



## **GUJARAT AUTOMOTIVE GEARS LIMITED**

**Registered Office :** Village Billanwali, Baddi, Distt. Solan, Himachal Pradesh - 173205

**Tel No :** +91 9815026035, +91 01795-654025; **Website :** [www.gagl.net](http://www.gagl.net);

**Email :** [gujarat.gears@gmail.com](mailto:gujarat.gears@gmail.com); **CIN :** L29130HP1971PLC000904

## **MEETING OF THE SECURED CREDITORS OF GUJARAT AUTOMOTIVE GEARS LIMITED**

*(Convened pursuant to order dated 5<sup>th</sup> May, 2017 passed by the  
Hon'ble National Company Law Tribunal, Chandigarh Bench)*

### **SCHEDULE AND VENUE OF MEETING:**

**Day : Friday; Date : June 23, 2017; Time: 3.30 p.m.**

**Venue :**

**Hotel 'Sip n Dine', SCO 16-A, Sector 7-C, Madhya Marg, Chandigarh – 160 019**



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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
CHANDIGARH BENCH, AT CHANDIGARH**

**COMPANY APPLICATION NO. CA(CAA) No. 08/Chd/HP/2017**

In the matter of:

Sections 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013

**Him Teknoforge Limited**

(CIN : U28910HP1989PLC008963)

Village Billanwali, Labana, Baddi,

Distt. Solan, Himachal Pradesh-173205

E-mail: [teknoforge@himgroup.net](mailto:teknoforge@himgroup.net)

Tel. No. : 9815026035, 01795-654025

... Applicant /Transferor Company

And

**Gujarat Automotive Gears Limited**

(CIN : L29130HP1971PLC000904)

Village Billanwali, Baddi,

Distt. Solan, Himachal Pradesh-173205

E-mail ID : [gujarat\\_gears@gmail.com](mailto:gujarat_gears@gmail.com)

Tel. No. : 9815026035, 01795-654025

... Applicant /Transferee Company

**NOTICE OF THE MEETING OF SECURED CREDITORS OF  
GUJARAT AUTOMOTIVE GEARS LIMITED**

To,

All the Secured Creditors of **Gujarat Automotive Gears Limited**("the Applicant /Transferee Company")

Notice is hereby given that by an order dated 5<sup>th</sup> May, 2017, the Hon'ble National Company Law Tribunal, Chandigarh Bench ("NCLT") has directed a meeting to be held of the Secured Creditors of Gujarat Automotive Gears Limited (Transferee/Applicant Company) for the purpose of considering, and if thought fit, approving with or without modification, the Scheme of Amalgamation between Him Teknoforge Limited and Gujarat Automotive Gears Limited and their respective shareholders ("Scheme")

In pursuance of the said order and as directed therein further notice is hereby given that a meeting of the Secured Creditors of the Applicant Company will be held at Hotel 'Sip n Dine', SCO 16-A, Sector 7-C, Madhya Marg, Chandigarh – 160 019 on Friday, 23<sup>rd</sup> day of June, 2017 at 3.30 p.m. at which time and place you are requested to attend the meeting.

**TAKE NOTICE** that the following resolution will be considered and if thought fit, will be approved with or without modification(s):-

**"RESOLVED THAT** pursuant to the provisions of Sections 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable) and Securities and Exchange Board of India Circular No. CIR/CFD/CMD/16/2015 dated 30<sup>th</sup> November, 2015, Observation Letter dated 30<sup>th</sup> March, 2017 issued by the BSE Limited and provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Hon'ble Chandigarh Bench of National Company Law Tribunal, and such other approvals, permissions and sanctions of regulatory and other authorities the Scheme of Amalgamation for merger of Him Teknoforge Limited with Gujarat Automotive Gears Limited, as placed before the meeting, be and is hereby approved.

**RESOLVED FURTHER THAT** Mr. Rajiv Aggarwal, Managing Director and /or Mrs. Anju Aggarwal, Director and/or Mr. Chintan Doshi, Company Secretary and /or Mr. Shailesh Gandhi, Chief Financial Officer of the transferee company, be and are hereby severally



and independently authorized to make such alterations, modifications or amendments to the Scheme as may be expedient or necessary for complying with the requirements or conditions imposed by the Hon'ble Chandigarh Bench of National Company Law Tribunal and / or by any other appropriate /concerned authorities.

**RESOLVED FURTHER THAT** Mr. Rajiv Aggarwal, Managing Director and /or Mrs. Anju Aggarwal, Director and/or Mr. Chintan Doshi, Company Secretary and /or Mr. Shailesh Gandhi, Chief Financial Officer of the transferee company, be and are hereby severally and independently authorized to do all such acts, deeds and things as may be considered necessary, proper or expedient for the purpose of giving effect to the Scheme.”

Copy of the said Scheme of Amalgamation and of the statement under Section 230 can be obtained free of charge at the registered office of the company or at the office of its counsel Sh. Anil Kumar Aggarwal, Advocate at SCO 64, 2<sup>nd</sup> Floor, Sector 20-C, Chandigarh – 160 020. Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the above mentioned registered office of the company not later than 48 hours before the meeting..

Forms of proxy can be had at the registered office of the company.

The Hon'ble Tribunal has appointed Justice (Retd.) S.K. Jain as Chairperson and failing him, Mr. Nitin Jain, Advocate as Alternate Chairperson of the meeting of the Secured Creditors of the Applicant Company. The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of the Hon'ble Tribunal.

This notice convening the meeting of the Secured Creditors of the Applicant Company along with aforesaid documents are placed on the website of the Company viz. [www.gagl.net](http://www.gagl.net) and being sent to Securities and Exchange Board of India and BSE Limited for placing on their website

Dated this 18<sup>th</sup> day of May, 2017.

Place: Chandigarh

Sd/-  
(Rajiv Aggarwal)  
Managing Director

*Regd. Office:*

*Gujarat Automotive Gears Limited  
Village Billanwali, Baddi, Distt. Solan,  
Himachal Pradesh - 173205*

**Notes:**

- (i) Pursuant to Section 230 to 232 of the Companies Act, 2013, and the Companies (Compromises, Arrangements and Amalgamations), Rules, 2016, the Explanatory Statement including disclosures as per Rule 6, Scheme of Amalgamation, Valuation Report, Fairness Opinion Report, Observation letter regarding the draft scheme of amalgamation issued by Bombay Stock Exchange, proxy form and other documents mentioned in the index are attached.
- (ii) The following documents are available at the registered office of the company for obtaining extract from or for making or obtaining copies of or for inspection, up to 1 (one) day prior to the date of the meeting at its registered office during business hours on all working days, except Saturdays, Sundays and Public Holidays, by the secured creditors namely :
  - (a) Latest audited financial statements of the transferor and transferee companies including consolidated financial statement.
  - (b) Supplementary unaudited accounting statements of the transferor and transferee companies for the period ended on 31.12.2016.
  - (c) Copy of the order of Tribunal in pursuance of which the meeting is being convened.
  - (d) Copy of the scheme of amalgamation.
  - (e) The certificate issued by auditor of the transferee company to the effect that the accounting treatment, if any, proposed in the scheme of amalgamation is in conformity with the Accounting Standards notified under the Companies Act, 2013.



- (f) Copy of valuation report, fairness opinion report, Memorandum & Articles of Association of the transferor and transferee companies and such other information or documents necessary and relevant for making decision for or against the scheme.
- (g) Register of Directors' shareholdings of the transferor and transferee company.
- (iii) A secured creditor who is entitled to attend and vote at the meeting is also entitled to appoint his /her proxy to attend and vote instead of himself/herself. Proxy Form duly filled in, signed and stamped must be deposited at the registered office of the company at least 48 hours before the meeting.
- (iv) Corporate creditors are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
- (v) The Notice, together with the documents accompanying the same, is being sent to all the secured creditors whose names appear in the list of secured creditors as on 28.02.2017.
- (vi) The Tribunal has appointed Mr. Kanwaljit Singh, Practicing Company Secretary (C.P. No. 5870), House No. 3051, Sector 71, Mohali (Pb) -160071 as the Scrutinizer to conduct the voting in a fair and transparent manner, who will submit his report to the chairman of the meeting after completion of the scrutiny of the votes cast by the secured creditors.
- (vii) The route map of the site of the meeting alongwith the landmark forms part of this notice.



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
CHANDIGARH BENCH. CHANDIGARH  
COMPANY APPLICATION NO. CA(CAA) No. 08/Chd/HP/2017**

In the matter of:

Sections 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013

**Him Teknoforge Limited**

(CIN : U28910HP1989PLC008963)

Village Billanwali, Labana, Baddi,

Distt.Solan, Himachal Pradesh-173205

E-mail: [teknoforge@himgroup.net](mailto:teknoforge@himgroup.net)

Tel. No. : 9815026035, 01795-654025

..... Applicant /Transferor Company

And

**Gujarat Automotive Gears Limited**

(CIN : L29130HP1971PLC000904)

Village Billanwali, Baddi,

Distt.Solan, Himachal Pradesh-173205

E-mail ID : [gujarat.gears@gmail.com](mailto:gujarat.gears@gmail.com)

Tel. No. : 9815026035, 01795-654025

.....Applicant /Transferee Company

**EXPLANATORY STATEMENT UNDER SECTION 230(3) OF THE COMPANIES ACT, 2013, READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 AND RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

Pursuant to the order dated 5<sup>th</sup> May, 2017 passed by the Hon'ble Chandigarh Bench of National Company Law Tribunal in Company Application CA (CAA) No. 08/Chd/HP/2017 referred to hereinabove, separate meetings of the shareholders, secured creditors and unsecured creditors of both the applicant companies named herein above are being convened for the purpose of considering and, if thought fit, approving, with or without modification, the scheme of amalgamation of Him Teknoforge Limited (Transferor Company) with Gujarat Automotive Gears Limited (Transferee Company) under Section 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("Act") read with the rules made thereunder.

In the case of meeting of equity shareholders of Him Teknoforge Limited (transferor company), the shareholders will be entitled to attend and vote at the meeting in person or through proxy.

But in the case of meeting of equity shareholders of Gujarat Automotive Gears Limited (transferee company), the shareholders will be entitled to cast their votes either by voting electronically, or through postal ballot as required under Regulation 44 of the SEBI LODR Regulations read with SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 or by voting at the meeting in person/by proxy. The votes cast by the public shareholders by way of postal ballot or e-voting will be taken into consideration for declaration of the results of Tribunal convened meeting. The shareholders who have cast their votes through electronic means or postal ballot prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again. The shareholders can opt for only one mode of voting i.e. either through remote e-voting / Postal Ballot Form or Polling Paper at NCLT Convened Meeting. If a shareholder has opted for remote e-voting, then he / she should not vote either by Postal Ballot Form or Polling Paper. If a shareholder has opted for Postal Ballot Form, then he / she should not vote either by remote e-voting or Polling Paper. However, in case members cast their vote both via Postal Ballot Form and e-voting, then voting through e-voting shall prevail and voting done by Ballot Paper shall be treated as invalid, notwithstanding whichever is cast first.

In case of the meetings of secured and unsecured creditors of the transferor and the transferee company, the creditors will be entitled to attend and vote at the meeting in person or by proxy.



In accordance with the provisions of Sections 230 – 232 of the Act, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the equity shareholders, secured creditors and unsecured creditors of the Applicant Companies, voting in person or by proxy (or by postal ballot or e-voting in the case of equity shareholders of the transferee company), agree to the Scheme.

Further in accordance with the SEBI Circular no. CIR/CFD/CMD/16/2015 dated November, 30, 2015, the scheme shall be acted upon only if the votes cast by the public shareholders (through postal ballot or e-voting) in favour of the aforesaid resolution for approval of scheme are more than the number of votes cast by the public shareholders against it in the case of the transferee company.

#### 1. SALIENT FEATURES OF THE SCHEME

The salient features of the scheme are more particularly specified in the scheme of amalgamation. Key features of the scheme are as under:-

- (i) Upon the scheme becoming effective, the transferor company will stand merged with the transferee company and all the assets and liabilities of the transferor company shall stand transferred to the transferee company at their respective book values, except the holding of shares held by the transferor company in the share capital of the transferee company, which will stand cancelled and extinguished. The transferor company shall stand dissolved without the process of winding up.
- (ii) On and from the Effective Date, all employees of the transferor company on the rolls of the Transferor Company on the Effective Date shall become the employees of the transferee company on such date without any break or interruption in service and on terms and conditions not less favourable than those on which they are respectively engaged by the transferor company as on the Effective Date.
- (iii) Subject to other provisions of this Scheme, all contracts including commercial and technical, deeds, bonds, agreements, Memorandum of Understanding (“MoU”), awards, rights and concessions, insurance policies and other instruments of whatsoever nature relating to the Undertaking to which the transferor company is a party and subsisting or having effect on or before the Effective Date shall be in full force and effect against or in favour of transferee company and may be enforced as fully and effectually, as if, instead of the transferor company, transferee company had at all material times been a party thereto.
- (iv) Upon the coming into effect of this Scheme, if any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called the “Proceedings”) by or against the transferor company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking of the transferor company or of anything contained in the Scheme, but the proceedings may be continued, prosecuted and enforced by or against transferee company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the transferor company as if the Scheme had not been made. On and from the Effective Date, the transferee company shall and may initiate any legal proceedings for and on behalf of the transferor company, in its own name.
- (v) Consequent to the amalgamation and upon the Scheme becoming effective, the name of transferee company shall be changed from “Gujarat Automotive Gears Limited” to “Him Teknoforge Limited” without following any further procedure or doing any further act or thing as may be required under the provisions of the Act as transferee company shall carry on the entire business of the transferor company.
- (vi) The authorized share capital of the transferor company will merge with the authorized share capital of the transferee company and the capital clause of the memorandum of association of the transferee company will alter as stated in the scheme.

#### 2. PARTIES INVOLVED IN THE SCHEME OF AMALGAMATION

Two companies and their shareholders are involved in the proposed scheme of amalgamation namely:

1. Him Teknoforge Limited
2. Gujarat Automotive Gears Limited

The first company is proposed to be merged with the second company.

#### 3. DETAILS OF APPOINTED DATE, EFFECTIVE DATE AND SHARE EXCHANGE RATIO

Appointed Date: 1<sup>st</sup> April, 2016

Effective Date: The Scheme will become effective from the later of the dates on which certified copies of the order of the Tribunal sanctioning the scheme under Section 232 of the Companies Act, 2013 are filed with the concerned Registrar of Companies, Himachal Pradesh.



#### Share Exchange Ratio :

Upon the Scheme coming into effect, and in consideration of the transfer of all the assets and liabilities of the transferor company to the transferee company, the transferee company shall without any further application, act, instrument or deed, issue and allot to the equity shareholders (except the transferee company) of the transferor company (whose names are registered in the register of members of the transferor company on the record date, or his / her legal heirs, executors or administrators or successors as the case may be) equity shares of the face value of Rs. 2/- each credited as fully paid up of the transferee company in the ratio of 3 fully paid up equity shares of the face value of Rs. 2/- each of the transferee company for every 13 fully paid up equity shares of the face value of Rs. 10/- each held in the transferor company.

Upon the Scheme coming into effect, the paid up equity share capital of the transferee company shall stand cancelled and reduced upto the extent of 5,65,285 equity shares of the face value of Rs. 2/- each or such other equity shares held on the effective date by the transferor company in the share capital of the transferee company without any further act or deed.

#### 4. VALUATION REPORT

Valuation report for the purpose of determining the share exchange ratio has been submitted by M/s R.J. Rathi & Co., Chartered Accountants, which contain the basis of valuation. The fairness opinion report has been submitted by M/s Pantomath Capital Advisors Private Limited, SEBI Registered Category-I Merchant Banker.

The share valuation has been arrived at after considering the well established valuation methods such as Net Asset Value Method (NAV), Earning Capitalization Value Method, Discounted Cash Flow Method. The fair equity share exchange ratio has been arrived at on the basis of a relative valuation of the equity share of the transferor and transferee company based on the various methodologies as stated above and various qualitative factors relevant to each company and the business dynamics and growth potentials of the business of the companies.

