



RSWM LIMITED

CIN:L17115RJ1960PLC008216

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NOTICE OF POSTAL BALLOT
(Notice pursuant to 110 of the Companies Act, 2013)

Dear Shareholder(s),

Notice is hereby given that pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Rule 22 of the Companies (Management and Administration) Rules, 2014, including any statutory modification or re-enactment thereof for the time being in force, the resolution appended below is proposed to be passed by way of Postal Ballot/e-voting.

The Company seeks the consent of Public Shareholders (Other than Promoter and Promoter Group members) for the aforesaid proposal through resolution as circulated by way of postal ballot pursuant to requirement under Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India ("SEBI Circular") and conditions laid down in the Observation Letter issued by the National Stock Exchange of India Limited and BSE Limited pursuant to the SEBI Circulars and Listing Agreement and under relevant provisions of applicable laws. The Explanatory Statement pertaining to the said resolution setting out the material facts concerning the item and the reasons thereof, is annexed hereto along with a Postal Ballot Form for your consideration. The Company has appointed Mr. D.P. Gupta (Membership No. FCS-2411) as Scrutinizer for conducting the Postal Ballot/E-Voting process in a fair and transparent manner.

The Audit Committee and the Board of Directors have approved the merger of Cheslind Textiles Limited ("CTL") with the Company, i.e, the same will be consummated only upon and subject to all the conditions precedent to the merger, including approval of the Public Shareholders (as defined in the explanatory statement) and the relevant High Court, having been satisfied.

In terms of the SEBI circulars, read with the Observation Letter, the resolution would be deemed to be approved by the Members (Other than Promoter and Promoter Group members) in case the votes in favour of the resolution are more than the votes cast against the resolution, by the Public shareholders.

The approval to the Scheme (Annexure – A) is being sought by way of Postal Ballot/E-Voting in addition to the approval being sought in the meeting of equity shareholders convened in accordance with the Order dated 26th day of September, 2014 of the Hon'ble High Court of Rajasthan at Jodhpur passed in the Company Application No. 7 of 2014.

You are requested to read carefully the instructions printed overleaf of the Postal Ballot Form and return the Postal Ballot Form duly completed in the enclosed self addressed, postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours (i.e. 6 P.M. IST) on Wednesday, i.e., 24th December, 2014. Postal Ballot Forms received after this date will be considered invalid. The Scrutinizer will submit his report to the Chairman on the completion of the scrutiny of the Postal Ballot Forms received. The results of the Postal Ballot shall be announced by the Chairman or any Director authorized by him on Friday, i.e., 26th December, 2014 at the Registered Office of the Company. The aforesaid result would be displayed on the Notice Board at "Kharigram, P.O Gulabpura-311021, District, Bhilwara, Rajasthan, intimated to the Stock Exchanges where the Company's shares are listed and displayed on the website of the Company viz. www.rswm.in.

Members may opt for e-voting facility as an alternative to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facility to its Members. It may be noted that e-voting is optional. If a member has voted through e-voting facility, he is not required to send the Postal Ballot Form. If a member votes through e-voting facility and also sends his vote through the Postal Ballot Form, the vote cast through e-voting shall only be considered by the Scrutinizer. In the event the proposed resolutions are approved by the requisite majority of Members of the Company by means of Postal Ballot and E-Voting, the date of declaration of result shall be deemed to be the date of passing of the said resolution.

RESOLUTIONS FOR POSTAL BALLOT

To consider and if thought fit, to pass with or without modification, the following resolution:

“RESOLVED THAT pursuant to Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India (“SEBI Circular”) and conditions laid down in the Observation Letter issued by the National Stock Exchange of India Limited and BSE Limited dated 22.08.2014 and 20.08.2014 respectively and relevant provisions of applicable laws, the Scheme of Amalgamation of Cheslind Textiles Limited with RSWM Limited and their respective Shareholders and Creditors (‘the Scheme or ‘this Scheme’) be and is hereby approved;

RESOLVED FURTHER THAT the Board of Directors or any Committee constituted by the Board of Directors of the Company for the aforesaid purpose, be and is hereby authorized to do all acts, deeds, matters and things as are considered requisite or necessary to effectively implement the arrangement as embodied in the Scheme and to accept such modifications and/or conditions, if any, which may be required and/or imposed by the Hon’ble High Court of Rajasthan at Jodhpur, while sanctioning the arrangement as embodied in the Scheme or by any authorities under law, or as the case may be required for the purpose of resolving any doubts and difficulties that may arise in carrying out the scheme.”

By Order of the Board of Directors
for RSWM Ltd.

Place : Noida
Date : 11th November, 2014

Sd/-
Surender Gupta
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

1. Background of Companies

A. Cheslind Textiles Limited (“CTL”)

- CTL was incorporated on 26th July 1989 under the provisions of the Companies Act, 1956.
- The Registered Office of CTL is situated at B Muduganapalli, Bagalur-635103, Hosur Taluk, Krishnagiri District, Tamil Nadu, India.
- The authorised, issued, subscribed and paid-up share capital of CTL as on 31st March, 2013 is as under:

Particulars	Amount in Rs.
AUTHORISED SHARE CAPITAL	
5,00,00,000 Equity Shares of Rs.10/- each	50,00,00,000/-
TOTAL	50,00,00,000/-
ISSUED SHARE CAPITAL	
4,59,23,335 Equity Shares of Rs.10/- each	45,92,33,350/-
SUBSCRIBED & PAID UP SHARE CAPITAL	
4,53,23,335 Equity Shares of Rs.10/- each	45,32,33,350/-
TOTAL	45,32,33,350/-

Subsequent to the said date, there has been no change in the capital structure of CTL.

- CTL is engaged in the business of spinners, doublers, weavers, bleachers, dyers, printers, mercers and hosiers in cotton, wool, jute, silk, teryline, terrycotton, linen and all other synthetic and other fibrous materials and to purchase, comb, prepare, spin, weave, bleach, dye, print, mercerise or otherwise manufacture and deal in wool, cotton, silk and all other goods, yarn, cotton and other goods, fabrics whether textiles, trebled, knotted or looped, kapas, hemp, jute, rags, yarns, necessary or useful in processes for treatment of any or all of the above purposes.

B. RSWM Limited ("RSWM")

- a. RSWM was incorporated on 17th October, 1960 under the provisions of the Companies Act, 1956.
- b. The Registered Office of RSWM is situated at Kharigram, P.O Gulabpura-311021, District Bhilwara, Rajasthan.
- c. The authorised, issued, subscribed and paid-up share capital of RSWM as on 31st March, 2013 is as under:

Particulars	Amount in Rs.
AUTHORISED SHARE CAPITAL	
4,75,00,000 Equity Shares of Rs.10/- each	47,50,00,000/-
25,00,000 Optionally Convertible Redeemable Preference Shares of Rs.150/- each	37,50,00,000/-
TOTAL	85,00,00,000/-
ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL	
2,31,48,689 Equity Shares of Rs.10/- each	23,14,86,890/-
TOTAL	23,14,86,890/-

Subsequent to the said date, there has been no change in the capital structure of RSWM.

- d. RSWM is currently in the business of cotton spinners and doublers, flax, hemp and jute spinners, linen and cloth manufacturers, flax, hemp, jute and wool merchants, wool combers, worsted spinners, woollen spinners, yarn merchants, worsted stuff manufacturers, bleachers and dyers and makers of vitriol, bleaching and dyeing materials.

2. Description and Rationale for the Scheme

Description

- a. The Scheme of Amalgamation ("Scheme") pursuant to Sections 391 to 394 of the Companies Act, 1956 provides for merger of CTL with RSWM and matters incidental and consequential thereto.

