	0	0	0	0	51.74	51.74
LEASEHOLD LAND	0	0	0	0	0	0	0	0
BUILDINGS	681.61	209.96	7.91	139.79	20.33	158.96	724.7	724.7
PLANT & MACHINERY &	3942.59	808.29	8.83	1942.87	435.36	2373.54	2368.51	2368.51



Plant & Machinery and Electrical Installations*	3,220.22	92.74	228.37	3,084.59	2,454.72	107.08	218.25	2,343.55	741.04
Furniture Fixtures and Office Equipment	187.87	24.18	(9.73)	221.78	114.58	10.86	(1.82)	127.26	94.52
Vehicles **	207.48	78.88	(69.72)	356.08	135.72	20.74	(15.22)	171.68	184.40
Grand Total	4,393.59	251.14	375.41	4,269.32	3,010.01	161.66	283.36	2,888.30	1,381.01

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- (f) The Assets and Liabilities shown in the Column titled as " CHAKAN TOTAL(Proposed Demerged Undertaking)" represents the assets and liabilities in relation to operations of the Demerged Undertaking as at the close of business hours on 31st March, 2005. Inter unit balance of Rs. 2,616.37 Lacs stands nullified in the Audited Annual Accounts for the year ended 31st March, 2005.

4. In Note No. 7 of the Audited Annual Accounts for the year ended 31st March, 2005 regarding Contingent Liabilities, following amounts are pertaining to the Demerged Undertaking.

(Rs. in Lacs)	
Contingent Liabilities not provided for	As at 31 st March'2005
(i) Bank Guarantees outstanding in favour of the Government and other parties	23.73
(ii) Letters of Credit issued by banks on behalf of the Company and outstanding	911.42
(iii) Towards Excise Duty demands against which the Company has preferred appeal	59.46
(iv) Towards Custom Duty demands against which the Company has preferred appeal	30.40
(v) Others	165.78

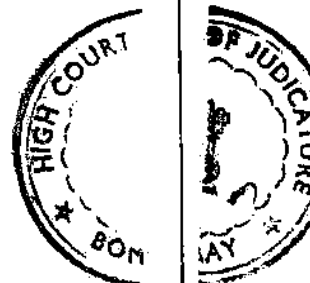
In addition to the above, the Demerged Undertaking has availed Bill Discounting Facilities and the balance outstanding as at 31st March, 2005 is Rs. 2077.21 Lacs.

5. In Note No. 8 of the Audited Annual Accounts for the year ended 31st March, 2005 regarding Estimated Contracts remaining to be executed on Capital Account, Rs. 419.50 lacs pertains to the Demerged Undertaking.
6. In Note No. 10 of the Audited Annual Accounts for the year ended 31st March, 2005 regarding Exclusion of Inter unit transfers, Rs. 675.66 lacs pertains to the Demerged Undertaking.
7. In Note No. 12 of the Audited Annual Accounts for the year ended 31st March, 2005 regarding Other Expenses, Donations of Rs. 9 lacs & Directors Sitting Fees of Rs. 0.41 lacs pertain to the Demerged Undertaking.
8. In Note No. 14 of the Audited Annual Accounts for the year ended 31st March, 2005 regarding Installed Capacity & Production, the following figures pertain to the Demerged Undertaking.

Capacity and Production ;	Unit	Installed Capacity (3 shifts basis)	Production
Forging	M.T.	29,000	22,463

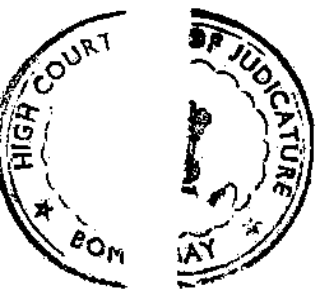
- (i) Installed Capacity being a technical matter, is as certified by a Director and relied upon

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- by the Auditors.
- (ii) Production of Forgings includes production on job-work for others 143 M.T.
 - (iii) Heat Treatment facilities are utilized mainly for Internal processing / captive consumption.

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9. In Note No. 15 of the Audited Annual Accounts for the year ended 31st March, 2005, regarding Turnover, Opening and Closing Stocks, the following figures are pertaining to the Demerged Undertaking.

Turnover, Opening and Closing Stocks :-

	Unit	Turnover		Opening Stock		(value in Rs. Lacs) Closing Stock	
		Qty	Value	Qty	Value	Qty	Value
Forging	M.T.	22,853	18,419.08*	970	661.09	436	604.40

* Excludes Rs. 675.66 lacs being inter unit transfers.