#### 5. DETAILS OF CAPITAL OR DEBT RESTRUCTURING, IF ANY

The proposed scheme of amalgamation does not contemplate any capital or debt restructuring, except the allotment of shares to the members of the transferor company as narrated hereinabove.

#### 6. RATIONALE AND BENEFITS OF THE AMALGAMATION

The amalgamation of Transferor Company with Transferee Company is being proposed for the following purposes:

- i. Enable both the companies to consolidate their business operations and provide significant impetus to their growth since both the companies are engaged in the similar areas of business enabling the amalgamated entity to reach at higher orbit;
- ii. Result in enhancing the scale of operations and reduction in and / or optimization in overheads costs, administrative, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of various resources and also benefiting from economies of scale;
- iii. Result in improved shareholder value benefiting all shareholders investors of both the companies as the combined amalgamated Company will have improved financial structure, larger cash flows and stronger consolidated revenue and profitability;
- iv. Consolidate the managerial expertise of the companies' involved thereby giving additional strength to the operations and management of the amalgamated Company resulting into expansion of the existing business; and
- v. Simplification of group structures

#### 7. AMOUNT DUE TO SECURED AND UNSECURED CREDITORS AS ON 28.02.2017

Particulars of amounts due to Secured and Unsecured Creditors from respective Company's involved in the Scheme as at 28<sup>th</sup> February, 2017 is detailed herein:

<b>Name of Companies</b>	<b>Secured</b>	<b>Unsecured</b>
Him Teknoforge Limited	Rs. 104,50,80,811/-	Rs. 85,38,68,393/-
Gujarat Automotive Gears Limited	Rs. 9,34,07,050/-	Rs. 4,50,54,300/-





8. DISCLOSURES UNDER RULE 6 (3) OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

**A. TRANSFEROR COMPANY**

(i) Details of the order of the National Company Law Tribunal, Chandigarh Bench directing the calling, convening and conducting of the meetings :-

- a) Date of the order :- 5<sup>th</sup> May, 2017  
b) Date, time and venue of the meetings

Category of Members / Creditors	Date	Time	Venue
Members (Equity Shareholders)	22.06.2017	2.00 p.m.	Hotel 'Sip n Dine', SCO 16-A, Sector 7-C, Madhya Marg, Chandigarh-160 019
Secured Creditors	22.06.2017	3.30 p.m.	
Unsecured Creditors	22.06.2017	4.30 p.m.	

(ii) BACKGROUND OF TRANSFEROR COMPANY :

- a) Corporate Identification No. (CIN) : U28910HP1989PLC008963  
b) Permanent Account No. (PAN) : AAACH3906R  
c) Name of the Company : Him Teknoforge Limited  
d) Date of Incorporation : 11.01.1989  
e) Type of the company : Public Limited Company  
f) Registered Office : Village Billanwali, Labana, Baddi, Distt. Solan, Himachal Pradesh-173205  
e-mail : [teknoforge@himgroup.net](mailto:teknoforge@himgroup.net)  
g) Summary of main objects:

The main objects are set out in Clause III(A) of the Memorandum of Association.

The main objects of the company are to carry on in India or elsewhere the business of manufacturing, designing, assembling, importing, exporting, buying, selling, transporting, distributing and dealing in automobile parts, forgings, castings, stampings, fabrications, assembly of components and foundry items of all kinds made from ferrous or non-ferrous metals.

Main Business of the Company:

The company is presently engaged in the business of manufacturing of auto parts and accessories, forgings, castings, stampings, fabrications, foundry items and other related activities.

- h) Details of change of name, registered office and objects of the company during the last five years :-  
There is no change in the name, registered office and objects of the company during the last 5 years.  
i) Name of the stock exchange (s) where the securities of the company are listed :-  
Not Applicable, because the shares or any other securities of the company are not listed in any stock exchange.  
j) The capital structure of the Transferor Company as on 31.03.2016 is as under:-

Particulars	Amount (Rs.)
<b>Authorized Capital</b>	
300,00,000 Equity shares of Rs. 10/- each	30,00,00,000
<b>Total</b>	<b>30,00,00,000</b>
<b>Issued, Subscribed &amp; Paid up Capital</b>	
2,89,52,307 Equity shares of Rs. 10/- each	28,95,23,070
<b>Total</b>	<b>28,95,23,070</b>

There has been no change in the authorized, issued, subscribed and paid up share capital of Transferor Company from 31st March, 2016 to the present date.



k) Names of the promoters alongwith their addresses :-

Sr. No.	Name of Promoters	Address
1.	Mr. Vijay Aggarwal S/o Sh. Prem Chand Aggarwal	203, Sector 6, Panchkula, Haryana – 134 109
2.	Mr. Rajiv Aggarwal S/o Sh. Prem Chand Aggarwal	73, Sector 28-A, Chandigarh – 160 002

l) Names of the directors alongwith their addresses :

Sr. No.	Name and Address	Designation
1.	Mr. Vijay Aggarwal # 203, Sector 6, Panchkula, Haryana -134 109	Managing Director
2.	Mr. Rajiv Aggarwal # 73, Sector 28A, Chandigarh - 160028	Director
3.	Mr. Ravi Kant Dhawan H. No. 301-A, Jyoti Appts, 205, Shere Punjab Society, Andheri (E), Mumbai 400 093	Independent Director
4.	Mr. Purshotam Lal Sharma H. No. 511, Sector-15 A Chandigarh-160 015	Independent Director
5.	Mr. Pradeep Kumar H. No. 604, G.H.S. No. 28, Sector-20, Ward No. 30 Panchkula, Haryana – 134 109	Independent Director
6.	Mrs. Bhavana Rao 50, Vaishali Apartments IIT Campus, New Delhi, Delhi – 110 016	Nominee Director
7.	Mr. K. Baskaran Flat No. SN A2/310, Sneha Apartments, Godavari Block, NGV, Koramangala, Bangalore-560 047	Nominee Director

(iii) Relationship between the companies :-

The Transferee Company is an associate of the Transferor Company as the Transferor Company holds 32.30% equity shares in the share capital of the Transferee Company.

(iv) Particulars of Board Meeting :

The proposed scheme of amalgamation was approved by the Board of directors of the company in its meeting held on 20.12.2016. All the seven directors of the company, namely, Mr. Vijay Aggarwal, Mr. Rajiv Aggarwal, Mr. Ravi Kant Dhawan, Mr. Purshotam Lal Sharma, Mr. Pradeep Kumar, Mrs. Bhavana Rao and Mr. K. Baskaran participated and voted in favour of the resolution. None abstained and none voted against the resolution.

(v) Disclosure about the effect of the compromise or arrangement on :

- Key managerial personnel: Upon the scheme becoming effective, the transferor company will stand dissolved. There is no special benefit or compensation payable to any KMP under the scheme.
- Directors: Upon the scheme becoming effective, the Board of directors of the company will stand dissolved. There is no special benefit or compensation payable to any director under the scheme.
- Promoters: The promoters who hold shares in the company will be allotted shares in the transferee company as per scheme of amalgamation. There is no special benefit or compensation payable to any promoter under the scheme.
- Non Promoter Members: The non-promoters who hold shares in the company will be allotted shares in the transferee company as per scheme of amalgamation. There is no special benefit or compensation payable to any non-promoter under the scheme.
- Depositors: There is no depositor in the company.
- Creditors: The creditors of the company will become the creditors of the transferee company for the same value of debt and same security, if any, as they are having in the company.



- g) Debenture holders: There is no debenture holder in the company.
- h) Deposit Trustee and Debenture Trustee: Not applicable.
- i) Employees of the company: Upon the scheme becoming effective, the employees of the company will become the employees of the transferee company without any break in their service as per the scheme of amalgamation. There will be no adverse effect on their remuneration and other benefits.

(vi) Disclosure about effect of amalgamation on material interest of directors, key managerial personnel and debenture trustee

No director or key managerial personnel of the company has any material interests, directly or indirectly, in the proposed Scheme of Amalgamation save and except as shareholder of the company. There is no debenture trustee in the company.

(vii) Investigation or proceedings, if any, pending against the company under the Act

There is no investigation or proceedings pending against the company under the Companies Act, 2013. There is no winding up petition or insolvency proceedings pending against the company.

(viii) Details of approvals, sanctions or no objections, if any, from regulatory or any other government authorities

The transferee company is a listed company. Its shares are listed on Bombay Stock Exchange. The Bombay Stock Exchange vide its letter dated 30.03.2017 addressed to the transferee company has intimated that the Exchange has no adverse observation in respect of the scheme.

(ix) Filing of draft scheme of amalgamation with the Registrar of Companies

Pursuant to sub-section 2(b) of Section 232 of the Companies Act, 2013, it is hereby confirmed that a copy of the draft scheme of amalgamation has been filed with the Registrar of Companies, Himachal Pradesh.

**B. TRANSFEREE COMPANY**

(i) Details of the order of the National Company Law Tribunal, Chandigarh Bench directing the calling, convening and conducting of the meetings :-

- a) Date of the order :- 5<sup>th</sup> May, 2017
- b) Date, time and venue of the meetings of **Gujarat Automotive Gears Limited**

Category of Members / Creditors	Date	Time	Venue
Members (Equity Shareholders)	23.06.2017	2.00 p.m	Hotel 'Sip n Dine', SCO 16-A, Sector 7-C, Madhya Marg, Chandigarh –160 019
Secured Creditors	23.06.2017	3.30 p.m	
Unsecured Creditors	23.06.2017	4.30 p.m.	

(ii) Details of the company :

- a) Corporate Identification No. (CIN) : L29130HP1971PLC000904
- b) Permanent Account No. (PAN) : AAACG8584G
- c) Name of the Company : Gujarat Automotive Gears Limited
- d) Date of Incorporation : 27.03.1971
- e) Type of the company : Public Limited Company
- f) Registered Office : Village Billanwali, Baddi, Distt. Solan, Himachal Pradesh -173 205  
e-mail : [gujarat.gears@gmail.com](mailto:gujarat.gears@gmail.com)
- g) Summary of main objects:

The main objects are set out in Clause III(A) of the Memorandum of Association.

The main objects of the company are to carry on the business of designing, manipulating, fabricating, die-sinking, processing, producing and manufacturing of and dealing in all types, kinds and varieties of automotive and industrial gears and also to carry on the business of importing, exporting, buying, selling, indenting and otherwise dealing in such gears.

Main business of the Company:

The Company is presently engaged in the business of manufacturing of automotives, industrial gears and other related activities.



h) Details of change of name, registered office and objects of the company during the last five years:-

There is no change in the name and objects of the company during the last 5 years.

The registered office of the company was shifted from the State of Gujarat to the State of Himachal Pradesh in respect of which the special resolution passed by the company was confirmed by the Regional Director, North Western Region, Ministry of Corporate Affairs, Government of India vide order dated 18.06.2014 which was registered with the Registrar of Companies, Himachal Pradesh on 24.03.2015.

i) Name of the stock exchange (s) where the securities of the company are listed :-

The equity shares of the company are listed on BSE Limited.

j) Details of capital structure of the Company:-

Particulars	Amount (Rs)
<b>Authorized Capital</b>	
21,25,000 Equity shares of Rs. 2/- each	42,50,000
7,500 9.5% Cumulative Redeemable Preference shares of Rs.100/- each	7,50,000
5,00,000 Unclassified Shares of Rs. 10/- each	50,00,000
<b>Total</b>	<b>1,00,00,000</b>
<b>Issued, Subscribed and Paid up Capital</b>	
17,50,000 Equity shares of Rs. 2/- each	35,00,000
<b>Total</b>	<b>35,00,000</b>

k) Names of the promoters alongwith their addresses :-

Sr. No.	Name of Promoters	Address
1.	Mr. Vinod Aggarwal	# 73, Sector 28A, Chandigarh – 160028
2.	Mrs. Asha Aggarwal	# 73, Sector 28A, Chandigarh – 160028
3.	Him Teknoforge Limited	Admn. Office: 181/12, 1 <sup>st</sup> Floor, Industrial Area, Phase-1, Chandigarh – 160002
4.	Globe Precision Industries Pvt. Ltd.	Plot No. 11, Industrial Area, Baddi, Distt. Solan, HP.
5.	Mr. Rajiv Aggarwal	# 73, Sector 28A, Chandigarh – 160028
6.	Mr. Vijay Aggarwal	# 203, Sector 6, Panchkula, Haryana -134 109
7.	Mrs. Urmil Aggarwal	# 73, Sector 28A, Chandigarh – 160028
8.	Mr. Nitin Aggarwal	# 73, Sector 28A, Chandigarh – 160028
9.	Mrs. Anju Aggarwal	# 203, Sector 6, Panchkula, Haryana -134 109
10.	Mr. Ankur Aggarwal	# 73, Sector 28A, Chandigarh – 160028
11.	Mr. Manan Aggarwal	# 203, Sector 6, Panchkula, Haryana -134 109

l) Names of directors alongwith their addresses :

Sr. No.	Name and Address	Designation
1.	Mr. Rajiv Aggarwal # 73, Sector 28A, Chandigarh - 160028	Managing Director
2.	Mr. Ravi Kant Dhawan H. No. 301-A, Jyoti Appts, 205, Shere Punjab Society, Andheri (E), Mumbai 400 093	Independent Director
3.	Mr. Rajendra Prasad Sinha D-1, Kinnelan Tower, 100A, Napeansea Road, Mumbai – 400 006	Independent Director
4.	Mrs. Anju Aggarwal # 203, Sector 6, Panchkula, Haryana -134 109	Non Executive Director



(iii) Relationship between the companies :-

The transferee company is an associate of the transferor company as the transferor company holds 32.30% equity shares in the share capital of the transferee company. There are common promoters in both the Companies.

(iv) Particulars of Board Meeting :

The proposed scheme of amalgamation was approved by the Board of directors of the company in their meeting held on 20.12.2016. Out of the four directors of the company, three directors namely Mr. Rajiv Aggarwal, Mr. Ravi Kant Dhawan, Mr. Rajendra Prasad Sinha participated and voted in favour of the resolution. Mrs. Anju Aggarwal could not attend the meeting and she was granted leave of absence. None voted against the resolution.

(v) Disclosure about the effect of the compromise or arrangement on

- a) Key managerial personnel : There is no special benefit or compensation payable to any KMP under the scheme.
- b) Directors: There is no special benefit or compensation payable to any director under the scheme.
- c) Promoters: There is no special benefit or compensation payable to any promoter under the scheme.
- d) Non Promoter members: There is no special benefit or compensation payable to any non-promoter under the scheme.
- e) Depositors : There is no depositor in the company.
- f) Creditors : There will be no effect of the amalgamation on the creditors of the company. The values of their debts and security, if any, will remain the same.
- g) Debenture holders : There is no debenture holder in the company.
- h) Deposit Trustee and Debenture Trustee : Not applicable.
- i) Employees of the company : There will be no effect of the amalgamation on the employees of the company. There will be no change in their wages and remuneration under the scheme.

(vi) Disclosure about effect of amalgamation on material interest of directors, key managerial personnel and debenture trustee

No director or key managerial personnel of the company has any material interests, directly or indirectly, in the proposed Scheme of Amalgamation save and except as shareholder of the company. There is no debenture trustee in the company.

(vii) Investigation or proceedings, if any, pending against the company under the Act

There is no investigation or proceedings pending against the company under the Companies Act, 2013. There is no winding up petition or insolvency proceedings pending against the company.

(viii) Details of approvals, sanctions or no objections, if any, from regulatory or any other government authorities

- i. The Transferee Company has received no adverse observation from BSE Limited vide its letter dated 30.03.2017. Copy of the said letter is enclosed as Annexure to this Notice.
- ii. As required by the SEBI Circular, Transferee Company has filed the Complaints Reports with the BSE Limited. After filing of the Complaint Reports, Transferee Company has not received any complaint. Copy of the said report is enclosed as Annexure to this Notice.