Rationale

- (A) Both CTL and RSWM are engaged in the similar business of spinners, doublers, weavers, bleachers, dyers, printers, mercers and hosiers in cotton, wool, jute, silk, teryline, terrycotton, linen and all other synthetic and other fibrous materials and to purchase, comb, prepare, spin, weave, bleach, dye, print, mercerise or otherwise manufacture and deal in wool, cotton, silk and all other goods, yarn, cotton and other goods, fabrics whether textiles, trebled, knotted or looped, kapas, hemp, jute, rags, yarns, necessary or useful in processes for treatment of any or all of the above purposes.
- (B) CTL and RSWM are companies within the same group of Companies ('Group'). A consolidation of CTL and the RSWM by way of amalgamation would therefore lead to a more efficient utilisation of capital.
- (C) The amalgamation will enable pooling of resources of the companies involved in amalgamation to their common advantage, resulting in more productive utilization of the said resources, cost & operational efficiencies, which would be beneficial for all stakeholders.
- (D) The proposed amalgamation will provide a stronger and consolidated financial structure to the businesses of the companies besides synergy of operations and making a more profitable organization with a greater potential for growth.
- (E) The amalgamation would result in the creation of a company with much larger asset base and a net worth enabling further growth and development of the businesses of the said companies and also enable RSWM to withstand risks associated with global business and the growing competition in the international scenario.
- (F) The proposed amalgamation will result in reduction in overheads and other expenses, economies of scale, reduction in administrative and procedural work and eliminate duplication of work and will enable the undertakings concerned to effect internal economies and optimize productivity.
- (G) RSWM post amalgamation will have better financial and business prospects. The Scheme shall be beneficial and in the best interests of the shareholders, creditors, employees of CTL and RSWM and all concerned. The scheme shall provide strength to the CTL on its amalgamation with RSWM Limited.

3. The salient features of the Scheme are as follows:

- a. Appointed Date of the Scheme is commencement of the business hours on the 1st April, 2013.
- b. With effect from the Appointed Date, the whole of the undertaking of CTL shall be merged with RSWM.
- c. Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the CTL in RSWM, the RSWM shall without any further act or deed, issue and allot 1 (One) Optionally Convertible Redeemable Preference Share of nominal value of Rs. 7.50/- (Rupee Seven and Fifty Paise) at par of RSWM and credited as fully paid up for every 1 (One) Equity Share of nominal value of Rs. 10/- (Rupees Ten) each fully paid up held in CTL, to the members of the CTL whose name appears in the Register of Members of the CTL as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be. The said Optionally Convertible Redeemable Preference Shares will be issued and allotted on the terms and conditions and with the rights given below:-
 - (a) Dividend Rate
12% p.a. on the paid up value per share of Rs. 7.50/-
 - (b) Accumulation of dividend
Cumulative
 - (c) Exchange Ratio
1 (One) Optionally Convertible Redeemable Preference Share of nominal value of Rs. 7.50/- (Rupee Seven and Fifty Paise) at par of RSWM and credited as fully paid up for every 1 (One) Equity Share of nominal value of Rs. 10/- (Rupees Ten) each fully paid up held in CTL.
 - (d) Payment of dividend
The Preference Shares will qualify for preferential payment of dividend at the rate set out above from the Allotment Date upto the date of redemption or conversion.
 - (e) Tenure
5 years from the Allotment Date.
 - (f) Listing
The Preference Shares will, subject to the applicable laws and regulations, be listed and/or admitted to trading on the relevant stock exchange(s) where the existing shares of RSWM are listed and/or admitted to trading.
 - (g) Convertibility and Conversion Price Ratio
The said Preference Shares will carry the right and option to apply for conversion of the said Preference Shares into the equity shares of RSWM in the ratio 1 (one) Equity Share of Rs. 10/- (Rupees Ten) each at par of RSWM credited as fully paid up for every 22 (Twenty two) Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 7.50/- (Rupees Seven and Fifty paise) each to be issued and allotted by RSWM. The said right must be exercised by the eligible Preference Shareholder before the expiry of 6 months from the date of allotment of such Preference Shares failing which the right shall lapse. No coupons shall be issued by RSWM towards any fractional entitlement and all fractional entitlements, if any shall be ignored.
 - (h) Redemption Terms
RSWM shall have an option to redeem by giving not less than 3 months notice to all the outstanding Preference Shares (i.e., such Preference Shares for which the option to convert into equity shares has not been exercised, as mentioned above) at par any time after the expiry of the conversion option period and before the expiry of 5 years from the Allotment Date.
- d. On the Scheme becoming effective, CTL shall be dissolved without being wound up.

The features set out above being only the salient features of the Scheme of Amalgamation; the members are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

4. The shareholding pattern of RSWM as on September 30, 2014 is as under:

Sl. No.	Particulars	No. of Shareholders	No. of equity shares	% of total paid up capital
A	Promoter and Promoter Group			
(1)	Indian			
	(a) Individuals/ Hindu Undivided Family	12	1808068	7.81
	(b) Bodies Corporate	10	5163816	22.31
	Sub-Total (A)(1)	22	6971884	30.12
(2)	Foreign			
	(a) Bodies Corporate	3	4934770	21.32
	Sub-Total (A)(2)	3	4934770	21.32
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	25	11906654	51.44
B	Public Shareholding			
(1)	Institutions			
	(a) Mutual Funds/ UTI	13	1577003	6.81
	(b) Financial Institutions/ Banks	13	46380	0.20
	(c) Central Government/ State Government(s)	1	1732	0.01
	(d) Insurance Companies	1	138283	0.60
	(e) Foreign Institutional Investors	1	100	0.00
	Sub-Total (B)(1)	29	1763498	7.62
(2)	Non-institutions			
	(a) Bodies Corporate	481	2345453	10.13
	(b) Individuals	13151	5664050	24.47
	(c) Clearing Member	55	30928	0.13
	(d) Trust	1	100	0.00
	(e) Foreign Bodies Corporate	2	418500	1.81
	(f) Non Resident Individual	156	1019506	4.40
	Sub-Total (B)(2)	13846	9478537	40.95
	Total Public Shareholding (B)= (B)(1)+(B)(2)	13875	11242035	48.56
	TOTAL (A)+(B)	13900	23148689	100.00

5. The directors holding the shares in RSWM do not have any other interest in the Scheme otherwise than that as shareholders in general. Save as aforesaid, none of the Directors of the Companies have any material interest in the proposed Scheme.

The extent of the shareholding of the Directors of RSWM in RSWM and CTL either singly or jointly or as nominee as on 30th September, 2014 is as under:

S. No.	Directors of RSWM	Shareholding in RSWM	Shareholding in CTL
1	Mr. Ravi Jhunjunwala	809094	NIL
2	Mr. Shekhar Agarwal	3000	NIL
3	Mr. Arun Kumar Churiwal	1610	NIL
4	Mr. Riju Jhunjunwala	175000	NIL
5	Mr. Jagdish Chandra Laddha	NIL	NIL
6	Dr. Kamal Gupta	NIL	NIL
7	Mr. Dharmendar Nath Davar	NIL	NIL
8	Mr. Sushil Jhunjunwala	NIL	NIL
9	Mr. Amar Nath Choudhary	NIL	NIL
10	Mr. P.S. Dasgupta	NIL	NIL

The extent of the shareholding of the Directors of CTL in CTL and RSWM either singly or jointly or as nominee as on 30th September, 2014 is as under:

S. No.	Directors of CTL	Shareholding in RSWM	Shareholding in CTL
1	Mr. Ravi Jhunhunwala	809094	NIL
2	Mr. Riju Jhunhunwala	175000	NIL
3	Mr. Prakash Maheshwari	NIL	NIL
4	Mr. G. B. Bagrodia	NIL	NIL
5	Mr. S.C. Parasrampur	NIL	NIL
6	Mr. T.K. Arun	NIL	NIL