10. In Note No. 16 of the Audited Annual Accounts for the year ended 31st March, 2005, regarding Raw Materials & Components Consumed, the following figures are pertaining to the Demerged Undertaking.

Raw Materials & Components Consumed :	M.T.	Rs. in Lacs
Steel	32,305	12,733.82 *
Total		<u>12,733.82</u>

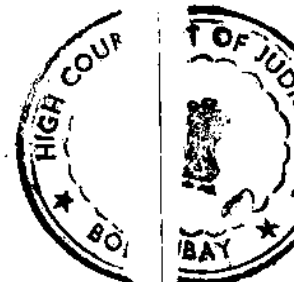
* Excludes Rs. 675.66 Lacs being Inter-unit transfers.

11. In Note No. 17 of the Audited Annual Accounts for the year ended 31st March, 2005 regarding Value of Raw Materials & Components Consumed, the following figures are pertaining to the Demerged Undertaking.

Value of Raw Material and Components Consumed	Raw Material Steel	
	Rs. in Lacs	%
Indigenous	<u>12,733.82</u>	<u>100</u>

12. In Note No. 18 of the Audited Annual Accounts for the year ended 31st March, 2005, regarding C.I.F. Value of Imports, the following figures are pertaining to the Demerged Undertaking.

Value of Imports (C.I.F.)	Rs. in Lacs
i) Stores and Spares	24.07
ii) Capital Goods	92.51



13. In Note No. 19 of the Audited Annual Accounts for the year ended 31st March, 2005 regarding Earnings in Foreign Exchange, Rs. 31.51 lacs pertains to the Demerged Undertaking.

14. In Note No. 20 of the Audited Annual Accounts for the year ended 31st March, 2005 regarding expenditure in Foreign currency, the following amounts are pertaining to the Demerged Undertaking.

Expenditure in Foreign Currency	Rs. in Lacs
i) Foreign Travel	10.63
ii) Subscription / Membership	1.04

15. In Note No. 21 of the Audited Annual Accounts for the year ended 31st March, 2005 regarding Deferred Tax Assets, the following explanation pertains to the Demerged Undertaking.

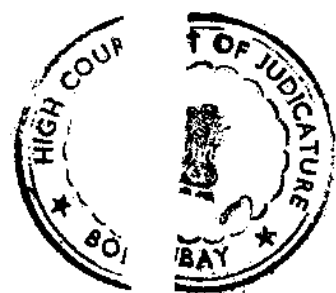
In terms of Accounting Standard - 22, issued by the Institute of Chartered Accountants of India (Accounting for Taxes on Income), for the current year, Deferred Tax Asset has been recognized only to the extent of Deferred Tax Liability determined for the year. Accordingly, net charge on this account is Rs. NIL.

The major components of the Deferred Tax Assets as on 31st March, 2005, based on the tax effects of the timing differences, are as follows:

	(Rs. In Lacs)
	Current Year
a. Timing Difference of Depreciation between Taxation & Books of Accounts	(448.29)
b. Unabsorbed Depreciation	297.64 *
c. Others	150.65
Total	<u>Nil</u>

* Considered to the extent, as there are compensatory timing differences, the reversal of which will result in sufficient future taxable income against which this can be realized.

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16. In Note No. 26 of the Audited Annual Accounts for the year ended 31st March, 2005 regarding Related Party Disclosures the following amounts pertain to the Demerged Undertaking.

	(Rs. Lacs)
(i) Payment of Remuneration / Fees	34.72
(ii) Payment of Interest	2.62
(iii) Payment of Rent	11.88
(iv) Inter Corporate Deposit Borrowed	53.50
(v) Inter Corporate Deposit Redeemed	64.75

SIGNATURES TO SCHEDULES 1 TO 21

For Amforge Industries Ltd.

For Bansal & Associates
Chartered Accountants

Mr. Fali P. Mama
Director

S. K. Bansal
Partner
Membership No. 12288
Mumbai, 27th June, 2005

Ajit P. Walwaikar
Vice President (Legal) & Company Secretary

TRUE-COPY
M. D. Narvekar
M. D. NARVEKAR
COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY

TRUE COPY
M/s. Khaitan & Co.
M/s. Khaitan & Co.
Advocates, Solicitors, Notaries, Patents and Trademarks
Attorneys
Ballard Estate, Mumbai