(ix) Filing of draft scheme of amalgamation with the Registrar of Companies

Pursuant to sub-section 2(b) of Section 232 of the Companies Act, 2013, a copy of the scheme of amalgamation has been filed with the Registrar of Companies, Himachal Pradesh.

9. PRE AND POST AMALGAMATION CAPITAL STRUCTURE

a) Pre Amalgamation Capital Structure of Transferor Company:

Particulars	Amount (Rs)
<b>Authorised Capital</b>	
3,00,00,000 Equity Shares of Rs. 10/- each	30,00,00,000
<b>Issued, Subscribed and Paid-Up Capital</b>	
2,89,52,307 Equity Shares of Rs. 10/- each	28,95,23,070



b) Pre Amalgamation Capital Structure of Transferee Company

Particulars	Amount (Rs)
<b>Authorised Capital</b>	
21,25,000 Equity Shares of Rs. 2/- each	42,50,000
7500 9.5% Cumulative Redeemable Preference Shares of Rs. 100/- each	7,50,000
5,00,000 unclassified shares of Rs. 10/- each	50,00,000
<b>Total</b>	<b>1,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
17,50,000 Equity Shares of Rs. 2/- each	35,00,000

c) Post Amalgamation Capital Structure of Transferee Company

Particulars	Amount (Rs)
<b>Authorised Capital</b>	
15,21,25,000 Equity Shares of Rs. 2/- each	30,42,50,000
7500 9.5% Cumulative Redeemable Preference Shares of Rs. 100/- each	7,50,000
5,00,000 unclassified shares of Rs. 10/- each	50,00,000
<b>Total</b>	<b>31,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
78,66,016 Equity Shares of Rs. 2/- each	1,57,32,032

d) Pre and Post Amalgamation share holding pattern :-

The expected Pre Amalgamation and Post Amalgamation shareholding pattern of the companies is attached separately.

10. OBSERVATION LETTER OF BSE LIMITED

The equity shares of the transferee company are listed on the BSE Limited. Pursuant to SEBI Circular CIR/CFD/CMD/16/2015 dated 30.11.2015, the draft scheme of amalgamation alongwith other prescribed documents were sent to BSE Limited who forwarded the same to SEBI. On receipt of comments from SEBI, the BSE Limited has issued 'no adverse observations' letter dated 30.03.2017 to the transferee company and copy of the same is appended with the notice separately.

11. COMPLAINTS REPORT

The transferee company has submitted Complaints Report to BSE Limited on 23.02.2017 and copy of the same is appended with the notice separately.

**Notes :**

The following documents will be open for inspection up to 1 (one) day prior to the date of the meeting at its registered office during business hours on all working days, except Saturdays, Sundays and Public Holidays:

- Copy of the Order dated May 5, 2017 of the Tribunal at Chandigarh passed in Company Application No. CA(CAA) No. 08/Chd/HP/2017 in pursuance of which the meetings are being convened;
- Copy of the Company Application No. CA(CAA) No. 08/Chd/HP/2017;
- Scheme of Amalgamation;
- Memorandum and Articles of Association of Transferor and Transferee Company;
- Latest Annual Report of Transferor and Transferee Company for the financial year ended March 31, 2016;
- Copy of the Valuation Report on the Share Exchange Ratio for the proposed amalgamation dated December 20, 2016 issued by M/s. R.J. Rathi & Co, Chartered Accountants, an independent valuer and Fairness Opinion Report dated December 20, 2016 issued by M/s. Pantomath Capital Advisors Private Limited thereon;



- (vii) Certificate issued by the Statutory Auditors of Transferee Company in relation to the accounting treatment prescribed in the Scheme is in compliance with the Accounting Standards;
- (viii) Copy of the Complaints Report submitted to BSE Limited and also uploaded on the website.
- (ix) Copy of Observation letter issued by BSE Limited.
- (x) Register of Directors' Shareholdings of Transferee Company.

This statement may be treated as an Explanatory Statement under Sections 230 to 232 of the Companies Act, 2013. A copy of the Scheme, Explanatory Statement and Proxy Form may be obtained from the Registered Office of the applicant companies situated at Village Billanwali, Baddi, Distt. Solan, Himachal Pradesh – 173205 or from the office of advocate Sh, Anil Kumar Aggarwal, SCO 64, 2<sup>nd</sup> Floor, Sector 20-C, Chandigarh-160020.

Dated this 18th day of May, 2017

Sd/-  
(Rajiv Aggarwal)  
Director, Him Teknoforge Limited  
Managing Director, Gujarat Automotive Gears Limited



## Annexure 1

**SCHEME OF AMALGAMATION  
OF  
HIM TEKNOFORGE LIMITED  
(TRANSFEROR COMPANY)  
WITH  
GUJARAT AUTOMOTIVE GEARS LIMITED  
(TRANSFeree COMPANY)  
AND  
THEIR RESPECTIVE SHAREHOLDERS  
UNDER SECTIONS 230-232 READ WITH SECTION 66 AND OTHER  
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013**

### 1. **Preamble**

This Scheme of Amalgamation between Him Teknoforge Limited with Gujarat Automotive Gears Limited (hereinafter referred to as "Scheme" or "the Scheme" or "this Scheme") provides for the amalgamation of Him Teknoforge Limited with Gujarat Automotive Gears Limited pursuant to Section 230-232 of the Companies Act, 2013 read with Section 66 and other applicable provisions of the Companies Act, 2013 on a going concern basis in the manner provided for in the Scheme. This Scheme also provides various other matters consequential or otherwise integrally connected herewith.

#### **(A) This Scheme is divided into the following parts:**

- (a) Part I, which deals with the background, and rationale of the Scheme;
- (b) Part II, which deals with the definitions;
- (c) Part III, which deals with the amalgamation of Him Teknoforge Limited into Gujarat Automotive Gears Limited and reduction of capital of Transferee Company pursuant to Section 230-232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013;
- (d) Part IV, which deals with the accounting treatment of Transferor and Transferee Company under this Scheme; and
- (e) Part V, which deals with the general terms and conditions as applicable to this Scheme.

### **PART- I**

#### **(A) Background**

- I. **Him Teknoforge Limited** (hereinafter referred to as "HTL" or the "Transferor Company") was incorporated as a Private Limited Company under the provisions of Companies Act, 1956 on 11<sup>th</sup> January, 1989 in the State of Himachal Pradesh. Further, the Company has been converted from Private Limited to Public Limited pursuant to Section 31 of the Companies Act, 1956 with effect from 26<sup>th</sup> November, 1993 vide orders dated 6<sup>th</sup> December, 1993. The Registered Office of the Transferor Company is situated in the State of Himachal Pradesh.

The main objects of the Transferor Company are as follows:

1. To carry on in India or elsewhere the business of manufacturing, designing, assembling, importing, exporting, buying, selling, transporting, distributing and dealing in:
  - a) Automobile parts, forgings, castings, stampings, fabrications, assembly of components and foundry items of all kinds made from ferrous or non-ferrous metals.
  - b) All kinds of iron & steel, ingots, billets, plates, pipes, pipe fittings, re-rolled sections and non-ferrous metals of all types and grades.
2. To carry on business as tool makers, iron and brass founders, metal workers, boiler makers, mill wrights, machinists, iron and steel convertors, smiths, galvanizers, enamellers, electroplaters and re-rollers.
3. To carry on work of mechanical engineers and to run a workshop to undertake and execute all types of mechanical and structural jobs of manufacture, fabrication and erection and to do various types of sheet metal work including manufacture and construction of storage tanks, buckets, drums and various types of containers.





II. **Gujarat Automotive Gears Limited** (hereinafter referred to as “GAGL” or the “Transferee Company”) was originally incorporated as a Public Limited Company under the provisions of Companies Act, 1956 on 27<sup>th</sup> March, 1971 in Ahmedabad. The present Registered Office of Transferee Company is situated in the State of Himachal Pradesh. The Equity Shares of Transferee Company are listed on BSE Limited (‘BSE’).

The main objects of Transferee Company are as follows:

1. To carry on the business of designing, manipulating, fabricating, die-sinking, processing, producing and manufacturing of and dealing in all types, kinds and varieties of automotive and industrial gears and also to carry on the business of importing, exporting, buying, selling, indenting and otherwise dealing in such gears.
2. To carry on the business of manufacturing, designing, fabricating, grinding, buying, selling, importing, exporting, exchanging, altering, remodeling, improving, caliberating and manipulating all kinds, types and varieties of electrical, electronical, atomic, and /or mechanical, industrial and automotive plants, machineries, machine tools and engines, and all types, kinds and varieties of apparatuses, appliances, tools, jigs, fixtures, accessories, components, articles and things necessary or convenient for running such plants, machineries, machine tools and engines.
3. To carry on in India or elsewhere all or any of the business of mechanical and electrical engineers and contractors, and to carry on all or any of the businesses of tool makers, brass founders, iron founders, metal workers, mill wrights, machinists, iron and steel workers, smiths, metal-lurgists; and to buy, sell, manufacture, excavate, refine, repair, convert, alter, let on hire, and deal in metals, machinery, implements, rolling-stock and hardware of all kinds.

**(B) Rationale for the Scheme of Amalgamation**

The amalgamation of Transferor Company with Transferee Company is being proposed for the following purposes:

- i. Enable both the companies to consolidate their business operations and provide significant impetus to their growth since both the companies are engaged in the similar areas of business enabling the amalgamated entity to reach at higher orbit;
- ii. Result in enhancing the scale of operations and reduction in and / or optimization in overheads costs, administrative, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of various resources and also benefiting from economies of scale;
- iii. Result in improved shareholder value benefiting all shareholders investors of both the companies as the combined amalgamated Company will have improved financial structure, larger cash flows and stronger consolidated revenue and profitability;
- iv. Consolidate the managerial expertise of the companies’ involved thereby giving additional strength to the operations and management of the amalgamated Company resulting into expansion of the existing business; and
- v. Simplification of group structures

In consideration of the above mentioned business rationale and related benefits, this Scheme of Amalgamation between Transferor Company with Transferee Company is being proposed in accordance with the terms set out hereunder.

**PART - II**

**1. DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context the following expressions shall have the following meanings:

- 1.1 “**Act**” or “**The Act**” means the Companies Act, 2013, the rules and regulations made thereunder and will include any statutory modification or re-enactment or amendment thereof for the time being in force, except to the extent the provision which are still applicable as per the Companies Act, 1956 and/ or any statutory modification or re-enactment thereof for the time being in force.
- 1.2 “**Appointed Date**” means the 1st day of April, 2016 or such other date as may be fixed or approved by the National Company Law Tribunal (NCLT) or such other competent authority.
- 1.3 “**Board of Directors**” or “**Board**” means the Board of Directors of Transferor Company or Transferee Company, as the case may be, shall, unless it is repugnant to the context or otherwise, includes a committee of directors or any person authorized by the Board of Directors or such committee of directors;
- 1.4 “**Tribunal**” mean the National Company Law Tribunal and the National Company Law Appellate Tribunal as constituted and authorised as per the provisions of the Companies Act, 2013 for approving any Scheme of arrangement, compromise or reconstruction of companies under section 230 to 240 of the Companies Act, 2013.



- 1.5 “Effective Date”** means the later of the dates on which certified copies of the order of the Tribunal sanctioning the Scheme, with or without modification, under Section 232 of the Act are filed with the concerned Registrar of Companies, Himachal Pradesh by Transferor and Transferee Company. References in this Scheme to the words **“coming into effect of this scheme”** or **“effectiveness of this scheme”** shall mean Effective date;
- 1.6 “Record Date”** means the date to be fixed by the Board of Directors of Transferor Company in consultation with the Transferee Company for determining names of the equity shareholders of the Transferor Company, who shall be entitled to receive the equity shares of the Transferee Company, as specified under Clause 6 of this Scheme.
- 1.7 “Stock Exchanges”** shall have the same meaning as ascribed to it under the Securities Contracts (Regulation) Act, 1956, where the shares of the Transferee Company are listed.
- 1.8 The “Scheme”** means this Scheme of Amalgamation in its present form submitted to the National Company Law Tribunal, with such modification(s), if any, as may be approved or imposed or directed by the said Tribunal.
- 1.9 “Transferee Company”** or **“Transferee”** or **“GAGL”** means Gujarat Automotive Gears Limited, a Company incorporated under the provisions of Companies Act, 1956 and having its registered office at Village Billanwali, Baddi Solan, Himachal Pradesh -173205, India.
- 1.10 “Transferor Company”** or **“HTL”** means Him Teknoforge Limited, a Company incorporated under the provisions of Companies Act, 1956 and having its registered office at Village Billanwali, Labana, Baddi, Himachal Pradesh – 173205, India.
- 1.11 “Undertaking”** means and includes:
- all the assets and properties of the Transferor Company as on the Appointed Date i.e. all the undertakings, the entire business, all the properties (whether movable or immovable – freehold or leasehold, tangible or intangible), including the land and other properties, belonging to the Special Economic Zones and Free Zones, whether in India or elsewhere, plant and machinery, buildings and structures, offices, residential and other premises, capital work in progress, furniture, fixture, office equipment, appliances, accessories, power lines, deposits, stocks, assets, investments of all kinds and in all forms including but not limited to securities, securitized assets, receivables and security receipts, cash balances with banks, loans, advances, contingent rights or benefits, agreements, rights, contracts / agreements with Clients, entitlements, permits, licences including branch or other licences and those belonging to the Special Economic Zones and Free Zones, whether in India or elsewhere, quotas, approvals, consents, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, special status, engagements, arrangements and all other privileges and benefits of every kind, nature and description whatsoever enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued to business activities and operations of the Transferor Company, including but not limited to the past track record related clients and / or suppliers, Qualification Requirements, Turnover History, receivables, benefit of any deposits, financial assets, leases, hire purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, permissions, permits, quotas, rights, entitlements, guarantees, authorizations, approvals, agreements, contracts, leases, registrations, tenancies, benefits of all taxes including but not limited to Minimum Alternate Tax (“MAT”) paid under Section 115JA/115JB of the Income Tax Act, 1961 (“IT Act”), advance taxes and tax deducted at source, right to carry forward and set off unabsorbed losses and depreciation, MAT credit under the provisions of the IT Act, right to claim deductions under Section 80-IA and Section 80-IC of the IT Act including its continuing benefits; engagements, arrangements of all kinds, exemptions, benefits, incentives, privileges and rights under State tariff regulations and under various laws; loan agreements, titles, interests, trade and service names and marks, patents, copyrights, and other intellectual property rights to use and avail of telephones, telexes, facsimile, email, interest, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programmes, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records, and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company or which have accrued to the Transferor Company as on the Appointed Date, whether in India or abroad, of whatsoever nature and wherever situated, (hereinafter referred to as the “Assets”);
  - all the debts, liabilities, contingent liabilities, duties and obligations and guarantees of the Transferor Company as on the Appointed Date (hereinafter referred to as the “Liabilities”);
  - without prejudice to the generality of sub-Clause (a) above, the Undertaking of the Transferor Company shall include all the Transferor Company’s Reserves, the movable and immovable properties, assets, consents, registrations, agreements, contracts, engagements, arrangements of all kinds, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situate belonging to or in ownership, power or possession or in control of or vested in or granted in favour of or enjoyed by the Transferor Company or to which the Transferor Company may be entitled and include but without being limited to trade and service names and



service marks and other intellectual property of any nature whatsoever, permits, approvals, authorizations, rights to use and avail of telephone, telex, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, all necessary records, files, papers, computer programs, lease and hire purchase contracts, lease-hold rights, tenancy rights, industrial and other licenses, permits, authorizations, quota rights, trade marks, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile and other communication facilities, rights and benefits of all agreements, guarantees including guarantees given by the State Government(s), deeds, bonds, insurance policies and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of whatsoever nature and wheresoever situate, belonging to or in the ownership, power or possession or in the control of or vested in or granted in favor of or enjoyed by the Transferor Company whether in India or abroad, as on the Appointed Date;

- d. all permanent employees directly or indirectly engaged by the Transferor Company at various locations;
- e. all earnest monies and/or security deposits paid by the Transferor Company.