6. The shares of CTL and RSWM are listed with National Stock Exchange of India Ltd. and BSE Ltd. CTL and RSWM in accordance with the provisions of the Listing Agreement, had filed the requisite applications along with the requisite documents with the said stock exchanges. The National Stock Exchange of India Limited and the BSE Ltd. both have already approved the Scheme by their letters dated 22.08.2014 and 20.08.2014 respectively.
7. The National Stock Exchange of India Limited and the BSE Ltd. had by their aforesaid letters stated that they had forwarded the said Scheme to Securities Exchange Board of India (SEBI) for their comments. SEBI vide its letter dated 19.08.2014 had asked the National Stock Exchange of India Limited and the BSE Ltd. that both the Companies should comply with various provisions of the SEBI Circular No. CIR/CFD/DIL/5/2013 dated 04.02.2013 and SEBI Circular No. CIR/CFD/DIL/8/2013 dated 21.05.2013 (the "Circulars").
8. Further, the Companies will comply with the undertaking given vide email dated July 24, 2014 regarding incorporating a clause in the Scheme requiring shareholders approval through postal ballot/e-voting and proceeding with the scheme only if votes cast by public shareholders in favour of the scheme is more than those voted against it.
9. Both the Companies have submitted an undertaking to the National Stock Exchange of India Limited and the BSE Ltd. stating that the Companies shall comply with various provisions of the Circulars and has incorporated a clause in the Scheme requiring shareholders approval through postal ballot/e-voting and proceeding with the scheme only if votes cast by public shareholders in favour of the scheme is more than those voted against it.
10. The financial position of RSWM will not be adversely affected by the Scheme. Further, the rights and interests of the creditors of RSWM will not be prejudicially affected by the Scheme as RSWM, post the Scheme will be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of CTL will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
11. No investigation proceedings are pending or are likely to be pending under Sections 235 to 251 of the Companies Act, 1956 in respect of RSWM and CTL.
12. In the event that this Scheme is terminated or withdrawn in the manner set out herein, this Scheme shall stand revoked, cancelled and be of no effect and null and void and in such event each party hereto shall bear and pay their respective costs, charges and expenses for and or in connection with the Scheme.
13. Inspection of the following documents may be had by the members of RSWM at its Registered Office between 11:00 am and 1:00 pm upto Wednesday the 24th December, 2014, on all working days (except Saturdays, Sundays and Public holidays):
 - (a) Scheme of Amalgamation;
 - (b) The fairness opinion of D & A Financial Services (P) Limited dated 9th April, 2014;
 - (c) Observation Letters dated 20th August, 2014 and 22nd August, 2014 received from BSE Limited and National Stock Exchange of India Limited respectively;
 - (d) Complaints Report submitted to BSE Limited and National Stock Exchange of India Limited;
 - (e) The Valuation Report dated 9th April, 2014 of M/s S.S. Kothari Mehta & Co., Chartered Accountants;
 - (f) Copy of the Order dated 26th September, 2014 of the Hon'ble High Court of Rajasthan at Jodhpur passed in Company Application No. 7 of 2014;

- (g) Memorandum and Articles of Association of RSWM;
 - (h) The Audited Financial Statements of RSWM for financial year ended March 31, 2013 and financial year ended March 31, 2014;
 - (i) Copy of the resolution passed by the Board of Directors of RSWM approving the Scheme.
14. Pursuant to the SEBI circulars read with Clause 24(f) of the Listing Agreement, Company has filed necessary applications before the BSE Limited and the National Stock Exchange of India Limited seeking their no-objection to the proposed scheme.
 15. Pursuant to Clause 24(h) of the Listing Agreement with the stock exchanges and SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013, Fairness Opinion (Annexure B), the Pre scheme and Post scheme (expected) Capital Structure (Annexure – C), Pre and Post Shareholding Pattern (Annexure – D), Observation Letters of National Stock Exchange Limited and BSE Limited (Annexure – E) and Complaints Report (Annexure – F) are attached to the Notice.
 16. As per Section 110 of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Notice of Postal Ballot may be served on the Members through electronic means. Members whose e-mail IDs are registered are being sent this Notice of Postal Ballot by e-mail and the members who have not registered their e-mails IDs will receive Notice along with the physical Ballot Form through registered post. Members who have received Postal Ballot Notice by e-mail and who wish to vote through physical Ballot Form may download the form from the 'Investors' section on the Company's website www.rswm.in.

Annexure - A

SCHEME OF AMALGAMATION UNDER SECTIONS 391 & 394 OF THE COMPANIES ACT, 1956

BETWEEN

Cheslind Textiles Limited

Transferor Company

RSWM Limited

Transferee Company

And their respective shareholders

PART- I

This Scheme of Amalgamation is presented for the amalgamation of Cheslind Textiles Limited with RSWM Limited pursuant to Sections 391 & 394 of the Companies Act, 1956.

1. INTRODUCTION

- 1.1 Cheslind Textiles Limited (herein after referred to as 'Transferor Company') is a public limited company incorporated under the Companies Act, 1956 and having its Registered Office at B Muduganapalli, Bagalur, Hosur Taluk, Tamil Nadu. Transferor Company is authorised to and is primarily engaged in business of spinners, doublers, weavers, bleachers, dyers, printers, mercers and hosiers in cotton, wool, jute, silk, teryline, terrycotton, linen and all other synthetic and other fibrous materials and to purchase, comb, prepare, spin, weave, bleach, dye, print, mercerise or otherwise manufacture and deal in wool, cotton, silk and all other goods, yarn, cotton and other goods, fabrics whether textiles, trebled, knotted or looped, kapas, hemp, jute, rags, yarns, necessary or useful in processes for treatment of any or all of the above purposes.
- 1.2 RSWM Limited (herein after referred to as 'Transferee Company') was incorporated as a public limited company under the Companies Act, 1956 under the name Rajasthan Spinning and Weaving Mills Limited. The Transferee Company's Registered Office is situated at Kharigram, P.O Gulabpura, Bhilwara, Rajasthan, India. Transferee Company is authorized to and is engaged in the business of cotton spinners and doublers, flax, hemp and jute spinners, linen and cloth manufacturers, flax, hemp, jute and wool merchants, woolcombers, worsted spinners, woollen spinners, yarn merchants, worsted stuff manufacturers, bleachers and dyers and makers of vitriol, bleaching and dyeing materials

1.3 Rationale for the Scheme

- 1.3.1 Both Transferor Company and Transferee Company are engaged in the similar business of spinners, doublers, weavers, bleachers, dyers, printers, mercers and hosiers in cotton, wool, jute, silk, teryline, terrycotton, linen and all other synthetic and other fibrous materials and to purchase, comb, prepare, spin, weave, bleach, dye, print, mercerise or otherwise manufacture and deal in wool, cotton, silk and all other goods, yarn, cotton and other goods, fabrics whether textiles, trebled, knotted or looped, kapas, hemp, jute, rags, yarns, necessary or useful in processes for treatment of any or all of the above purposes.
- 1.3.2 The amalgamation will enable pooling of resources of the companies involved in amalgamation to their common advantage, resulting in more productive utilization of the said resources, cost & operational efficiencies, which would be beneficial for all stakeholders.
- 1.3.3 The proposed amalgamation will provide a stronger and consolidated financial structure to the businesses of the companies besides synergy of operations and making a more profitable organization with a greater potential for growth.
- 1.3.4 The amalgamation would result in the creation of a company with much larger asset base and a net worth enabling further growth and development of the businesses of the said companies and also enable the resultant Transferee Company to withstand risks associated with global business and the growing competition in the international scenario.
- 1.3.5 The proposed amalgamation will result in reduction in overheads and other expenses, economies of scale, reduction in administrative and procedural work and eliminate duplication of work and will enable the undertakings concerned to effect internal economies and optimize productivity.
- 1.3.6 The Transferee Company post amalgamation will have better financial and business prospects. The Scheme shall be beneficial and in the best interests of the shareholders, creditors, employees of the Transferor Company and the Transferee Company and all concerned. The Scheme shall provide strength to the Transferor Company on its amalgamation with the Transferee Company.