**1.12 “Venture Funds”** means collectively IFCI Venture Capital Funds Limited, a company registered under Companies Act, 1956 having its principal place of business at IFCI Tower, 61, Nehru Place, New Delhi -110019 through its ‘India Automotive Component Manufacturers Private Equity Fund –I- Domestic’, and Canbank Venture Capital Fund Limited, a company incorporated under the provisions of the Companies Act, 1956, having its registered office situated at VI Floor, Naveen Complex, No.14, M.G.Road, Bangalore – 560001, Karnataka and acting in its capacity as an Investment Manager and Trustee of Emerging India Growth Fund of Canbank Venture Capital Fund.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulations) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case maybe, including any statutory modification(s) or re-enactment(s) thereof from time to time.

## 2. SHARE CAPITAL

2.1 The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Company as on 31<sup>st</sup> March, 2016 and as on date is as under :-

Particulars	Amount (Rs)
<b>Authorized Capital</b>	
300,00,000 Equity shares of Rs. 10/- each	30,00,00,000
<b>Total</b>	<b>30,00,00,000</b>
<b>Issued and Subscribed Capital &amp; Paid up Capital</b>	
2,89,52,307 Equity shares of Rs. 10/- each	28,95,23,070
<b>Total</b>	<b>28,95,23,070</b>

There has been no change in the authorized, issued, subscribed and paid up share capital of Transferor Company from 31<sup>st</sup> March, 2016 to the present date.

2.2 The Authorised, Issued, Subscribed and Paid-up share capital of Transferee Company as on 31<sup>st</sup> March, 2016 and as on date is as under:

Particulars	Amount (Rs)
<b>Authorized Capital</b>	
21,25,000 Equity shares of Rs. 2/- each	42,50,000
7,500 9.5% Cumulative Redeemable Preference shares of Rs.100/- each	7,50,000
5,00,000 Unclassified Shares of Rs. 10/- each	50,00,000
<b>Total</b>	<b>1,00,00,000</b>
<b>Issued, subscribed and paid up capital</b>	
17,50,000 Equity shares of Rs. 2/- each	35,00,000
<b>Total</b>	<b>35,00,000</b>

There has been no change in the authorized, issued, subscribed and paid up share capital of Transferee Company from 31<sup>st</sup> March, 2016 to the present date.



- 2.3 The equity shares of Transferee Company are listed on BSE Limited. The equity shares of the Transferor Company are not listed on any Stock Exchanges.

### **PART - III**

#### **3. TRANSFER AND VESTING**

- 3.1 Upon the Scheme coming into effect and with effect from the Appointed Date, the Transferor Company shall stand amalgamated with and be vested in the Transferee Company, as a going concern, without any further act or instrument and pursuant to the provisions of Section 230 to 232 of the Act, together with all the properties, assets, rights, liabilities including contingent liabilities, benefits and interest therein, as more specifically described in the subsequent clauses of this Scheme.
- 3.2 With effect from the Appointed Date, the entire business and the whole of the Undertaking of the Transferor Company shall, without any further act or deed, be and shall stand transferred to and vested in or deemed to have been transferred to or vested in Transferee Company as a going concern, pursuant to the provisions of Section 230-232 and other applicable provisions of the Act. PROVIDED ALWAYS that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in Transferee Company by virtue of this amalgamation and Transferee Company shall not be obliged to create any further or additional security after the amalgamation has become effective or otherwise. The transfer/vesting as aforesaid shall be subject to the existing charges/hypothecation over or in respect of the Assets or any part thereof of the Transferor Company. Further, Transferee Company shall not be required to create any additional security over assets acquired by it under the Scheme for any loans, deposits or other financial assistance availed /to be availed by the Transferor Company or Transferee Company. Similarly, the promoters shall not be required to provide additional collateral security by way of pledge of their shareholding in the Transferor Company/ Transferee Company.
- 3.3 Any legal or other proceedings by or against Transferor Company pending on the Effective Date and relating to the Undertaking (including property rights, powers, liabilities, obligations and duties) of Transferor Company shall be continued and enforced by or against Transferee Company, in the same manner and to the same extent as it would or might have been continued and enforced by or against the Transferor Company.
- 3.4 It is expressly provided that in respect of such of the assets of the Transferor Company as are moveable in nature or are otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company by physical delivery and shall become the property of Transferee Company pursuant to the provisions of Section 232 of the Act.
- 3.5 In respect of such of the Assets other than those referred to in sub-Clause 3.4 above, they shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in Transferee Company pursuant to the provisions of Section 230-232 of the Act and shall form an integral part of the Undertaking.
- 3.6 The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company are a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- 3.7 Upon the coming into effect of the Scheme, benefits of all taxes paid including but not limited to MAT paid under Section 115JA/115JB of the IT Act, advance taxes and tax deducted at source, right to carry forward and set off unabsorbed losses and depreciation, MAT credit under the provisions of the Income Tax Act, right to claim deductions under Section 80-IA and Section 80 IC of the Income Tax Act including its continuing benefits, by the Transferor Company from the Appointed Date, regardless of the period to which they relate, shall be deemed to have been paid for and on behalf of and to the credit of Transferee Company as effectively as if Transferee Company had paid the same and shall be deemed to be the rights/claims of Transferee Company. All unavailed credits, set offs, claims for refunds under any State VAT Acts, CST Acts, Central Excise and Service Tax provisions or any other State or Central statutes regardless of the period to which they may relate, shall stand transferred to the benefit of and shall be available in the hands of Transferee Company without restrictions under the respective provisions.
- 3.8 All secured and unsecured debts, (whether in Rupees or in foreign currency), all liabilities whether provided for or not in the books of the Transferor Company, duties and obligations of the Transferor Company alongwith any charge, encumbrance, lien or security thereon (hereinafter referred to as the "said Liabilities") shall be and stand transferred to and vested in or deemed to have been transferred to and vested in Transferee Company pursuant to the applicable provisions of the Act, so as to become on and from the Appointed Date the debts, liabilities, duties and obligations of Transferee Company, and further that 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 is 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 Transferee Company, save to the extent warranted by the terms of the existing security arrangements to which the Transferor Company and Transferee Company are parties, and consistent with the joint obligations assumed by them under such arrangement.

- 3.9 All the properties including freehold & leasehold properties, leases, estates, assets, rights, titles, interests, benefits, licenses, approvals, permissions and authorities etc. as described in Clause 1.11 accrued to and/or acquired by the Transferor Company after the Appointed Date, shall have been and deemed to have accrued to and/or acquired for and on behalf of Transferee Company and shall, upon the coming into effect of the Scheme, pursuant to the provisions of Section 232 of the Act and 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 Transferee Company to that extent and shall become the properties, leases, estates, assets, rights, titles, interests, benefits, licenses, approvals, permissions and authorities etc. of Transferee Company.
- 3.10 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company after the Appointed Date, shall be deemed to have been raised, used, incurred or undertaken for and on behalf of Transferee Company and to the extent they are outstanding on the Effective Date upon the coming into effect of the Scheme shall be and stand transferred to or vested in or be deemed to have been transferred to and vested in Transferee Company pursuant to the provisions of Section 232 of the Act and without any further act, instrument or deed, and shall become the debt, duties, undertakings, liabilities and obligations of which shall meet, discharge and satisfy the same.
- 3.11 All inter party transactions between the Transferor Company and Transferee Company as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as intra party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due inter-se i.e. between the Transferor Company and Transferee Company as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically extinguished.
- 3.12 Upon the coming into effect of the Scheme, the guarantee provided by any of the Transferor Company would be continued and deemed to be provided by Transferee Company limited to the extent and subject to the same terms and conditions as the guarantee provided by the Transferor Company.
- 3.13 Upon the coming into effect of the Scheme, the guarantor of any loan taken by the Transferor Company would be deemed to be guarantor of Transferee Company to the extent of the loan due to the Transferor Company and subject to the terms and conditions of the guarantee provided to the Transferor Company. Provided that the guarantor is informed regarding the merger of the Transferor Company by way of a notice prior to filing of the same in the Tribunal.
- 3.14 Upon the coming into effect of this Scheme, the resolutions, and other actions undertaken by the Transferor Company including the approvals that may have been obtained by the Transferor Company from its shareholders under provisions of Section 180, Section 186 and Section 188 approvals that may be obtained under the Act and which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.
- 3.15 Upon the coming into effect of this Scheme, the borrowing limits of Transferee Company in terms of Section 180(1)(c) of the said Act, shall without further act or deed stand enhanced by an amount equivalent to the authorised borrowing limits of the Transferor Company, such limits being incremental to the existing limits of Transferee Company. These limits as enhanced may be increased from time to time by Transferee Company in accordance with the compliance of provisions of the said Act.

#### **4. REDUCTION OF SHARE CAPITAL OF THE TRANSFEE COMPANY:**

- 4.1 Upon the Scheme becoming effective, paid up Equity Share Capital of Transferee Company shall stand cancelled and reduced upto the extent of 5,65,285 (Five Lakh Sixty Five Thousand Two Hundred Eighty Five) Equity Shares of the face value of Rs. 2/- (Rupees Two Only) each or such other equity shares held on the Effective Date by Transferor Company without any further act or deed on a proportionate basis.



4.2 Such reduction of Equity Share Capital of Transferee Company as provided in Clause 4.1 above shall be effected as an integral part of the Scheme and the Orders of the Tribunal sanctioning the Scheme shall be deemed to be an Order under Section 66 of the Act, confirming the reduction and no separate sanction under section 66 of the Act will be necessary. The Transferee Company shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.

## **5. ALTERATIONS/ AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEEE COMPANY**

### **5.1 CAPITAL CLAUSE**

5.1.1 Upon the Scheme becoming effective, the Authorised Share Capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed and without payment of any fees, stamp duty, etc on part of the Transferee Company, by the authorised share capital of the Transferor Company, amounting in aggregate to Rs 31,00,00,000 (Rupees Thirty One Crores Only) divided into 15,21,25,000 (Fifteen Crore Twenty-One Lakhs and Twenty Five thousand) Equity Shares of Rs. 2/- (Rupees Two) each, 7,500 (Seven Thousand Five Hundred) 9.5% Cumulative Redeemable Preference shares of Rs. 100/- (Rupees Hundred) each and 5,00,000 (Five Lakhs) Unclassified Shares of Rs. 10/- (Rupees Ten) each and consequently, Clause V of the Memorandum of Association and Article 4 of the Articles of Association of Transferee Company (relating to the Authorised Share Capital) shall, without any further act, instrument or deed, be and stand altered, modified, amended, pursuant to Section 230-232, 13, 14 and 61 of the Companies Act, 2013 and applicable provisions of the Act, as the case may be and for this purpose the stamp duties and the fees paid on the authorised capital of the Transferor Company shall be utilised and applied to the above referred increased authorised share capital of the Transferee Company and no payment of any extra stamp duty and/or fee shall be payable by the Transferee Company for increase in its authorised share capital to that extent.

5.1.2 Upon this Scheme coming into effect, Clause V of the Memorandum of Association of the Transferee Company, being the Capital clause of the Transferee Company shall be without any further act or deed, be amended, restated and replaced as under:-

*“V. The Authorised Share Capital of the Company is Rs. 31,00,00,000/- (Rupees Thirty One Crores Only) divided into 15,21,25,000 (Fifteen Crore Twenty-One Lakhs and Twenty Five thousand) Equity Shares of Rs. 2/- (Rupees Two) each, 7,500 (Seven Thousand Five Hundred) 9.5% Cumulative Redeemable Preference shares of Rs. 100/- (Rupees Hundred) each and 5,00,000 (Five Lakhs) Unclassified Shares of Rs. 10/- (Rupees Ten) each and with a power of increase or reduce the capital of the Company in accordance with the provisions of Companies Act, 1956 and/or Companies Act, 2013.”*

5.1.3 Upon this Scheme coming into effect, Article 4 of the Articles of Association of the Transferee Company shall be without any further act or deed, be amended, restated and replaced as under:-

*“4. The Authorised Share Capital of the Company is Rs. 31,00,00,000/- (Rupees Thirty One Crores Only) divided into 15,21,25,000 (Fifteen Crore Twenty-One Lakhs and Twenty Five thousand) Equity Shares of Rs. 2/- (Rupees Two) each, 7,500 (Seven Thousand Five Hundred) 9.5% Cumulative Redeemable Preference shares of Rs. 100/- (Rupees Hundred) each and 5,00,000 (Five Lakhs) Unclassified Shares of Rs. 10/- (Rupees Ten) each and with a power of increase or reduce the capital of the Company in accordance with the provisions of Companies Act, 1956 and/or Companies Act, 2013.”*

5.1.4 Without prejudice to the aforesaid, Transferee Company shall be entitled to take steps for further increase of its Authorized Share Capital to the extent required, consequent to the Scheme being effective and/or pursuant to any existing obligation of Transferee Company or otherwise.

### **5.2 NAME CLAUSE**

Consequent to the amalgamation and upon the Scheme becoming effective, the name of Transferee Company shall be changed from “**Gujarat Automotive Gears Limited**” to “**Him Teknoforge Limited**” without following any further procedure or doing any further act or thing as may be required under the provisions of the Act as Transferee Company shall carry on the entire business of the Transferor Company. The Transferee Company shall take necessary steps to give effect to such change of name.

5.3 Under the accepted principle of Single Window Clearance, it is hereby provided that the aforesaid alterations viz. Changes in the Capital Clause and Name Clause referred above, shall become operative on the Scheme being effective by virtue of the fact that the Shareholders of Transferee Company approving the Scheme as a whole, have also resolved and accorded the relevant consents as required respectively under Section 13, 14, 61 and 64 of the Companies Act, 2013 or any other provisions of the Act and the Company shall not be required to pass separate resolutions as required under the Act.



## **6. ISSUE AND ALLOTMENT OF SHARES BY TRANSFEREE COMPANY**

- 6.1 Upon the Scheme coming into effect and in consideration of the transfer of all the assets and liabilities of the Transferor Company to Transferee Company and in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders (except the Transferee Company) of the Transferor Company (whose names are registered in the Register of Members of the Transferor Company on the Record Date, or his/her legal heirs, executors or administrators or, as the case may be, successors), equity shares of face value of Rs 2/- (Rupee Two) each credited as fully paid up of the Transferee Company in the ratio of 3(Three) fully paid up Equity Shares of face value Rs 2/- (Rupees Two only) each of the Transferee Company for every 13 (Thirteen) fully paid up Equity Share of face value of Rs 10/- (Rupees Ten Only) each held in the Transferor Company.
- 6.2 The ratio in which the new equity shares of the Transferee Company are to be issued and allotted to the equity shareholders of the Transferor Company is herein referred to as "Share Exchange Ratio". The aforesaid share exchange ratio has been approved by the Board of Directors of Transferor Company and Transferee Company as being a fair share exchange ratio as recommended by a reputed independent firms of Chartered Accountants viz. M/s R.J.Rathi & Co, Chartered Accountants, vide their Valuation Report dated 20<sup>th</sup> December, 2016.
- 6.3 In case of any member's shareholding in the Transferor Company is such that on the basis of the aforesaid share exchange ratio, the member is entitled to a fraction of share, such fraction shall be rounded off to the nearest integer.
- 6.4 The New Equity Shares issued in terms of the Scheme shall, in compliance with the applicable regulations, be listed and/or admitted to trading on the relevant stock exchange(s) in India where the equity shares of Transferee Company are listed and admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of such stock exchanges. The New Equity Shares allotted pursuant to this Scheme shall remain frozen in the depository system till the relevant directions in relation to listing/trading are provided by the relevant stock exchanges.
- 6.5 Upon the coming into effect of the Scheme, the new Equity Shares of Transferee Company to be issued and allotted to the equity shareholders of the Transferor Company in terms of the Scheme shall be subject to the provisions of Memorandum of Association and Articles of Association of the Transferee Company and shall rank pari passu from the date of allotment in all respects, including dividend declared, with the existing Equity Shares of Transferee Company.
- 6.6 The issue and allotment of new equity shares by Transferee Company to the shareholders of the Transferor Company as provided in the Scheme is an integral part thereof and shall be deemed to have been carried out as if the procedure laid down under Section 62(1)(c) and any other applicable provisions of the Act were duly complied with. The resolution/ consent of the shareholders approving the Scheme shall be treated as due compliance of the procedure laid down in Section 62(1)(c) and any other applicable provisions of the said Act.
- 6.7 Upon this Scheme becoming effective, all the Shareholders of the Transferor Company who exercise the option to receive shares in dematerialized form, shall be issued new shares of Transferee Company in dematerialized form, provided all details relating to their depository account with the depository participant are made available to Transferee Company, who shall issue and directly credit the dematerialized securities account of such Shareholder with the equity shares of Transferee Company and all the shareholders of the Transferor Company holding shares in physical form, if so required by Transferee Company shall surrender their share certificates for cancellation thereof to Transferee Company. Notwithstanding anything to the contrary, upon the new shares in Transferee Company being issued and allotted by it to the shareholders of the Transferor Company whose names shall appear on the Register of Members of the Transferor Company on such Record Date fixed as aforesaid, the share certificates in relation to the shares held by them in the Transferor Company in physical form shall be deemed to have been automatically cancelled and be of no effect, on and from such Record Date, and Transferee Company may at its sole discretion, instead of requiring the surrender of the share certificates, as above, directly issue and dispatch the new share certificates of Transferee Company in lieu thereof.
- 6.8 In terms of the provisions of the Listing Regulations and other applicable SEBI Regulations, including any Circulars issued therein, new Shares to be issued pursuant to this Scheme to the promoters of the Transferor Company, may be placed, to the extent applicable under lock-in by the Stock Exchange or SEBI / any other competent authority. However, the Promoters may enter into inter-se transfer amongst themselves during such lock-in period.
- It is clarified that pre-merger shares held by Venture Funds in the Transferor Company shall not be deemed to be Promoter holding and accordingly, new shares issued to the Venture Funds pursuant to this Scheme shall not be subject to any lock-in.



## **7. DIVIDEND AND PROFITS**

- 7.1 The Transferor Company shall not declare any dividend for the period commencing from and after appointed date without written consent of Transferee Company. The Transferor Company shall obtain the consent of the Board of Directors of Transferee Company before declaration of any dividend. The Transferor Company and Transferee Company shall not transfer any amount from the reserves or amount lying in credit to the Profit & Loss Account on the Appointed Date for the purpose of payment of dividend.
- 7.2 Subject to the provisions of the Scheme, the profits of the Transferor Company for the period beginning from the Appointed Date shall belong to and be the profits of Transferee Company and will be available to Transferee Company for being disposed off in any manner as it thinks fit including declaration of dividend by Transferee Company in respect of its financial year ending on 31<sup>st</sup> March, 2017 or any year thereafter.
- 7.3 The Equity Shares of Transferee Company to be issued and allotted to the shareholders of the Transferor Company as provided in Clause 6.1 herein before shall rank pari passu in all respects with the equity shares of Transferee Company including proportionate entitlements to dividend in respect of dividends declared after the Effective Date. The holders of the Shares of the Transferor Company and Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights, voting rights and in all other respects under their respective Articles of Association including the right to receive dividends from the respective Company of which they are members till the Effective Date.
- 7.4 It is clarified, however, that the aforesaid provisions in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor and Transferee Company to demand or claim any dividend which shall be entirely at the discretion of the Board of Directors and subject to the provisions of the said Act.
8. Upon the Scheme coming into effect, the Board of Directors of the Transferee Company shall take necessary steps to reconstitute its Board, if required and the Venture Funds shall have the right to appoint one Nominee Director each on the Board of the Transferee Company as their representative.
9. Upon the Scheme becoming effective and if so required by the Venture Funds, the Board of the Transferee Company shall take necessary steps to reconstitute its Board committees so as to include one representative of each of the Venture Funds on the Board committees of the Transferee Company.

## **10. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE**

- 10.1 With effect from the Appointed Date and up to and including the Effective Date:
- 10.1.1 the Transferor Company shall carry on and be deemed to have been carrying on and shall carry on all business and activities relating to the Undertaking and stand possessed of the properties so to be transferred, for and on account of and in trust for Transferee Company, including but without limitation to payment of advance income tax and subsequent installments of income tax, sales tax, excise and other statutory levies, etc;
- 10.1.2 all incomes, profits, benefits and incentives accruing to the Transferor Company and the expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by them relating to the Undertaking shall, for all purposes, be treated as the incomes, profits, benefits and incentives or losses, as the case may be, of Transferee Company;
- 10.1.3 The Transferee Company shall have the right to claim refund of payment of the taxes arising on account of transactions entered into between the Transferor Company and Transferee Company between the Appointed Date and the Effective Date.
- 10.2 The Transferor Company hereby undertakes, from the Appointed Date upto and including the Effective Date—
- 10.2.1 to carry on the business of the Undertaking with reasonable diligence and business prudence and not to borrow, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Undertaking or any part thereof, nor to undertake any new business or a substantial expansion of its existing business except with the prior written consent of the Board of Directors of Transferee Company;
- 10.2.2 not to utilise the profits, if any, relating to the Undertaking for the purposes of declaring or paying any dividend in respect of the period falling on and after the Appointed Date without obtaining the prior approval of Transferee Company;
- 10.2.3 not to issue or allot any rights or bonus shares out of its authorised or unissued share capital for the time being.
- 10.3 Save as provided in Sub-clause 10.4 below, neither the Transferor Company nor the Transferee Company shall make any change in their Capital Structure (Paid-up Capital), other than changes pursuant to commitments, obligations or arrangements subsisting prior to the Appointed Date, except by the mutual consent of the Board of Directors of both the Transferor Company and Transferee Company.;





10.4 The restrictions in sub-clauses 10.2.1, 10.2.2 and 10.2.3 of 10.2 above shall be applicable from the date of acceptance of the present Scheme by the respective Board of Directors of all the Company and not from the Appointed Date.

#### **11. TRANSFER OF EMPLOYEES OF TRANSFEROR COMPANY**

On and from the Effective Date:

- 11.1 All employees of the Transferor Company on the rolls of the Transferor Company on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions not less favourable than those on which they are respectively engaged by the Transferor Company as on the Effective Date.
- 11.2 The accumulated balances standing to the credit of the employees of the Transferor Company on the Effective Date in the Provident Fund, Gratuity Fund, Superannuation Fund and/or other Funds and including any surplus in any such Funds created or existing for the benefit of the employees of the Transferor Company shall be identified, determined and transferred to the corresponding funds of Transferee Company in due course.
- 11.3 The Transferee Company shall not vary the terms and conditions of the employment of its employees, except in the ordinary course of business.

#### **12. CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

- 12.1 Subject to other provisions of this Scheme, the Transferee Company shall accept all acts, deeds and things relating to the Undertaking of the Transferor Company done and executed by and/or on behalf of the Transferor Company on or after the Appointed Date as acts, deeds and things done and executed by and/or on behalf of Transferee Company.
- 12.2 Subject to other provisions of this Scheme, all contracts including commercial and technical, deeds, bonds, agreements, Memorandum of Understanding ("MoU"), awards, rights and concessions, insurance policies and other instrument of whatsoever nature relating to the Undertaking to which the Transferor Company is a party and subsisting or having effect on or before the Effective Date shall be in full force and effect against or in favour of Transferee Company and may be enforced as fully and effectually, as if, instead of the Transferor Company, Transferee Company had at all material times been a party thereto.
- 12.3 The Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangement or confirmations or novations to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Clause, if so required or if it becomes necessary.
- 12.4 On this Scheme finally taking effect, all the agreements, guarantees, approvals, consents, permissions, licenses, sanctions, leases and the like entered into with and/or given by, as the case may be, the various State Governments, statutory or regulatory body or agencies or third parties with respect to the Transferor Company shall, without any further act, deed, matter or thing, stand transferred to and vested in Transferee Company.

#### **13. LEGAL PROCEEDINGS**

Upon the coming into effect of this Scheme, if any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called the "Proceedings") by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking of the Transferor Company or of anything contained in the Scheme, but the proceedings may be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made. On and from the Effective Date, the transferee Company shall and may initiate any legal proceedings for and on behalf of the Transferor Company, in its own name.

### **PART-IV**

#### **14. ACCOUNTING TREATMENT**

- 14.1 On the Scheme becoming effective, with effect from the Appointed Date, the Transferee Company would follow 'pooling method' as prescribed in the Accounting Standard 14:" Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India.
- 14.2 The Transferee Company shall credit to its Share Capital account, the aggregate face value of the equity shares issued pursuant to clause 6.1 of this Scheme.
- 14.3 The Transferee Company shall record all assets and liabilities recorded in the Books of Account of the Transferor Company, which are transferred to and vested in the Transferee Company pursuant to the Scheme at their book values as on the Appointed Date.



- 14.4 If there is a surplus arising as a result of the difference, if any, of the value of the assets over the value of the liabilities and the amount of share capital to be issued and allotted by the Transferee Company pursuant to clause 6.1 of this Scheme to the shareholders of the Transferor Company as reduced by the amount of share capital of the Transferee Company held by the Transferor Company and cancelled in accordance with this Scheme, the same shall be credited to the Capital Reserve Account of the Transferee Company and in the event of deficit, if any, the same shall be debited to the Reserve Account of the Transferee Company. Inter-company balances, investments, loans & advances and any other transactions, if any, till the effective date will stand cancelled.
- 14.5 The Shares held by the Transferor Company in the transferee shall stand cancelled as per Clause 4.1 of the Scheme.
- 14.6 In case of any differences in the accounting policies between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date of amalgamation will be quantified and adjusted in the Free/ General Reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflects the financial position on the basis of consistent accounting policies.
- 14.7 Notwithstanding anything stated above, the Transferee Company will give accounting treatment of this Scheme in its books of accounts post amalgamation as per the applicable accounting standard.
- 14.8 Notwithstanding the above, the Board of Directors of the Transferee Company is authorized to account any of these balances in any manner whatsoever as may be deemed fit in accordance with the law and applicable Accounting Standards.
15. The Transferee Company shall be entitled to revise its Income Tax returns and other statutory returns, if required and related TDS certificates and the right to claim refund, advance tax credits etc. upon this Scheme becoming effective and have expressly reserved the right to make such revisions in the Income Tax returns and related TDS certificates and the right to claim refund, advance tax, withholding tax, or such other tax credits of the Transferor Company, pursuant to the sanction of this Scheme. It is clarified that all taxes payable by the Transferor Company from the Appointed Date onwards, including all or any refunds and claims shall, for all purposes, be treated as the tax liabilities or refunds and claims of Transferee Company. Accordingly, upon the Scheme becoming effective, with effect from the Appointed Date, Transferee Company, if required, is expressly authorized to revise its service tax returns and other tax returns, and to claim refunds and/or credits, pursuant to the provisions of this Scheme.
16. The Transferee Company shall be entitled to claim refunds or credits, including input tax credits, with respect to taxes paid by, for, or on behalf of, the Transferor Company under applicable laws, including income tax, minimum alternate tax, sales tax, value added tax, service tax, CENVAT or any other tax, whether or not arising due to any inter se transaction, even if the prescribed limits for claiming refunds or credits have lapsed.
17. This Scheme has been drawn up to comply and come within the definition and conditions relating to "Amalgamation" as specified under Section 2(1B) and Section 47 of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Sections of the Income-tax Act, 1961, at a later date, including resulting from an amendment of law or for any other reason whatsoever, the Scheme shall stand modified/ amended to the extent determined necessary to comply and come within the definition and conditions relating to "Amalgamation" as specified in the Income-tax Act, 1961. In such an event, the clauses which are inconsistent shall be read down or if the need arises be deemed to be deleted and such modification/reading down or deemed deletion shall however not affect the other parts of the Scheme.
18. Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its financial statements. The order of the Tribunal sanctioning the Scheme shall be deemed to be order of the National Company Law Tribunal permitting the Transferee Company to revise its financial statements and books of accounts and no further act shall be required to be undertaken by the Transferee Company.

#### **PART-V**

#### **19. APPLICATION TO TRIBUNAL**

The Transferor Company and Transferee Company, shall respectively with all reasonable dispatch, make applications/petitions under Section 230-232 and other applicable provisions of the Act to the Tribunal of their respective jurisdiction for sanctioning this Scheme under Section 230-232 of the Act and for an order or orders under Section 232 of the Act for carrying this Scheme into effect.

#### **20. MODIFICATIONS/ AMENDMENTS TO THE SCHEME**

For the purpose of giving effect to this Scheme or to any modifications or amendments thereof, that Board of Directors of the Transferor and Transferee Company or any person authorised by the Board in that behalf may give and is authorised to give all such directions as are necessary or desirable including directions for settling or removing any question of doubt or difficulty that may arise with regard to the issue and allotment of the said shares, as they may think fit and such determination or directions, as the case may be shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.



In the event any of the conditions that may be imposed by the Tribunal while sanctioning the Scheme, which the Board of directors of the Transferor and Transferee Company may find unacceptable for any reason, then the Transferor and Transferee Company are at liberty to withdraw from the Scheme.

## **21. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

This Scheme is conditional upon and subject to:

- 21.1 The Scheme being agreed to by the requisite majorities of the members and creditors of the Transferor and Transferee Company as may be directed by the Hon'ble Tribunal or any other competent authority, as may be applicable;
- 21.2 the requisite approvals or consents being obtained or requisite resolutions under the applicable provisions of the said Act being passed by the shareholders and creditors (where applicable) of the Transferor Company and Transferee Company for any of the matters provided for or relating to the Scheme as may be required or be necessary;
- 21.3 the requisite sanctions or approvals including but not limited to in-principle approvals, sanctions of Central Government or any government authority or any other agency or department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required under any law;
- 21.4 Approval of the Scheme by the public shareholders of the Transferee Company in accordance with the provisions of the SEBI Circulars. Such approvals will be obtained through resolution passed through the postal ballot and e-voting and the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957;
- 21.5 the Scheme being approved by the Stock Exchanges under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015;
- 21.6 the sanction of the Scheme by the Hon'ble Tribunal under Section 230 - 232 and to the necessary Order under Section 232 of the Act on behalf of the Transferor and Transferee Company being obtained; and
- 21.7 certified copies of the orders of the Hon'ble Tribunal sanctioning the Scheme, being filed with Registrar of Companies, Himachal Pradesh by the transferor and transferee Company.

## **22. SCHEME RENDERED NULL AND VOID**

- 22.1 In the event of any of the said sanctions and approvals referred to in the preceding Clause 20 above not being obtained and/or the Scheme not being sanctioned by the Tribunal and/or the order or orders not being passed as aforesaid before 31st December, 2017 or within such further period or periods as may be agreed upon between the Transferor Company and Transferee Company, through and by its Board of Directors (and which Board of Directors of each of the Company are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligations which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as specifically provided in the Scheme or as may otherwise arise in law and in that event each party shall bear their respective costs.
- 22.2 In the event of this Scheme failing to take effect, it becomes null and void and in that event no rights and liabilities of whatsoever nature shall accrue to or be incurred inter-se to or by the parties or any of them.

## **23. OPERATIVE DATE OF THE SCHEME**

The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

## **24. DISSOLUTION OF THE TRANSFEROR COMPANY**

On the Scheme becoming effective, the Transferor Company shall be dissolved without winding up in accordance with the provisions of Section 230 to 232.

## **25. COSTS/EXPENSES CONNECTED WITH THE SCHEME**

- 25.1 Save and except as provided elsewhere in the Scheme, all costs, charges and expenses 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 between the Transferor Company with the Transferee Company in pursuance of this Scheme, shall be borne and paid by Transferee Company.
- 25.2 In the event that this Scheme fails to take effect within such period or periods as may be decided by the Transferor Company (by its Board of Directors) and Transferee Company (by its Board of Directors), or the Scheme is rendered null and void in terms of Clause 21 above of this Scheme then, the Transferor Company and Transferee Company shall bear their own costs and expenses incurred by them, in relation to or in connection with the Scheme.