PART-II

2. DEFINITIONS:

For the purpose of this Scheme, the following expressions shall have the following meanings: -

- 2.1 **“Act”** means the Companies Act, 1956 [Act No.1 of 1956] and includes any statutory re-enactments or modification thereof, or amendment thereto, from time to time and also mean and refer to corresponding sections of Companies Act, 2013 as and when such corresponding sections are notified in the official gazette by the Central Government
- 2.2 **“Transferor Undertaking”** means all the assets and liabilities belonging to Transferor Company and shall include:
 - (i) The entire business of the Transferor Company;
 - (ii) All the assets (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent), claims, estates, interests, powers properties, rights and titles of every description of or relating to the Transferor Company as on the Appointed Date (hereinafter referred to as “the said assets”);
 - (iii) All the debts, liabilities, duties and obligations including charges, liens and mortgages of every description of or pertaining to the Transferor Company as on the Appointed Date, whether provided for or not in the books of account of the Transferor Company and whether disclosed or undisclosed in its balance sheet (hereinafter referred to as “the said liabilities”);
 - (iv) Without prejudice to the generality of sub-clauses (i), (ii) & (iii) hereof, all rights, privileges, benefits, incentives, powers and authorities and all properties whether movable or immovable, real or personal, corporeal or incorporeal, in possession or reversion, present or contingent or of whatsoever nature and wheresoever situate including brands, non-compete right, leasehold rights, tenancy rights, leasehold improvements, software, goodwill, industrial and other licenses installations, plant and machinery, furniture, fittings, office equipments, vehicles, shares, securities, inventories, book-debts, cash-in-hand, bank balances (including deposits with banks), loans and advances, deposits, advance payments, prepaid expenses, tax credits including minimum alternate tax credit, sales tax deferrals / remission, CENVAT credits, sales tax credit and in particular all

licenses, essentiality certificates, patents, trade marks, logos and all allotments, reservations, import quotas, telephones, telex, facsimile and other communication facilities and equipment and rights, benefits, incentives and entitlements in connection with and related to investments made by the Transferee Company and its trade and business and rights and benefits of all agreements and licenses held by the Transferor Company or to which the Transferor Company is entitled to and all debts, liabilities, obligations and duties of the Transferor Company of whatsoever kind.

- (v) PROVIDED that except as provided herein, this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company and which shall stand vested in the Transferee Company by virtue of the amalgamation.
 - (vi) All intellectual property rights of the Transferor Company pertaining to its business including patents, copyrights, designs and trademarks.
 - (vii) All books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists 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 business of the Transferor Company;
 - (viii) All permanent employees of the Transferor Company employed in the business of the Transferor Company;
 - (ix) All earnest monies, security deposits, payments against warrants, or other entitlements, if any, in connection with or relating to the business of the Transferor Company;
- 2.3 **“Appointed Date”** means for the purpose of amalgamation of Transferor Company commencement of the business hours on the 1st April, 2013 or such other date as the High Courts may direct or approve.
- 2.4 **“Board of Directors”** in relation to The Transferor Company and The Transferee Company as the case may be, shall, unless it be repugnant to the context or otherwise, includes any person authorized by the Board of Directors.
- 2.5 **“Effective Date”** means the last of the dates on which certified copy of the formal order of High Courts is filed with the Registrar of Companies by both the Transferor Company and the Transferee Company.
- 2.6 **“High Courts”** means the High Court of Rajasthan at Jodhpur and High Court at Madras and shall be deemed to include the National Company Law Tribunal, if and when applicable.
- 2.7 **“Preference Shares”** means the Optionally Convertible Redeemable Preference Shares of the Transferee Company to be issued and allotted to each equity shareholder of the Transferor Company on the following terms and conditions:
- (a) Dividend Rate
12% p.a. on the paid up value per share of Rs. 7.50/-
 - (b) Accumulation of dividend
Cumulative
 - (c) Exchange Ratio
1 (One) Optionally Convertible Redeemable Preference Share of nominal value of Rs. 7.50/- (Rupee Seven and Fifty Paise) at par of the Transferee Company and credited as fully paid up for every 1 (One) Equity Share of nominal value of Rs. 10/- (Rupees Ten) each fully paid up held in the Transferor Company.
 - (d) Payment of dividend
The Preference Shares will qualify for preferential payment of dividend at the rate set out above from the Allotment Date upto the date of redemption or conversion.
 - (e) Tenure
5 years from the Allotment Date.
 - (f) Listing
The Preference Shares will, subject to the applicable laws and regulations, be listed and/or admitted to trading on the relevant stock exchange(s), where the existing shares of the Transferee Company are listed and/or admitted to trading.

(g) Convertibility and Conversion Price Ratio

The said Preference Shares will carry the right and option to apply for conversion of the said Preference Shares into the equity shares of the Transferee Company in the ratio 1 (one) Equity Share of Rs. 10/- (Rupees Ten) each at par of the Transferee Company credited as fully paid up for every 22 (Twenty two) Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 7.50/- (Rupees Seven and Fifty paise) each to be issued and allotted by the Transferee Company. The said right must be exercised by the eligible Preference Shareholder before the expiry of 6 months from the date of allotment of such Preference Shares failing which the right shall lapse. No coupons shall be issued by the Transferee Company towards any fractional entitlement and all fractional entitlements, if any shall be ignored.

(h) Redemption Terms

Transferee Company shall have an option to redeem by giving not less than 3 months notice to all the outstanding Preference Shares (i.e., such Preference Shares for which the option to convert into equity shares has not been exercised, as mentioned above) at par any time after the expiry of the conversion option period and before the expiry of 5 years from the Allotment Date.

2.8 **“Registrar of Companies”** means the Registrar of Companies, Jaipur and Registrar of Companies, Coimbatore.

2.9 **“Record Date”** means the date to be fixed by the Board of Directors or a committee thereof of the Transferee Company for the purpose of determining the members of the Transferor Company to whom shares will be allotted pursuant to Clause 6.1 of the Scheme.

2.10 **“Scheme”** means this Scheme of Amalgamation whereunder the Transferor Company is to be amalgamated with the Transferee Company in its present form or with any modification(s) approved or imposed or directed by the Members or Board of Directors of any of the companies made under Clause 14 and/or by the High Courts and/or by any other authority, in accordance and compliance with the provisions of Section 2 (1B) of the Income Tax Act, 1961.

2.11 **“Transferor Company”** shall have the meaning given to in clause 1.1

2.12 **“Transferee Company”** shall have the meaning given to in clause 1.2.

2.13 The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meanings ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof from time to time. In particular, wherever reference is made to the Hon'ble High Courts in this Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal (“NCLT”) or such other forum or authority, as may be vested with any of the powers of a High Court under the Act.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

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

4. SHARE CAPITAL

4.1 The Authorised, Issued, Subscribed and Paid Up Share Capital of the Transferor Company as at March 31, 2013 is as follows:

Particulars	Amount in Rs.
AUTHORISED SHARE CAPITAL	
5,00,00,000 Equity Shares of Rs.10/- each	50,00,00,000/-
TOTAL	50,00,00,000/-
ISSUED SHARE CAPITAL	
4,59,23,335 Equity Shares of Rs.10/- each	45,92,33,350/-
SUBSCRIBED & PAID UP SHARE CAPITAL	
4,53,23,335 Equity Shares of Rs.10/- each	45,32,33,350/-
TOTAL	45,32,33,350/-

As on the date of this Scheme being approved by the Board of Directors of the Transferor Company and Transferee Company, there is no change in the authorized, issued, subscribed and paid-up share capital of the Transferor Company.

- 4.2 The Authorised, Issued, Subscribed and Paid Up Share Capital of the Transferee Company as at March 31, 2013 is as follows:

Particulars	Amount in Rs.
AUTHORISED SHARE CAPITAL	
4,75,00,000 Equity Shares of Rs.10/- each	47,50,00,000/-
25,00,000 Optionally Convertible Redeemable Preference Shares of Rs.150/- each	37,50,00,000/-
TOTAL	85,00,00,000/-
ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL	
2,31,48,689 Equity Shares of Rs.10/- each	23,14,86,890/-
TOTAL	23,14,86,890/-

As on the date of this Scheme being approved by the Board of Directors of the Transferor Company and Transferee Company, there is no change in the authorized, issued, subscribed and paid-up share capital of the Transferee Company.

PART – III - AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEE COMPANY

5. TRANSFER AND VESTING

- 5.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme in relation to the modalities of transfer and vesting, the Transferor Undertaking belong to Transferor Company shall, without any further act or deed, be transferred to and vested in the Transferee Company pursuant to the provisions of Section 391 to 394 and other applicable provisions of the Act and pursuant to the orders of the High Court, for all the estate, right, title and interest of the Transferor Company therein so as to become the property of the Transferee Company but, subject to all charges affecting the same provided that the Scheme shall not operate to enlarge the security for any loan deposit or facility created in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security there for after the Effective Date or otherwise.
- 5.2 Notwithstanding what is provided in Clause 5.1 above, it is expressly provided that in respect of such of the said assets as are moveable in nature, including cash in hand if any, or are otherwise capable of transfer by physical delivery or by endorsement and delivery or leasehold improvements, the same shall be so transferred by the Transferor Company to the Transferee Company immediately after the Scheme is sanctioned by the High Court, without requiring any further order of the High Court or any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly by virtue of this Scheme.
- 5.3 All the assets, title, interests, licenses, essentiality certificates, authorities acquired by or permits, quotas, approvals, permissions, incentives, sales tax deferrals / remissions, loans, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes and other assets, special status and other benefits or privileges enjoyed by or conferred upon or held or availed of by and/or all rights and benefits that have accrued or which may accrue to the Transferor Company before and after the Appointed Date and prior to the Effective Date in connection with or in relation to the operation of the Transferor Company shall, pursuant to the provisions of Section 394(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in and be available the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions as if instead of the Transferor Company, the Transferee Company was a party thereto.
- 5.4 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, incentives, concessions and other authorizations relating to the Transferor Company shall stand transferred by the order of the High Courts to Transferee Company, Transferee Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file and record the change of name, pursuant to this Scheme.
- 5.5 Upon the coming into effect of this Scheme and with effect from the Appointed Date:
 - 5.5.1 All secured and unsecured debts, (whether in rupees or in foreign currency), all liabilities, duties and obligations of the Transferor Undertaking belonging to the Transferor Company along with any charge, encumbrance, lien or security thereon (hereinafter referred to as the “said Liabilities”)

shall, pursuant to the provisions of Section 394 (2) of the Act, without any further act, instrument or deed, be and shall stand transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company, so as to become the debts, liabilities, duties and obligations of the Transferee Company. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. It is clarified that in so far as the assets of the Transferor Company are concerned, the security or charge over such assets or any part thereof, relating to any loans, debentures or borrowing of the Transferor Company, shall, without any further act or deed continue to relate to such assets or any part thereof after the Effective Date and shall not relate to or be available as security in relation to any or any part of the assets of the Transferee Company, save to the extent warranted by the terms of the existing security arrangements to which the Transferor Company and the Transferee Company are party, and consistent with the joint obligations assumed by them under such arrangement. However, the Transferee company may, at any time after the coming into effect of this scheme in accordance thereof, if so required, under any law or otherwise execute deeds of confirmation in favour of the creditors/lenders of the Transferor company or in favour of any other party to the contract or arrangement to which the Transferor company is a party or any writing, as may be necessary, in order to give the formal effect to the above provisions. The Transferee company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor company as well as to implement and carry out all such formalities and compliances referred to above.

- 5.5.2 Loans, advances, payables and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf on either party.
- 5.5.3 Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date transferred to the Transferee 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 Transferee Company.
- 5.5.4 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company in relation to or in connection with its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and, to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of Section 394(2) of the Act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company, which shall meet, discharge and satisfy the same.
- 5.5.5 Guarantees provided by third parties on behalf of the Transferor Company shall vest in the Transferee Company and shall inure to the benefit of the Transferee Company.
- 5.5.6 All assets, rights, title, interests and authorities accrued to and/or acquired by the Transferor Company in relation to, or
- 5.6 In connection with its business after the Appointed Date and prior to the Effective Date shall have been deemed to have been accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon the coming into effect of this Scheme, pursuant to the provisions of Section 394(2) of the Act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company to that extent and shall become the assets, rights, title, interests and authorities of the Transferee Company.
- 5.7 For the purpose of giving effect to the vesting order passed under Sections 391, 394 and other applicable provisions of the Act, in respect of this Scheme, Transferee Company shall at any time pursuant to the sanction of this Scheme by the High Courts be entitled to get the recordal of the change in the legal right(s) in respect of any right, asset or liability of the Transferor Company in the record of any authority or person who shall take them on file and record the change pursuant to and in terms of the Scheme.

- 5.8 This Scheme has been drawn up inter alia to comply with the conditions relating to “amalgamation” as specified under Section 2(1B) of the Income Tax Act, 1961. If any term or provision of the Scheme is found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with conditions contained in Section 2(1B) of the Income Tax Act, 1961. Such modification shall however not affect other parts of the Scheme.

6. ISSUE AND ALLOTMENT OF SHARES BY TRANSFEREE COMPANY

- 6.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the Transferor Company in the Transferee Company, the Transferee Company shall without any further act or deed, issue and allot 1 (One) Optionally Convertible Redeemable Preference Share of nominal value of Rs. 7.50/- (Rupee Seven and Fifty Paise) at par of the Transferee Company and credited as fully paid up for every 1 (One) Equity Share of nominal value of Rs. 10/- (Rupees Ten) each fully paid up held in the Transferor Company, to the members of the Transferor Company whose name appears in the Register of Members of the Transferor Company as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be. The said Optionally Convertible Redeemable Preference Shares will be issued and allotted on the terms and conditions and with the rights as mentioned in clause 2.7 above.
- 6.2 The Preference Shares to be issued to the members of the Transferor Company pursuant to clause 6.1 of this Scheme shall, subject to the applicable laws and regulations, be listed and/or admitted to trading on the relevant stock exchange(s), where the existing shares of the Transferee Company are listed and/or admitted to trading.
- 6.3 Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and/or applicable provisions of the Act for the issue and allotment of Preference Shares by the Transferee Company to the shareholders of the Transferor Company, as provided for in this Scheme. If required, the Transferee Company will increase / alter / modify its capital structure, for issuance of such Preference Shares under this Scheme.

6.4 Combination of Authorised Share Capital

Upon sanction of this Scheme, the Authorized Share Capital of the Transferee Company on the Effective Date shall automatically stand increased by merging the Authorized Share Capital of Transferor Company with Transferee Company without any further act or deed on the part of the Transferee Company, including payment of Stamp Duty and Registrar of Companies fees, for the Authorized Share Capital of Transferor Company.