## **26. GENERAL TERMS AND CONDITIONS**

- 26.1 The Transferor Company and Transferee Company shall, with all reasonable dispatch, make all applications / petitions under Section 230 and 232 and other applicable provisions of the Act to the Tribunal for the sanctioning of the Scheme and obtain all approvals and consents as may be required under the law or any agreement.
- 26.2 The respective Board of Directors of the Transferor Company and Transferee Company may empower any Committee or any individual director or officer of the Company to discharge all or any of the powers and functions, which the said Board of Directors are entitled to exercise and perform under the Scheme.
- 26.3 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferor Company and Transferee Company and their respective members and/or creditors, and the terms and conditions of this Scheme, the latter shall prevail.
- 26.4 Notwithstanding anything stated herein or elsewhere, the Board of Directors of the Transferor Company and Transferee Company shall always have a power to revoke / withdraw this Scheme at any time before the same finally takes effect on any substantial ground in the best interest of shareholders and creditors of respective Transferor Company and Transferee Company and as may be mutually agreed between the Board of Directors of the Transferor Company and Transferee Company and for this purpose, it shall not be necessary for either the Transferor Company or Transferee Company to obtain any further consent of any of their respective shareholders or any other person. The consents given by such shareholders of the Transferor Company and Transferee Company shall be deemed to include their consent authorizing to the Board of Directors of the respective Company to withdraw the Scheme at any time before the same finally takes effect.

If any part of this Scheme is invalid, ruled illegal by any Tribunal or authority of competent jurisdiction or unenforceable under the present or future laws, then it is the intention of the parties that the Board of Directors of the Transferor Company and the Transferee Company shall take necessary decision so as to sever such part of the Scheme from the remainder of this Scheme which decision shall be binding on the respective companies, its shareholders and creditors and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part.



## Annexure 2

Valuation Report dated 20.12.2016 issued by M/s R.J. Rathi & Co., Chartered Accountants.

**R. J. Rathi & Co.**  
Chartered Accountants



1-B-144, Kalpataru Garden, Ashok Nagar Kandivali (E) Mumbai-400 101 \* Tel. 9821915177

December 20, 2016

**The Board of Directors**  
**HIM TEKNOFORGE LIMITED**  
Billanwali Village, Labana, Baddi,  
Solan, District- 173205  
Himachal Pradesh

**The Board of Directors**  
**GUJARAT AUTOMOTIVE GEARS LIMITED**  
Village Billanwali, Baddi,  
Solan (Dist.) – 173 205  
Himachal Pradesh.

**Sub: Recommendation of Share Exchange Ratio for the proposed merger of HIM Teknoforge Limited with Gujarat Automotive Gears Limited**

Dear Sir/Madam,

**1. PURPOSE OF VALUATION:**

- 1.1 M/s. HIM Teknoforge Limited (hereinafter referred to as “HTL” or “Transferor Company”) was incorporated on 11<sup>th</sup> January, 1989 under the provisions of Companies Act, 1956, having its registered office in District Solan, Himachal Pradesh. HTL is engaged in the business of manufacturing of production of forgings and finished components for automotive and engineering applications..
- 1.2 M/s. Gujarat Automotive Gears Limited (hereinafter referred to as “GAGL” or “Transferee Company”) was incorporated on 27<sup>th</sup> March, 1971 under the Companies Act, 1956, having its registered office in District Solan (Himachal Pradesh). The equity shares of GAGL are listed on BSE Limited. GAGL is engaged in the business of manufacturing of Auto and Tractor Components under the brand name KAG. . GAGL is an associate company of HTL.
- 1.3 The management of GAGL and HTL proposes to merge HIM Teknoforge Limited with Gujarat Automotive Gears Limited (together referred to as “the Companies”) under the Scheme of Amalgamation between GAGL, HTL and their respective shareholders under Section 230-232 and other applicable provisions of the Companies Act, 2013 (“the Scheme”).
- 1.4 In this regard, we, R.J.Rathi & Co, Chartered Accountants, have been appointed to carry out valuation of equity shares of HTL and GAGL to determine the Share Exchange Ratio for the proposed merger of HTL with GAGL. This report will be placed before the Boards and the Audit Committee of GAGL, as per the SEBI Circular No CIR/CFD/CMD/16/2015 dated November 30, 2015 and to the extent mandatorily required under the applicable laws of India, maybe produced before the judicial,





regulatory or government authorities, stock exchanges, shareholders in connection with the proposed merger.

## 2. SOURCES OF INFORMATION

For the purpose of undertaking this valuation exercise, we have relied on the following sources of information:

- 2.1 Audited financial statements of HTL for the year ended March 31, 2016;
- 2.2 Audited financial statements of GAGL for the year ended March 31, 2016;
- 2.3 Unaudited financial statements of HTL and GAGL for 6 months ended September 30, 2016;
- 2.4 Projected profitability statement, balance sheet and cash flow of HTL for 6 months and 4 years starting from October 1, 2016 and ending March 31, 2021;
- 2.5 Projected profitability statement, balance sheet and cash flow of GAGL for 6 months and 4 years starting from October 1, 2016 and ending March 31, 2021;
- 2.6 Latest shareholding patterns of HTL and GAGL (Pre Amalgamation);
- 2.7 Memorandum of Association and Articles of Association of HTL and GAGL;
- 2.8 Other relevant information and documents regarding Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data, including information in the public domain; and
- 2.9 Such other information and explanations as we required and which have been provided by the Management including Management Representations.

## 3. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS:

- 3.1 Our report is subject to the limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 3.2 The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion, on the fairness or accuracy of any financial or analytical information that was provided and used by us during the course of our work. The assignment did not involve us to conduct a financial or technical feasibility study. We have not done any independent valuation or appraisal or due diligence of the assets or liabilities of HTL or GAGL and have considered them at the value as disclosed by the Companies in their regulatory filings with any public office or in submissions, oral or written, made to us.
- 3.3 In addition, we do not take any responsibility for any changes in the information used by us to arrive at conclusion which may occur subsequent to the date of our report or by virtue of fact that the details provided to us are incorrect or inaccurate. Any updates or second opinions on this valuation report cannot be sought by HTL and GAGL from external agencies without our prior written permission. The report is made on good faith basis, believing that the details provided to us are true, correct, accurate and complete.





- 3.4 We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us; we have assumed that the same are not misleading and does not assume or accept any liability or responsibility for any independent verification or checking of such information or any/ independent valuation or appraisal of any of the assets, operations or liabilities of HTL or GAGL.
- 3.5 This report and the information contained herein are intended for sole use of the Board of Directors of HTL and GAGL for and only in connection with the purpose of merger as aforesaid including for the purpose of obtaining requisite approvals. We will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report, without our written consent.
- 3.6 Further, this report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us or used by us up to, the date hereof. This report exclusively focuses on the recommendation of number of shares to be issued in exchange for the proposed merger and does not address any other issues such as the underlying business decision to recommend the transaction or its commercial merits, which are matters solely for the board of directors of HTL and GAGL to address and further to be confirmed by the shareholders of both HTL and GAGL. Subsequent developments in the aforementioned conditions may affect this report and the assumptions made in preparing this report and we shall not be obliged to update, revise or reaffirm this report if such conditions change.
- 3.7 This report is based on the specific information received from sources mentioned herein and discussions with the management/representatives of HTL/GAGL and believing the same are true, correct, accurate and complete. We have assumed that they have furnished to us all information, which they are aware of concerning the financial statements and liabilities of HTL and GAGL and no information has been withheld that could have influenced the purpose of our report.
- 3.8 Our recommendation is based on the estimates of future financial performance as projected by the Management of the Companies, which represents their view of reasonable expectation at that point of time when they are prepared, but such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.
- 3.9 Whilst all reasonable care has been taken to ensure that the facts stated in the report are accurate and the opinions given are fair and reasonable, neither ourselves, nor any of our Partners, Officers or Employees shall in any way be liable or responsible either directly





or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We are not liable to any third party in relation to the issue of this report.

- 3.10 For the present valuation exercise, we have relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.
- 3.11 In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by us, as laid out in the engagement letter, for such valuation work.
- 3.12 Formation of this report is based on information supplied to us by both HTL and GAGL, on various issues and we have relied upon them as such without any independent verification as such. We do not hold ourselves responsible if our report becomes flawed as a result of any shortcomings in such information given by GAGL and HTL.
- 3.13 In rendering this report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof. This report is prepared only in connection with the proposed amalgamation exclusively for the use of Companies and for submission to any regulatory/statutory authority as may be required under any law.
- 3.14 This report does not in any way constitute a recommendation by us to any shareholders as to whether such holders should approve or reject the said proposed amalgamation transaction. We urge you to read this report and methodology and other details stated herein carefully and entirely.
- 3.15 Reliance has been placed on the financial information made available to us by the companies. We have not performed any audit or other examination of the financial statements, projections, information or documentation made available to us in the course of the valuation procedure and therefore do not accept any liability for the same.
- 3.16 As this report has been compiled in good faith based on the documents and records made available for verification and information and explanation offered to us, should any of our observations be different from what the management perceives, it is imperative that we be informed immediately.







#### 4. VALUATION APPROACH:

- 4.1 The Scheme contemplates the Proposed Merger under Sections 230-232 and other applicable provisions of Companies Act, 2013 and rules issued thereunder to the extent applicable.
- 4.2 Arriving at the fair value share exchange ratio for the purpose of merger such as proposed merger would require determining the relative values of each company involved and of their shares. These values are to be determined independently but on relative basis, without considering the effect of the merger.
- 4.3 There are several commonly used and accepted methods for determining the value of shares/businesses, which have been considered in the present case, to arrive at the Fair Equity Share Exchange Ratio for the purpose of proposed Merger to the extent relevant and applicable, including:
- a) Net Asset Value (NAV) Method;
  - b) Earnings Capitalisation Value Method;
  - c) Discounted Cash Flow Method
  - d) Market Price Method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies businesses, and other factors which generally influence the valuation of companies

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

#### **Net Asset Value (NAV) Method**

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This





valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A Scheme of Amalgamation and Arrangement would normally be proceeded with, on the assumption that the companies amalgamate as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book value. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

We have computed the Net Asset Value of equity shares of the Companies. We have considered the balance sheets as at the March 31, 2016 and made suitable adjustments for, inter-alia, surplus assets as deemed appropriate for the purpose of our valuation analysis. In the present case, keeping in mind that our evaluation is on a going concern basis and having regard to the diverse nature of the businesses of the Companies, we have not considered it appropriate to apply this method in the present case for arriving at the value of the Companies.

#### **Earnings Capitalisation Value Method**

Under this method, value of the equity shares of a company is arrived at by using multiples/capitalization rates derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples/ capitalization rates need to be chosen carefully and adjusted for differences between the circumstances.

We have performed a search for suitable comparable companies for the Companies to derive an appropriate capitalization rate/multiple and have considered the appropriate Income based valuation multiples of comparable listed companies for the purpose of our valuation analysis. To arrive at the total value available to the equity shareholders of HTL and GAGL, the value of the businesses of HTL and GAGL arrived at above under this method has been suitably adjusted, inter-alia, for debt, cash, value of investments and value of surplus assets as deemed appropriate, for the purpose of our valuation analysis. The total value for equity shareholders is then divided by the total number of equity shares of HTL and GAGL respectively, in order to work out the value per equity share of HTL and GAGL.

#### **Discounted Cash Flows (DCF) Method**

Under the DCF method the projected free cash flows to the firm are discounted at the cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Using the DCF analysis involves determining the following:

*Estimating future free cash flows:*





Free cash flows are the cash flows expected to be generated by the Company that are available to all providers of the company's capital both debt and equity.

*Appropriate discount rate to be applied to cash flows i.e. the cost of capital of the shareholders:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), on a market participant basis, weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of the Companies, the value of the businesses of Companies arrived under DCF method has been suitably adjusted, inter alia, for debt, cash, value of investments and

The total value for equity shareholders is then divided by the total number of equity shares of the respective Companies in order to work out the value per equity share of the Companies.

#### **Market Price Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in case of merger, where the question of evaluating the shares of one company against of another, the volume of transactions and the number of shares available for trading on stock exchange over a reasonable period would have to be of comparable standard.

In the present case, the equity shares of GAGL are listed on BSE Limited but those of HTL is not listed on any recognised stock exchanges. In such a case, where we are valuing the Companies on a relative basis, we deemed it appropriate to not consider the Market Price for the purpose of valuation.

#### **5. Basis of Fair Equity Share Exchange Ratio**

The fair basis of the Proposed Merger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values can be arrived at under each of the above methodologies, for the purposes of recommending a Fair Equity Share Exchange Ratio it is necessary to arrive a single value for the shares of the Companies involved in a merger such as Proposed Merger. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the Companies but at their relative





values to facilitate the determination of Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the value arrived at under each methodology. For arriving at the value of equity shares of the Companies, for the purpose of arriving at the Share Exchange Ratio for the proposed merger,

we have given weights to the values arrived at under different methodologies, based on our evaluation and judgement of the businesses of the Companies, in order to arrive at the relative values of the equity shares of the Companies.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative valuation of the equity shares of HTL and GAGL based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the business of the Companies, having regard to the information base, key underlying assumptions and limitations.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Share Exchange Ratio for the proposed merger:

*"3(Three) fully paid up Equity Shares of face value Rs 2/- (Rupees Two only) each of the GAGL for every 13[Thirteen] fully paid up Equity Share of face value of Rs 10/- (Rupees Ten Only) each held in HTL".*

Yours faithfully,  
For **R J Rathi & Co.**  
Chartered Accountants

**R.J. RATHI**  
**M.No. 032421**





## Annexure 3

Fairness Opinion Report dated 20.12.2016 issued by M/s Pantomath Capital Advisors Private Limited,  
SEBI Registered Category-I Merchant Banker.



December 20, 2016

The Board of Directors  
HIM TEKNOFORGE LIMITED  
Billanwali Village, Labana, Baddi,  
Solan District - 173205  
Himachal Pradesh

The Board of Directors  
GUJARAT AUTOMOTIVE GEARS LIMITED  
Village Billanwali, Baddi,  
Solan (Dist.) – 173 205  
Himachal Pradesh.

Dear Sirs,

Re: Fairness Opinion Report on the Share Allotment Ratio issued by M/s. R.J.Rathi & Co, in connection with the proposed amalgamation of HIM Teknoforge Limited with Gujarat Automotive Gears Limited pursuant to Scheme of Amalgamation of HIM Teknoforge Limited with Gujarat Automotive Gears Limited and their Respective Shareholders (the "Scheme")

### 1. BACKGROUND

- 1.1. Pantomath Capital Advisors Private Limited ("Pantomath" or "we" or "us") is a Category I Merchant Banker registered with the Securities Exchange Board of India ("SEBI"). Pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, we have been requested to issue a fairness opinion on Valuation Report issued by M/s. R.J.Rathi & Co, Chartered Accountants, for the recommendation of Share Exchange Ratio for the proposed Merger of HIM Teknoforge Limited ("HTL" or "Transferor Company") with Gujarat Automotive Gears Limited ("GAGL" or "Transferee Company").
- 1.2. M/s. HIM Teknoforge Limited (hereinafter referred to as "HTL" or "Transferor Company") was incorporated on 11th January 1989 under the provisions of Companies Act, 1956, having its registered office in District Solan, Himachal Pradesh. HTL is engaged in the business of production of forgings and finished components for automotive and engineering applications.
- 1.3. M/s. Gujarat Automotive Gears Limited (hereinafter referred to as "GAGL" or "Transferee Company") was incorporated on 27<sup>th</sup> March, 1971 under the provisions of Companies Act, 1956, having its registered office in the District, Solan, Himachal Pradesh. The equity shares of GAGL are listed on BSE Limited. GAGL is engaged in the business of manufacturing of Auto and Tractor Components under the brand name KAG. GAGL is an associate company of HTL.
- 1.4. The management of GAGL and HTL are considering the amalgamation of HTL with GAGL, with effect from the Appointed Date i.e. April 1, 2016 for the rationale as provided in the Draft Scheme of Amalgamation.
- 1.5. The above scheme of amalgamation is proposed under section 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013.