Further, if required, the Transferee Company shall take necessary steps to further increase and alter its Authorised Share Capital suitably to enable it to issue and allot the Preference Shares required to be issued and allotted by it in terms of this Scheme.

Upon the coming into effect of this Scheme, Clause 5 of the Memorandum of Association of the Transferee Company (relating to the Authorized 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, in the manner set out below and be replaced by the following clause:

The Authorised Share Capital of the Company is Rs.1,35,00,00,000 (Rupees One Hundred and Thirty Five Crores) divided into 6,00,00,000/- (Six Crores) Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 60,00,00,000/- (Rupees Sixty Crores) and 25,00,000/- (Rupees Twenty Five Lakhs) Optionally Convertible Redeemable Preference Shares of Rs. 150/- (Rupees One Hundred and Fifty) each aggregating to Rs. 37,50,00,000 (Rupees Thirty Seven Crores and Fifty Lakhs) and 5,00,00,000 (Five Crores) Optionally Convertible Redeemable Preference Shares of Rs. 7.50/- each aggregating to Rs. 37,50,00,000 (Rupees Thirty Seven Crores and Fifty Lakhs) with power to sub-divide, consolidate and increase or decrease and with power from time to time to issue any share of the original capital or any new capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit and upon the sub-division of a share to apportion the right to participate in profits in any manner as between the shares resulting from such sub-division.

7. Dissolution of the Transferor Company

Upon the Scheme becoming effective, the Transferor Company shall stand dissolved without winding up.

8 ACCOUNTING TREATMENT

With effect from the Appointed Date, and upon the Scheme becoming effective, the Transferee Company shall account for the amalgamation of the Transferor Company in its books of accounts as per the 'Purchase Method', as described in Accounting Standard – 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, such that:

- 8.1 The investments in the equity share capital of the Transferor Company, and inter-company loans and advances, deposits or outstanding obligation if any, inter-se between the Transferor Company and the Transferee Company, as appearing in the books of accounts of the Transferor Company shall stand cancelled.
- 8.2 The Transferee Company shall, record all the assets and liabilities, of the Transferor Company, vested in the Transferee Company pursuant to this Scheme in accordance with Accounting Standard – 14 "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India and any other Accounting Standard as may be applicable
- 8.3.1 The Transferee Company shall credit the aggregate face value of Preference Share issued by it to the members of the Transferor Company pursuant to Clause 6.1 of this scheme to its Preference Share Capital Account in its books of accounts.
- 8.3.2 No Preference Share shall be issued to RSWM Ltd., the Transferee Company.
- 8.4 The difference between the excess of Net Assets of the Transferor Company as per clause 8.2 above over the amount credited by the Transferee Company to the Share Capital Account as per Clause 8.3 above and adjusted for cancellation of the investments in the equity share capital, inter-company loans and advances, deposits or outstanding obligation of the Transferee Company as mentioned in Clause 8.1 above, would be recorded as Capital Reserve. The shortfall, if any shall be debited to the Goodwill Account of the Transferee Company.

9. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY UNTIL EFFECTIVE DATE

- 9.1 With effect from the Appointed Date and upto and including the Effective Date, the Transferor Company shall:-
 - 9.1.1 carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Transferor Company on account of, and for the benefit of and in trust for the Transferee Company.
 - 9.1.2 all the profits or incomes accruing or arising to the Transferor Company, or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses or taxes as the case may be, of the Transferee Company.
 - 9.1.3. carry on its business with reasonable diligence and shall not without the prior written consent of the Transferee Company alienate, charge or otherwise deal with or dispose off the Undertaking or any part thereof except in the ordinary course of its business.
 - 9.1.4. Not vary the terms and conditions of service of its permanent employees except in the ordinary course of its business.
 - 9.1.5. Not, without the prior written consent of the Transferee Company, undertake any new business or a substantial expansion of its existing business
- 9.2 With effect from the Appointed Date, the Transferor Company has carried on and hereafter undertakes to carry on its business with reasonable diligence and utmost business prudence and from the date of acceptances of the Scheme by the respective Boards of the Transferor Company and the Transferee Company, the Transferor Company shall not alienate, charge, encumber, mortgage or otherwise deal with its Undertaking including any of the said assets or any part thereof, without the prior written consent of the Transferee Company, save and except in the ordinary course of business, or pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the Appointed Date.

Provided however that the Transferor Company shall be entitled in the ordinary course of business in relation to its borrowings required in connection with its business and operations to borrow in the form of loans and further consent of the Transferee Company shall not be required in this behalf.

10. EMPLOYEES OF THE TRANSFEROR COMPANY

- 10.1 All the staff, workmen and other employees, if any, of the Transferor Company in service on the date immediately preceding the Effective Date shall become the staff, workmen and employees of the Transferee Company on the Effective Date.
- 10.2 The services of the said staff, workmen and other employees shall, for all purposes, including accrued leave benefits, gratuity, provident fund, retirement benefits, retrenchment compensation, and so on, be regarded as continuous without any break or interruption of service by reason of the amalgamation of the Transferor Company to the Transferee Company.
- 10.3 The terms and conditions of service applicable to such employees on the Effective Date will not in any way be less favourable to them than those applicable to them immediately before the Effective Date. The position, rank and designation of the employees would, however, be decided by the Board of Directors of the Transferee Company, which shall also have the right to exercise an option, if warranted, to transfer such employees to any unit of the Transferee Company as may be deemed to be necessary from time to time.

It is provided that as far as the Gratuity Fund, Provident Fund Accounts, Super Annuation Fund or any other Scheme or Fund including any surplus in such funds, created or existing for the benefit of the employees, staff and workmen of the Transferor Company are concerned, upon the Scheme becoming finally effective, the Transferee Company shall stand substituted as the employer instead and in place of the Transferor Company for all purposes whatsoever related to the administration or operation of such Gratuity Fund, Provident Fund Accounts, Super Annuation Fund or any other Schemes or Funds or in relation to the obligation of the employer to make contributions to the said Schemes or Funds as per the terms provided in the respective Trust deeds or other documents or as may be required under law. It is the aim and intent of the Scheme that all the duties, obligations, powers and rights of the Transferor Company in relation to such Accounts and Funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous and without interruption in service for the purpose of the aforesaid Schemes / Funds in the hands of the Transferee Company.

11. RIGHT TO REVISE TAX RETURNS

It is clarified that all the taxes and duties payable by the Transferor Company including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims, from the Appointed Date shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise and file income tax returns including tax deducted at source certificates, sales tax/value added tax returns, service tax returns and all taxes/duties in any other statute like excise duty, custom duty etc. and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

12. LEGAL PROCEEDINGS

All legal proceedings of whatever nature by or against the Transferor Company, if pending, on the Effective Date, shall not abate, be discontinued or be in any way prejudicially affected by reason of the vesting of the Transferor Company in the Transferee Company or the dissolution without winding up of the Transferor Company or of anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.

13. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 13.1 Subject to the other provisions of this Scheme, all contracts, memorandum of understandings, tenders, bid documents, expressions of interest, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company and may be enforced as fully and as effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.
- 13.2 The transfer of the said assets and liabilities of the Transferor Company to the Transferee Company and the continuance of all the contracts or legal proceedings by or against the Transferee Company shall not affect any contract or proceedings relating to the said assets or the liabilities already concluded by the Transferor Company on or after the Appointed Date to the end and intent that the Transferee Company

accepts and adopts all acts, deeds and things done, executed for and on behalf of the Transferor Company as acts, deeds and things done, executed for and on behalf of the Transferee Company.

PART – IV - MISCELLANEOUS

14.1 APPLICATIONS TO THE HIGH COURTS

The Transferor Company and the Transferee Company shall make necessary applications under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act to the High Courts inter alia for convening with the meetings of shareholders and creditors and sanction of this Scheme and for the consequent dissolution without winding up of the Transferor Company and for other reliefs.

- 14.2 This Scheme is subject to approval by the requisite majority of the public Shareholders of the Transferor Company and the Transferee Company by voting through postal ballot and e-voting, as may be required in accordance with the applicable guidelines, circulars and notifications issued by Securities Exchange Board of India and other concerned authorities.

15. MODIFICATIONS OR AMENDMENTS TO OR IMPLEMENTATION THE SCHEME

- 15.1 The Transferor Company and the Transferee Company may assent from time to time on behalf of all persons concerned to any modification or amendment or additions to this Scheme or to any conditions or limitations which either the Boards of Directors or a committee of the concerned Board of Directors or any person authorized in that behalf by the concerned Board of Directors (hereinafter referred to as the "Delegates") of the Transferor Company and the Transferee Company may deem fit, or which the High Courts or any other authorities under law may deem fit to approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute and perform all acts, deeds, matters and things necessary for bringing this Scheme into effect, or to review the position relating to the satisfaction of the conditions to this Scheme and if necessary, to waive any of those for bringing this Scheme into effect.
- 15.2 In the event that the Transferor Company or the Transferee Company may find any of the modifications or conditions which may be imposed by the High Courts or other authorities unacceptable for any reason, then the Transferor Company and the Transferee Company are at liberty to withdraw the Scheme. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by the Delegates of the respective Companies.
- 15.3 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Transferor Company and the Transferee Company or their Delegates may give and are authorized to determine and give all such directions as may be necessary including directions for settling or removing any question of doubt or difficulty that may arise on any account and between any persons including, such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.
- 15.4 The Transferor Company and the Transferee Company shall also take all such other steps as may be necessary or expedient to give full and formal effect to and implement the provisions of this Scheme.

16. COSTS, CHARGES AND EXPENSES

All costs, charges and expenses, including any taxes and duties of the Transferor Company and Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company with the Transferee Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.



D & A FINANCIAL SERVICES (P) LIMITED

Merchant Banking & Corporate Advisory Services

To,
Board of Directors
RSWM Limited
Cheslind Textiles Limited

Subject: Fairness Opinion on Valuation Report for the purpose of proposed Merger of Cheslind Textiles Limited ("CTL") with RSWM Limited ("RSWM") (Hereinafter Collectively referred to as "Companies").

Dear Sir/s,

We M/s D & A Financial Services (P) Ltd., SEBI registered Merchant Banker, having license no. INM000011484 had given our fairness opinion report dated April 04, 2014 to the companies on the valuation report dated April 02, 2014 given by S S Kothari Mehta & Co., Chartered Accountants having its office at 146-148, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065, who were the appointed valuer for the proposed scheme of merger of Cheslind Textiles Limited ("CTL") with RSWM Limited ("RSWM").

We are further giving this fairness opinion report in view of report dated April 09, 2014 given by the valuer M/s S. S Kothari Mehta & Co., Chartered Accountants. Since the Report dated April 09, 2014 under the proposed scheme of merger of Cheslind Textiles Limited ("CTL") with RSWM Limited ("RSWM") (hereinafter referred as the "Scheme") is common for all the Companies, we deem it imperative to issue a consolidated fairness opinion in relation to all the Companies concerned.



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Scope and Purpose of the Opinion

Pursuant to an amendment dated September 4, 2008 vide Notification No. SEBI/DIL/LA/5/2008/4/09 by SEBI in clause 24 of the Listing Agreement, a fairness opinion has to be obtained from an independent merchant banker on the valuation of assets/shares done by the valuer for the listed as well as unlisted companies. The purpose of the opinion is to safeguard the interest of the shareholders and that of the companies involved in the proposed Scheme and this opinion shall be made available to the shareholders of the relevant Companies at the time of their meeting to pass the necessary resolution for the proposed Scheme and to any other relevant authority.

We have not made an appraisal or independent valuation of any of the assets or liabilities of any of the Companies and have not conducted an audit or due diligence or reviewed/ validated the financial data except what is provided for in the Valuation Report and financial data provided to us by the Company or Valuer.

Disclaimer: This report is intended solely for the limited purpose mentioned earlier and should not be regarded as a recommendation to the investors to invest in Companies or deal in any form in the securities of the Company and should also not be considered as a final equity value of the Company.

Our report does not, in any way, guarantee that the equity shares of Companies will continue to remain at the price on which the valuation of the shares takes place.



This letter is for the benefit of and confidential use by the Company. This report is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, statute, act guideline or similar instruction. The Management or related parties of Companies are prohibited from using this report other than for its sole limited purpose and not to make a copy of this report available to any party other than those required by statute for carrying out the limited purpose of this report.

In no circumstances whatsoever, will D & A Financial Services (P) Limited, its Directors and employees accept any responsibility of liability towards any third party for consequences arising out of the use of this report.

Sources of the Information

We have received the following information from the management of the Companies:

1. Advisory Report given by S S Kothari Mehta & Co, Chartered Accountants dated April 09, 2014.
2. Draft Scheme of Merger.

Approach followed for valuation

The share exchange ratio calculated in the Advisory Report has been arrived at by the consideration of several commonly used and accepted methods for determining the fair value of the equity shares of a companies, to the extent relevant and applicable and the valuer considers following methods, while arriving at fair exchange ratio:

1. Discounted Cash Flow Method,
2. Profit Earning Capacity Value Method
3. Net Asset Value Method
4. Market Price Method



Fairness Opinion

We in the capacity of SEBI registered Merchant Banker do hereby certify that the valuation done by the valuer for determining the share exchange ratio in the ratio of, 1 (One) fully paid Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs 7.50 each at par of RSWM for every 1 (One) fully paid up equity shares of Rs 10/- each held in CTL, which shall be convertible in to equity shares of RSWM at the option of the OCRPS holders and at the time of conversion, OCRPS holders will get 1 (One) equity shares of Rs 10/- each fully paid up in RSWM in lieu of 22 (Twenty Two) OCRPS of Rs 7.50 each fully paid up held by them in RSWM, on the basis of the aforesaid methodologies is fair and reasonable.

Thanking You

For **D & A Financial Services (P) Ltd**

(M K Doogar)

Director



Date: April 09, 2014

Place: New Delhi

PRE SCHEME CAPITAL STRUCTURE

Rs. In Lacs

SHARE CAPITAL	
AUTHORISED	
4,75,00,000 Equity Shares of Rs.10/- each	4750.00
25,00,000 Optionally Convertible Redeemable Preference Shares of Rs.150/- each	3750.00
	8500.00
ISSUED	
2,31,48,689 Equity Shares of Rs.10/- each	2314.87
SUBSCRIBED & FULLY PAID UP	
2,31,48,689 Equity Shares of Rs.10/- each	2314.87
	2314.87

POST SCHEME CAPITAL STRUCTURE

Rs. in Lacs

SHARE CAPITAL	
AUTHORISED	
6,00,00,000 Equity Shares of Rs.10/- each	6000.00
25,00,000 Optionally Convertible Redeemable Preference Shares of Rs.150/- each	3750.00
5,00,00,000 Optionally Convertible Redeemable Preference Shares of Rs. 7.50/- each	3750.00
	13500.00
ISSUED	
2,37,69,845 Equity Shares of Rs.10/- each*	2376.98
2,31,48,689 Optionally Convertible Redeemable Preference Shares of Rs. 7.50/- each	1736.15
	4113.13
SUBSCRIBED & FULLY PAID UP	
2,37,69,845 Equity Shares of Rs.10/- each*	2376.98
2,31,48,689 Optionally Convertible Redeemable Preference Shares of Rs. 7.50/- each	1736.15
	4113.13

*This includes 621,156 Equity Shares to be allotted assuming full conversion.