### 2. SOURCES OF INFORMATION

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- 2.1. Valuation Report issued by M/s. R. J. Rathi & Co, Chartered Accountants, dated December 20, 2016;

**Progress with Values...**

Pantomath Capital Advisors Private Limited (SEBI Registered Category-I Merchant Bankers)  
Regd. Office: 406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra (East), Mumbai – 400051  
Regional Offices at Ahmedabad, Indore and Surat  
Email: info@pantomathgroup.com  
Website: www.pantomathgroup.com | CIN: U74120MH2013PTC248061 | Tel: 022-26598691/87 | Fax: 022-26598690  
Track SME capital market watch at www.smeipo.net



- 2.2. Draft Scheme of Amalgamation of HTL with GAGL under section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013;
- 2.3. Audited financial statements of HTL for the year ended March 31, 2016;
- 2.4. Audited financial statements of GAGL for the year ended March 31, 2016;
- 2.5. Unaudited financial statements of HTL and GAGL for 6 months ended September 30, 2016;
- 2.6. Projected profitability statement, balance sheet and cash flow of HTL for 6 months 4 years starting from October 1, 2016 and ending March 31, 2021;
- 2.7. Projected profitability statement, balance sheet and cash flow of GAGL for 6 months 4 years starting from October 1, 2016 and ending March 31, 2021;
- 2.8. Latest shareholding patterns of HTL and GAGL (Pre Amalgamation);
- 2.9. Memorandum of Association and Articles of Association of HTL and GAGL; and
- 2.10. Other relevant information and documents for the purpose of this engagement.

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our analysis. HTL and GAGL have been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual accuracy / omissions are avoided in our final opinion.

### 3. RATIONALE AND CONCLUSION

In the circumstances, having regard to the relevant factors and on the basis of information and explanations given to us, in our view, the proposed Share Exchange Ratio as recommended by M/s. R. J. Rathi & Co, Chartered Accountants, which forms the basis for the proposed merger, appears to be fair and reasonable.

### 4. EXCLUSIONS AND LIMITATIONS

- 4.1. We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by HTL and GAGL for the purpose of this opinion without carrying out any audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of HTL and GAGL.
- 4.2. We have solely relied upon the information provided to us by HTL and GAGL. We have not reviewed any books or records of HTL and GAGL.
- 4.3. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of HTL and GAGL and neither express any opinion with respect thereto nor accept any responsibility therefor.
- 4.4. We have not made any independent valuation or appraisal of the assets or liabilities of HTL and GAGL. In particular we do not express any opinion as to the value of assets of HTL and GAGL, whether at current market prices or in future.

Progress with Values...

Pantomath Capital Advisors Private Limited (SEBI Registered Category-I Merchant Bankers)  
Regd. Office: 406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra (East), Mumbai – 400051  
Regional Offices at Ahmedabad, Indore and Surat  
Email: info@pantomathgroup.com  
Website: www.pantomathgroup.com | CIN: U74120MH2013PTC24806 | Tel: 022-26598691/87 | Fax: 022-26598690  
Track SME capital market watch at www.smeipo.net



- 4.5. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by HTL and GAGL for the purpose of this opinion.
- 4.6. We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of HTL and GAGL with respect to these matters. In addition, we have assumed that the Draft Scheme of Amalgamation will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Amalgamation.
- 4.7. We understand that the managements of HTL and GAGL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion.
- 4.8. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Amalgamation, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that HTL and GAGL may have contemplated.
- 4.9. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extraordinary transaction involving HTL and GAGL or any of its assets, nor did we negotiate with any other party in this regard.
- 4.10. It is understood that this letter is solely for the benefit of confidential use by the Board of Directors of HTL and GAGL for the purpose of facilitating companies to comply with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circular No. CIR/CID/CMD/16/2015 dated November 30, 2015 issued by SEBI and it shall not be valid for any other purpose. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose, we will not be liable for any consequences thereof.
- 4.11. The fee for our service is not contingent upon the results of the proposed Merger. This opinion is subject to the laws of India.
- 4.12. Valuation, as it is said, is an art as well as a science. It is very subjective and based on individual perception. Large number of valuation models and its countless variants are in vogue, each of which has its own strength and weakness. Such practices lead to varying values arrived at by experts which, at times, may differ by larger margin. We express no opinion whatever and make no recommendation at all as to HTL's and GAGL's underlying decision to effect to the proposed Merger or as to how the holders of equity shares or secured or unsecured creditors of HTL and GAGL should vote at their respective meetings held in

Progress with Values...

Pantomath Capital Advisors Private Limited (SEBI Registered Category-I Merchant Bankers)  
Regd. Office: 406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra (East), Mumbai – 400051  
Regional Offices at Ahmedabad, Indore and Surat  
Email: info@pantomathgroup.com  
Website: www.pantomathgroup.com | CIN: U74120MH2013PTC248061 | Tel: 022-26598691/87 | Fax: 022-26598690  
Track SME capital market watch at www.smeipo.net



connection with the proposed Merger. We do not express and should not be deemed to have expressed any views on any other terms of the proposed Merger. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of GAGL will trade following the announcement of the proposed Merger or as to the financial performance of HTL and GAGL following the completion of the proposed Merger.

4.13. In no circumstances however, will Pantomath or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Pantomath or its associates, directors or employees by any third party, HTL and GAGL and their affiliates shall indemnify them.

For Pantomath Capital Advisors Private Limited

Madhu Lunawat  
Executive Director

Progress with Values...

Pantomath Capital Advisors Private Limited (SEBI Registered Category-I Merchant Bankers)  
Regd. Office: 406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra (East), Mumbai – 400051  
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Track SME capital market watch at www.smeipo.net





## Annexure 4

### PRE-POST AMALGAMATION SHAREHOLDING PATTERN

Sr.	Description	Transferor Company		Transferee company			
		Pre-Amalgamation		Pre-Amalgamation		Post-Amalgamation	
		No.of shares	%	No.of shares	%	No.of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>						
<b>1</b>	<b>Indian</b>						
	Individuals/ Hindu Undivided Family	1,44,35,347	49.85	1,73,625	9.92	35,04,858	44.56
(b)	Central Government/ State Government(s)	--	--	--	--	--	--
(c)	Bodies Corporate	23,17,553	8.00	8,38,785	47.93	8,08,320	10.28
(d)	Financial Institutions/ Banks	--	--	--	--	--	--
(e)	Any Others	-	-	-	-	-	-
	<b>Sub Total(A)(1)</b>	<b>1,67,52,900</b>	<b>57.86</b>	<b>10,12,410</b>	<b>57.85</b>	<b>43,13,178</b>	<b>54.83</b>
<b>2</b>	<b>Foreign</b>						
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	--	--	--	--	--	--
(b)	Bodies Corporate	--	--	--	--	--	--
(c)	Institutions	--	--	--	--	--	--
(d)	Any Others	--	--	--	--	--	--
	<b>Sub Total(A)(2)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>1,67,52,900</b>	<b>57.86</b>	<b>10,12,410</b>	<b>57.85</b>	<b>43,13,178</b>	<b>54.83</b>
<b>(B)</b>	<b>Public shareholding</b>						
<b>1</b>	<b>Institutions</b>						
(a)	Mutual Funds/ UTI	1,70,000	0.59	-	-	39,231	0.50
(b)	Financial Institutions / Banks	--	--	2,750	0.16	2,750	0.03
(c)	Central Government/ State Government(s)	--	--	--	--	--	--
(d)	Venture Capital Funds	1,19,52,307	41.28	--	--	27,58,225	35.07
(e)	Insurance Companies	--	--	--	--	--	--
(f)	Foreign Institutional Investors	--	--	--	--	--	--
(g)	Foreign Venture Capital Investors	--	--	--	--	--	--
(h)	Any Other	--	--	--	--	--	--
	<b>Sub-Total (B)(1)</b>	<b>1,21,22,307</b>	<b>41.87</b>	<b>2750</b>	<b>0.16</b>	<b>28,00,206</b>	<b>35.60</b>



<b>2</b>	<b>Non-institutions</b>						
(a)	Bodies Corporate	--	--	79,957	4.57	79,957	1.02
(b)	Individuals	--	--				
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	61,100	0.21	6,17,668	35.30	6,31,768	8.03
II	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	16,000	0.06	--	--	3,692	0.05
(c)	Any Other						
	Non-Resident Individual	--	--	13,183	0.75	13,183	0.17
	HUF	--	--	23,532	1.34	23,532	0.30
	Director or Director's Relative	--	--	500	0.03	500	0.01
	<b>Sub-Total (B)(2)</b>	<b>77,100</b>	<b>0.27</b>	<b>7,34,840</b>	<b>41.99</b>	<b>7,52,632</b>	<b>9.57</b>
(B)	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1,21,99,407</b>	<b>42.14</b>	<b>7,37,590</b>	<b>42.15</b>	<b>35,52,838</b>	<b>45.17</b>
	<b>TOTAL (A)+(B)</b>	<b>2,89,52,307</b>	<b>100.00</b>	<b>17,50,000</b>	<b>100.00</b>	<b>78,66,016</b>	<b>100.00</b>
(C)	Shares held by Custodians and against which DRs have been issued	--	--	--	--	--	--
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>2,89,52,307</b>	<b>100.00</b>	<b>17,50,000</b>	<b>100.00</b>	<b>78,66,016</b>	<b>100.00</b>



## Annexure 5

### Auditors' Certificate

**Kanu Doshi Associates LLP**  
Chartered Accountants

Mumbai Address : 203, The Summit, Hanuman Road,  
Western Express Highway, Vile Parle (E), Mumbai - 400 057  
T : 022-2615 0100 / 111 / 112 • F : 022 2615 0113

Pune Address : 124, Sohrab Hall, 21 Sassoon Road,  
Opp. Jehangir Hospital, Pune - 411001 • T : 020 49067177  
E : info@kdg.co.in • W : www.kdg.co.in

### ANNEXURE VIII

### Auditor's Certificate

To,  
The Board of Directors,  
**Gujarat Automotive Gears Limited**  
Village Billanwali, Baddi Solan,  
Himachal Pradesh-173205.

We, the statutory auditors of Gujarat Automotive Gears Limited (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in clause 14 of the Draft Scheme of Amalgamation between Him Teknoforge Limited and Gujarat Automotive Gears Limited in terms of the provisions of section(s) 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 1956/ Companies Act, 2013 and Other Generally Accepted Accounting Principles.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is only to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

This Certificate is issued at the request of the Gujarat Automotive Gears Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited. This Certificate should not be used for any other purpose without our prior written consent.

For Kanu Doshi Associates LLP  
Chartered Accountants  
Firm Registration Number: 104746W/W100096

*J. N. Kawa*

Jyoti Kawa  
Partner  
Membership No: 105654  
Place: Mumbai  
Date: 23<sup>rd</sup> January, 2017





DCS/AMAL/MR/R37/760/2016-17

March 30, 2017

The Company Secretary  
**GUJARAT AUTOMOTIVE GEARS LTD.**  
Village Billanwali, Baddi,  
Himachal Pradesh, 173205.

Sir,

**Sub: Observation letter regarding the Draft Scheme of Amalgamation of Him Teknoforge Limited with Gujarat Automotive Gears Limited.**

We are in receipt of Draft Scheme of Amalgamation of Him Teknoforge Limited with Gujarat Automotive Gears Limited and their respective shareholders filed as required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated March 30, 2017, has inter alia given the following comment(s) on the draft scheme of arrangement:

- “Company shall ensure that additional information, if any, submitted by the company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.”
- “Company shall duly comply with various provisions of the Circulars.”
- “Company is advised that the observations of SEBI/Stock exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.”
- “It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230 (5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”

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

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

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

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

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



**BSE**  
EXPERIENCE THE NEW

: 2:

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

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

Yours faithfully,

  
Nitin Pajari  
Manager

M.P.

**S&P**  **BSE**  
**SENSEX**

BSE Limited (Formerly Bombay Stock Exchange Ltd.)  
Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India  
T: +91 22 2272 1234/33 E: corp.comm@bseindia.com www.bseindia.com  
Corporate Identity Number : L67120MH2005PLC155188



Annexure 7

COMPLAINTS REPORT



**GUJARAT AUTOMOTIVE GEARS LIMITED**

WORKS : KALALI, BARODA - 390 012. GUJARAT, INDIA

PHONE : +91(265) 2680537 / 2680164 FAX : +91 (265) 2680984

February 23, 2017

To,  
**The General Manager,**  
**Department of Corporate Services,**  
BSE Limited  
P.J. Towers, Dalal Street,  
Mumbai – 400 001

Dear Sir,

**Sub: Application under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) for the proposed Scheme of Amalgamation of Him Teknoforge Limited (“HIM”) with Gujarat Automotive Gears Limited (“the Company”) and their respective shareholders u/s 230-232 read with Sec 66 and other applicable provisions of the Companies Act, 2013:**

In reference to the captioned subject and in furtherance to our email dated 02.02.2017; 09.02.2017; 13.02.2017; 20.02.2017 and subsequent to our application dated January 31,2017 made by the Company and documents submitted to you with reference to the captioned subject, we are herewith submitting the complaint report as per Annexure III of SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Kindly take the same on your record and acknowledge the receipt of the same.

Thanking you,  
Yours faithfully,

For Gujarat Automotive Gears Limited

**Chintan Doshi**  
Company Secretary &  
Compliance officer

Encl: As above

ISO 9001 - 2008

Regd. Office : Village : Billanwali, Baddi - 173205, Dist. Solan, Himachal Pradesh, INDIA.  
PHONE : +91 (1795) 654026, 654027 • FAX : +91 (1795) 245467 • WEBSITE : www.gagl.net  
E-MAIL : gujarat.gears@gagl.net, gujarat.gears@gmail.com  
CIN. : L29130HP1971PLC000904



February 23, 2017

**ANNEXURE III**

**Complaints Report:**

**Part A**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Number</b>
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchange	0
3.	Total Number of complaints/comments received (1+2)	0
4.	Number of complaints resolved	0
5.	Number of complaints pending	0

**Part B**

<b>Sr. No.</b>	<b>Name of complainant</b>	<b>Date of complaint</b>	<b>Status (Resolved/Pending)</b>
1.	--	--	--

For Gujarat Automotive Gears Ltd.

Chintan Doshi  
Company Secretary





## Annexure 8

### **Report adopted by the Board of Directors of Him Teknoforge Limited (Transferor Company) in its Meeting held on 30<sup>th</sup> March, 2017 pursuant to Section 232(2)(c) of the Companies Act, 2013 in respect of Scheme of Amalgamation of Him Teknoforge Limited (Transferor Company) with Gujarat Automotive Gears Limited (Transferee Company)**

#### j) Effect of the proposed Scheme of Amalgamation on :

- a) Shareholders : The company has only one class of shareholders i.e. equity shareholders. Upon the scheme becoming effective, the shareholders of transferor company will be allotted shares in the transferee company in the exchange ratio of 3 fully paid up equity shares of the face value of Rs. 2/- each of the transferee company for every 13 fully paid up equity shares of the face value of Rs. 10/- each held in the transferor company on the basis of valuation report submitted by M/s R.J. Rathi & Co., Chartered Accountants. The equity shares so allotted to the shareholders of the transferor company, shall rank pari passu in all respects with the equity shares of the transferee company including proportionate entitlements to dividend in respect of dividend declared after the effective date.
- b) Key managerial personnel : Upon the scheme becoming effective, the transferor company will stand dissolved. There is no special benefit or compensation payable to any KMP under the scheme.
- c) Promoters: The promoters who hold shares in the company will be allotted shares in the transferee company as per scheme of amalgamation. There is no special benefit or compensation payable to any promoter under the scheme.
- d) Non Promoters: The non-promoters who hold shares in the company will be allotted shares in the transferee company as per scheme of amalgamation. There is no special benefit or compensation payable to any non-promoter under the scheme.