Shareholding Pattern as on 30-09-2014 (Pre Merger)

Sl. No.	Particulars	No. of Shareholders	No. of equity shares	% of total paid up capital
(A)	Promoter and Promoter Group			
(1)	Indian			
(a)	Individuals/ Hindu Undivided Family	12	1808068	7.81
(b)	Bodies Corporate	10	5163816	22.31
	Sub-Total (A)(1)	22	6971884	30.12
(2)	Foreign			
(a)	Bodies Corporate	3	4934770	21.32
	Sub-Total (A)(2)	3	4934770	21.32
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	25	11906654	51.44
(B)	Public shareholding			
(1)	Institutions			
(a)	Mutual Funds/ UTI	13	1577003	6.81
(b)	Financial Institutions/ Banks	13	46380	0.20
(c)	Central Government/ State Government(s)	1	1732	0.01
(d)	Insurance Companies	1	138283	0.60
(e)	Foreign Institutional Investors	1	100	0.00
	Sub-Total (B)(1)	29	1763498	7.62
(2)	Non-institutions			
(a)	Bodies Corporate	481	2345453	10.13
(b)	Individuals	13151	5664050	24.47
(c)	Clearing Member	55	30928	0.13
(d)	Trust	1	100	0.00
(e)	Foreign Bodies Corporate	2	418500	1.81
(f)	Non Resident Individual	156	1019506	4.40
	Sub-Total (B)(2)	13846	9478537	40.95
	Total Public Shareholding (B)= (B)(1)+(B)(2)	13875	11242035	48.56
	TOTAL (A)+(B)	13900	23148689	100.00

Shareholding Pattern as on 30-09-2014 (Post Merger)

Sl. No.	Particulars	No. of Shareholders	No. of equity shares	% of total paid up capital
(A)	Promoter and Promoter Group			
(1)	Indian			
(a)	Individuals/ Hindu Undivided Family	12	1808068	7.61
(b)	Bodies Corporate	10	5163816	21.72
	Sub-Total (A)(1)	22	6971884	29.33
(2)	Foreign			0.00
(a)	Bodies Corporate	3	4934770	20.76
	Sub-Total (A)(2)	3	4934770	20.76
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	25	11906654	50.09
(B)	Public shareholding			
(1)	Institutions			
(a)	Mutual Funds/ UTI	17	1577380	6.64
(b)	Financial Institutions/ Banks	18	181244	0.76
(c)	Central Government/ State Government(s)	1	1732	0.01
(d)	Insurance Companies	1	138283	0.58
(e)	Foreign Institutional Investors	2	132	0.00
	Sub-Total (B)(1)	39	1898771	7.99
(2)	Non-institutions			
(a)	Bodies Corporate	692	2522176	10.61
(b)	Individuals	24624	5956432	25.06
(c)	Clearing Member	60	30990	0.13
(d)	Trust	2	105	0.00
(e)	Foreign Bodies Corporate	2	418500	1.76
(f)	Non Resident Individual	1141	1036217	4.36
	Sub-Total (B)(2)	26521	9964420	41.92
	Total Public Shareholding (B)= (B)(1)+(B)(2)	26560	11863191	49.91
	TOTAL (A)+(B)	26585	23769845	100.00



Ref: NSE/LIST/248479-L

August 22, 2014

The Company Secretary
RSWM Limited
Bhilwara Towers,
A-12, Sector-1
Noida - 201301

Kind Attn.: Mr. Surender Gupta

Dear Sir,

Sub.: Observation letter for Scheme of Amalgamation between Cheslind Textiles Limited and RSWM Limited and their respective shareholders

This has reference to draft Scheme of Amalgamation under Sections 391 & 394 of the Companies Act, 1956 between Cheslind Textiles Limited and RSWM Limited and their respective shareholders submitted to NSE vide your letter dated May 02, 2014.

Based on our letter reference no NSE/LIST/244578-R submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 and SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI vide its letter dated August 19, 2014, has given following comments on the draft scheme of amalgamation:

"a) RSWM Limited and Cheslind Textiles Limited shall duly comply with various provisions of the Circular.

b) RSWM Limited and Cheslind Textiles Limited to comply with the undertaking given vide email dated July 24, 2014 regarding incorporating a clause in the Scheme requiring shareholder's approval through postal ballot/e-voting and proceeding with the scheme only if votes cast by public shareholders in favour of the scheme is more than those voted against it."

Accordingly, we do hereby convey our 'no-objection' with limited reference to those matters having a bearing on listing / delisting / continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the scheme with the Hon'ble High Court.

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

The validity of this "Observation Letter" shall be six months from August 22, 2014, within which the scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, you shall submit to NSE the following:



- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

Yours faithfully,
For National Stock Exchange of India Limited

Samir Rajdev
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed



Signer : Rajdev Samir
Date: Fri, Aug 22, 2014 15:16:39 IST
Location: NSE

DCS/AMAL/JS/24(f)/138/2014-15

August 20, 2014

The Company Secretary
RSWM Limited
Kharigram, P B 28,
Gulabpura,
Bhilwara – 311 021
Rajasthan.

Dear Sir / Madam,

Sub: Observation letter regarding the Scheme of Arrangement of RSWM Limited (RSWM) & Cheslind Textiles Limited (CTL).

We are in receipt of Draft Arrangement of RSWM Limited (RSWM) & Cheslind Textiles Limited (CTL).

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated August 19, 2014 given the following comment(s) on the draft scheme of arrangement:

- *The company shall duly comply with various provisions of the Circulars.*
- *Company to comply with the undertaking given vide e-mail dated July 24, 2014 regarding incorporating a clause in the scheme requiring shareholder's approval through postal/e-voting & proceeding with the scheme only if the votes cast by the public shareholders in favour of the scheme is more than those casted against it.*

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further, you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

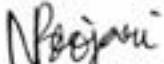
The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations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

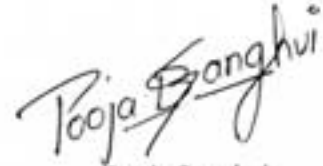
CIN NO:U67120MH2005PLC155188

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

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Status of compliance with the Observation Letter/s of the stock exchanges;
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of this Circular.

Yours faithfully,


Nitin Pujari
Manager


Pooja Sanghvi
Asst. Manager



Status of Complaints Report from 9th April, 2014 to 20th June, 2014

Part A

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

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved)	
1.	Tamilnadu Industrial Development Corporation	9 th April, 2014	Replied vide our letter dated 14 th April, 2014	Resolved
2.	Manish Jain Folio/DP ID & Client ID No: IN301330 17744763	30 th May, 2014	Replied vide email dated 2 nd June, 2014.	Resolved
		2 nd June, 2014	Replied vide email dated 7 th June, 2014.	Resolved
		7 th June, 2014 and 10 th June, 2014	Replied vide email dated 12 th June, 2014.	Resolved
		12 th June, 2014	Replied vide email dated 13 th June, 2014.	Resolved
		13 th June, 2014	Replied vide email dated 20 th June, 2014.	Resolved

Dated : 7th July, 2014

For RSWM Limited

U. Singh
Company Secretary

(Formerly Rajasthan Spinning & Weaving Mills Limited)

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Bhilwara Towers, A-12, Sector-1
Noida - 201 301 (NCR-Delhi), India
Tel. : +91-120-4390300 (EPABX)
Fax : +91-120-4277841, 4277842
Website : www.rswm.in

Registered Office :
Kharigram, Post Office Gulabpura - 311 021
Distt. Bhilwara, (Rajasthan), India
Tel. : +91-1483-223144 to 223150, 223478
Fax : +91-1483-223361, 223479
Website : www.lnjbhilwara.com