#### (ii) Share Exchange Ratio :

Upon the Scheme coming into effect, and in consideration of the transfer of all the assets and liabilities of the transferor company to the transferee company, the transferee company shall without any further application, act, instrument or deed, issue and allot to the equity shareholders (except the transferee company) of the transferor company (whose names are registered in the register of members of the transferor company on the record date, or his / her legal heirs, executors or administrators or successors as the case may be) equity shares of the face value of Rs. 2/- each credited as fully paid up of the transferee company in the ratio of 3 fully paid up equity shares of the face value of Rs. 2/- each of the transferee company for every 13 fully paid up equity shares of the face value of Rs. 10/- each held in the transferor company.

Upon the Scheme coming into effect, the paid up equity share capital of the transferee company shall stand cancelled and reduced upto the extent of 5,65,285 equity shares of the face value of Rs. 2/- each or such other equity shares held on the effective date by the transferor company in the share capital of the transferee company without any further act or deed.

#### (iii) Valuation Report :

Valuation report for the purpose of determining the share exchange ratio has been submitted by M/s R.J. Rathi & Co., Chartered Accountants, which contains the basis of valuation. The fairness opinion report has been submitted by M/s Pantomath Capital Advisors Private Limited, SEBI Registered Category-I Merchant Banker. There were no special difficulties in preparing the valuation report.

By order of the Board,  
For Him Teknoforge Limited

Sd/-

**(Rajiv Aggarwal)**

Director

DIN: 00094198

Dated 30.03.2017





## Annexure 9

**Report adopted by the Board of Directors of Gujarat Automotive Gears Limited(Transferee Company) in its Meeting held on 13<sup>th</sup> February, 2017 pursuant to Section 232(2)(c) of the Companies Act, 2013 in respect of Scheme of Amalgamation of Him Teknoforge Limited (Transferor Company) with Gujarat Automotive Gears Limited (Transferee Company)**

(i) Effect of the proposed Scheme of Amalgamation on :

- a) Shareholders : The company has only one class of shareholders i.e. equity shareholders. Upon the scheme becoming effective, the shareholders of transferor company will be allotted shares in the transferee company in the exchange ratio of 3 fully paid up equity shares of the face value of Rs. 2/- each of the transferee company for every 13 fully paid up equity shares of the face value of Rs. 10/- each held in the transferor company on the basis of valuation report submitted by M/s R.J. Rathi & Co., Chartered Accountants. The number of shares of the existing shareholders of the transferee company will remain the same, however the ratio of holding will alter as indicated in the post merger shareholding pattern, except that 5,85,265 equity shares or such other equity shares held on the effective date by the transferor company in the transferee company will stand cancelled and extinguished.
- b) Key managerial personnel : There is no special benefit or compensation payable to any KMP under the scheme.
- c) Promoters: There is no special benefit or compensation payable to any promoter under the scheme.
- d) Non Promoters: There is no special benefit or compensation payable to any non-promoter under the scheme.

(ii) Share Exchange Ratio :

Upon the Scheme coming into effect, and in consideration of the transfer of all the assets and liabilities of the transferor company to the transferee company, the transferee company shall without any further application, act, instrument or deed, issue and allot to the equity shareholders (except the transferee company) of the transferor company (whose names are registered in the register of members of the transferor company on the record date, or his / her legal heirs, executors or administrators or successors as the case may be) equity shares of the face value of Rs. 2/- each credited as fully paid up of the transferee company in the ratio of 3 fully paid up equity shares of the face value of Rs. 2/- each of the transferee company for every 13 fully paid up equity shares of the face value of Rs. 10/- each held in the transferor company.

Upon the Scheme coming into effect, the paid up equity share capital of the transferee company shall stand cancelled and reduced upto the extent of 5,65,285 equity shares of the face value of Rs. 2/- each or such other equity shares held on the effective date by the transferor company in the share capital of the transferee company without any further act or deed.

(iii) Valuation Report :

Valuation report for the purpose of determining the share exchange ratio has been submitted by M/s R.J. Rathi & Co., Chartered Accountants, which contains the basis of valuation. The fairness opinion report has been submitted by M/s Pantomath Capital Advisors Private Limited, SEBI Registered Category-I Merchant Banker. There were no special difficulties in preparing the valuation report.

By order of the Board,  
For Gujarat Automotive Gears Limited  
Sd/-  
**(Rajiv Aggarwal)**  
Managing Director  
DIN: 00094198

Dated 13.02.2017



## Annexure 10

### SUPPLEMENTARY UNAUDITED ACCOUNTING STATEMENT OF HIM TEKNOFORGE LIMITED FOR THE PERIOD ENDING 31-12-2016.

HIM TEKNOFORGE LIMITED (U28910HP1989PLC008963)

#### UNAUDITED STATEMENT OF ASSETS AND LIABILITIES (REVIEWED) AS AT 31ST DECEMBER, 2016

Particulars	(Figures in Rupees)	
	As at 31.12.2016	As at 31.03.2016
<b>A EQUITY AND LIABILITIES</b>		
<b>1 Shareholders' funds</b>		
(a) Share capital	289,523,070	289,523,070
(b) Reserves and surplus	764,853,642	745,937,010
	1,054,376,712	1,035,460,080
<b>2 Non-current liabilities</b>		
(a) Long-term borrowings	463,854,865	466,091,508
(b) Deferred tax liabilities (net)	35,663,000	35,663,000
(c) Other long-term liabilities	1,377,197	1,302,209
(d) Long-term provisions	13,333,691	13,190,592
	514,228,753	516,247,309
<b>3 Current liabilities</b>		
(a) Short-term borrowings	691,151,211	572,085,669
(b) Trade payables	508,353,455	423,626,760
(c) Other current liabilities	199,036,365	169,502,309
(d) Short-term provisions	2,856,000	5,838,928
	1,401,397,031	1,171,053,666
<b>TOTAL</b>	<b>2,970,002,496</b>	<b>2,722,761,055</b>
<b>B ASSETS</b>		
<b>1 Non-current assets</b>		
(a) Fixed assets		
(i) Tangible assets	978,889,846	947,949,680
(ii) Intangible assets	152,048,908	134,582,465
(iii) Capital work-in-progress	55,616,038	12,016,498
(iv) Intangible assets under development	-	-
	1,186,554,792	1,094,548,643
(b) Non-current investments	130,762,081	167,828,898
(c) Long-term loans and advances	145,482,122	96,838,786
	1,462,798,995	1,359,216,327
<b>2 Current assets</b>		
(a) Inventories	1,043,614,915	970,135,851
(b) Trade receivables	385,569,171	322,783,350
(c) Cash and cash equivalents	37,249,395	33,059,893
(d) Short-term loans and advances	38,661,484	37,263,668
(e) Other current assets	2,108,536	301,967
	1,507,203,501	1,363,544,729
<b>TOTAL</b>	<b>2,970,002,496</b>	<b>2,722,761,055</b>

- Segment report as required under Accounting Standard-17 has not been prepared.
- Provision for gratuity and earned leave shall be made on annualised basis as at the end of financial year ended on 31.03.2017.
- Provision for income tax and deferred tax liabilities shall be made as at the end of the financial year on 31.03.2017.
- The Statutory Auditors of the Company have carried out an Limited Review of the financial statements for the nine months ended on 31.12.2016 and have issued Limited Review Report.
- The Figures for the year ended 31.03.2016 pertains to audited figures for the year ended on that date.

For Him Teknoforge Limited

Rajiv Aggarwal  
Director | DIN00094198

Sanjeev Grover  
General Manager (Finance)



Place : BADDI  
Dated 19.04.2017



HIM TEKNOFORGE LIMITED (U28910HP1989PLC008963)

UNAUDITED FINANCIAL RESULTS (REVIEWED) FOR THE NINE MONTHS ENDED 31ST DECEMBER, 2016

Particulars	(Figures in Rupees)	
	Period ended 31.12.2016	Year ended 31.03.2016
1 Revenue from operations (net)	1,511,249,930	1,949,360,589
2 Other Income	5,689,917	4,085,244
	1,516,939,847	1,953,445,833
3 Expenses		
(a) Cost of materials consumed	841,237,266	1,092,099,068
(b) Changes in inventories of finished goods & Semi finished goods	(46,260,688)	(46,228,027)
(c) Employee benefits expense	162,301,892	189,686,650
(d) Other expenses	356,985,157	446,510,841
<b>Total</b>	<b>1,314,263,627</b>	<b>1,682,068,532</b>
4 Earnings before exceptional items, extraordinary items, interest, tax,	202,676,220	271,377,301
5 Finance costs	127,827,085	179,973,609
6 Depreciation and amortisation expense	45,516,347	55,780,357
7 Profit / (Loss) before exceptional and extraordinary items and tax	29,332,788	35,623,335
8 Exceptional/ Extraordinary items	10,416,156	9,950,000
9 Profit / (Loss) before tax (7 ± 8)	18,916,632	25,673,335
10 Tax expense:		
(a) Provision for tax	-	5,130,910
(b) MAT credit entitlement	0	(5,130,910)
(c) Deferred tax	-	2,836,000
11 Profit / (Loss) for the year (9 - 10)	18,916,632	22,837,335
12 Earnings per share:		
(a) Basic	0.65	1.40
(b) Diluted	0.65	1.40

For Him Teknoforge Limited

Rajiv Aggarwal  
Director | DIN00094198

Sanjeev Grover  
General Manager (Finance)

Place : Baddi

Dated : 19.04.2017





## Annexure 11

### SUPPLEMENTARY UNAUDITED ACCOUNTING STATEMENT OF GUJARAT AUTOMOTIVE GEARS LIMITED FOR THE PERIOD ENDING DECEMBER 31, 2016.

Gujarat Automotive Gears Limited  
Kalali Baroda-390012  
CIN NO L29130HP1971PLC000904  
Balance Sheet as at 31st December, 2016

(Amount in Rs.)

Particulars	As at 31st December, 2016	As at 31st March, 2016
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	3,500,000	3,500,000
Reserves and Surplus	309,059,255	267,242,137
<b>Non-Current Liabilities</b>		
Long-term borrowings	60,848,763	72,699,858
Deferred tax liabilities (net)	1,737,800	1,795,243
Long term provisions	169,504	286,403
<b>Current Liabilities</b>		
Short-term borrowings	5,202,046	30,546,462
Trade payables (Refer Note No.34)	58,856,918	35,654,954
Other current liabilities	19,886,023	26,205,010
Short-term provisions	6,249,477	2,398,116
<b>Total</b>	<b>465,509,786</b>	<b>440,328,184</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
Tangible assets	47,372,106	49,474,251
Intangible assets	-	-
Capital work-in-progress	945,660	-
Long term loans and advances	281,150,900	275,464,583
<b>Current assets</b>		
Inventories	27,159,658	33,984,971
Trade receivables	40,840,947	39,688,721
Cash and Bank balances	11,178,938	16,890,770
Short-term loans and advances	8,981,299	798,924
Other current assets	47,880,279	24,025,964
<b>Total</b>	<b>465,509,786</b>	<b>440,328,184</b>

Compiled from the Books of Accounts  
produced before us.

*Pardeep Singla*

PARDEEP SINGLA (M.No 098950)  
for an on behalf of  
BALDEV KUMAR & CO  
CHARTERED ACCOUNTANTS  
3570, SEC 35D CHANDIGARH  
FRN:-013148N  
DATE:- 19.04.2017  
PLACE:- CHANDIGARH



For Gujarat Automotive Gears Ltd

*Rajiv Aggarwal*  
Rajiv Aggarwal  
Managing Director  
DIN:00094198



**Gujarat Automotive Gears Limited**  
**Kalali Baroda 390012**  
**CIN NO L29130HP1971PLC000904**

**Statement of Profit and Loss for the nine months ended 31st December, 2016**  
 (Amount in Rs.)

Particulars	For the Nine Months ended 31st Dec. , 2016	For the year ended 31st March, 2016
Revenue from operations (Gross)	259,519,214	270,801,609
Less: Excise Duty	-	14,523,593
Revenue from operations (Net)	259,519,214	256,278,016
Other Income	27,308,889	29,602,587
<b>Total Revenue</b>	<b>286,828,103</b>	<b>285,880,602</b>
<b>Expenses :</b>		
Cost of materials consumed	133,111,408	137,462,115
Changes in inventories of finished goods and semi finished goods	4,841,436	(1,225,648)
Employee benefits expense	22,454,573	22,052,784
Financial costs	8,734,234	12,067,487
Depreciation and amortization expenses	2,261,043	2,877,237
Other expenses	52,678,618	50,931,335
<b>Total Expenses</b>	<b>224,081,312</b>	<b>224,165,310</b>
Profit before exceptional items and tax	62,746,792	61,715,292
Exceptional Items	-	-
<b>Profit before tax</b>	<b>62,746,792</b>	<b>61,715,292</b>
Tax expense:		
Current tax	21,000,000	20,700,000
Deferred tax (credit)/ expense	-57,443	21,083
Earlier years tax adjustments	-12,884	-
	-	-
	<b>41,817,118</b>	<b>40,994,209</b>
Earning per Equity share:		
Basic	23.90	23.43
Diluted	23.90	23.43

Compiled from the Books of Accounts produced before us.

PARDEEP SINGLA (M.No 098950)  
 for an on behalf of  
**BALDEV KUMAR & CO**  
**CHARTERED ACCOUNTANTS**  
 3570, SEC 35D CHANDIGARH  
 FRN:-013148N  
 DATE:- 19.04.2017  
 PLACE:- CHANDIGARH



For Gujarat Automotive Gears Ltd

*Rajiv Aggarwal*  
**Rajiv Aggarwal**  
**Managing Director**  
**DIN:00094198**



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## GUJARAT AUTOMOTIVE GEARS LIMITED

CIN: L29130HP1971PLC000904

Registered Office: Village Billanwali, Baddi – 173205, District. Solan (Himachal Pradesh)

E-mail ID: [gujarat.gears@gmail.com](mailto:gujarat.gears@gmail.com), website: [www.gagl.net](http://www.gagl.net) Ph No. 01795-654025

In the Matter of Scheme of Amalgamation of Him Teknoforge Limited (Transferor Company) With Gujarat Automotive Gears Limited (Transferee Company) and their respective Shareholders under Sections 230-232 read with Section 66 and other Applicable Provisions of the Companies Act, 2013

### PROXY FORM

Name of the secured creditor: \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No. /Client Id : \_\_\_\_\_ DP ID : \_\_\_\_\_

I /We, being the secured creditor (s) as on 28.02.2017 of the above named company, hereby appoint

1. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him

2. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him

3. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature : \_\_\_\_\_

as my/our proxy to attend and vote for me /us and on my /our behalf at the meeting of the secured creditors of the company, to be held on the 23rd day of June, 2017 at 3.30 p.m. at Hotel 'Sip n Dine', SCO 16-A, Sector 7-C, Madhya Marg, Chandigarh - 160 019 and at any adjournment thereof in respect of the approval of Scheme of Amalgamation of Him Teknoforge Limited with Gujarat Automotive Gears Limited.

Signed this .....day of ....., 2017

Signature of Secured Creditor \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Re.1/-

### ATTENDANCE SLIP

#### SECURED CREDITORS MEETING, 23<sup>RD</sup> JUNE, 2017

Name of the secured creditor in Block Letters \_\_\_\_\_

Address \_\_\_\_\_

Email-id \_\_\_\_\_

Name of the proxy(if any) in Block Letters \_\_\_\_\_

I certify that, I am a secured creditor / proxy for the secured creditor of the company.

I hereby record my presence at the Secured Creditors' Meeting of the Company held on Friday, the 23<sup>rd</sup> day of June, 2017, at 3.30 p.m. at Hotel 'Sip n Dine', SCO 16-A, Sector 7-C, Madhya Marg, Chandigarh - 160 019.

Secured Creditor/Proxy's signature \_\_\_\_\_

