

SCHEME OF COMPROMISE AND ARRANGEMENT

BETWEEN

GUJARAT NRE COKE LIMITED

AND

ITS UNSECURED CREDITORS

PREAMBLE :

[A] Purpose of the Scheme: The Scheme of arrangement with the Creditors is presented under Section 391-394 of the Companies Act, 1956 for entering into a compromise with Unsecured Creditors.

[B] The Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

RATIONALE FOR THE SCHEME :

Gujarat NRE Coke Limited ["GNCL" or "the Company"], is the largest independent merchant producer of metallurgical coke in India with an installed capacity of 1.5 MTPA. The Company was originally incorporated on 29 January 1986, as a private limited company in the name of M/s. Madhusudan Traders Pvt. Ltd under the Companies Act, 1956. During its earlier years of operation, it was engaged in the business of trading and investment in shares and securities. The name of the Company was subsequently changed to Gujarat NRE Coke Pvt. Ltd. on 10 June 1993 and then converted into a public limited company with the name Gujarat

CERTIFIED TRUE COPY

For GUJARAT NRE COKE LIMITED


Company Secretary

NRE Coke Limited with a fresh certificate of incorporation, dated 5 July 1993. The primary activity of the Company thereafter changed to manufacturing of metallurgical coke.

The company has two metallurgical coke plants in Khambhalia and Bhachau in Gujarat and the third plant in Dharwad in Karnataka. The company has also forayed into steel making and power generation through the renewable energy route. The company has a mini steel mill in Gujarat to recycle steel scraps to manufacture TMT Bars.

The company had a strong track of profit making and payment of dividend till FY 12-13. However, the company faced the challenges posed by the world economic crisis leading to loss of export business, an uncertain foreign exchange market and price volatility of some of the major inputs. Iron and Steel industry was facing major crisis due to problem in mining of iron ore coupled with overall slowdown of Indian as well world economy. As there was no major investment in infrastructure sector, demand of steel was not peaking up resulting in fewer buyers of metallurgical coke. This led to severe liquidity crunch and subdued profitability in 2013 and the company approached CDR forum to restructure its debt. The CDR Empowered group had considered and approved the restructure proposal of the Company in March, 2014.

CERTIFIED TRUE COPY

For GUJARAT NRE COKE LIMITED



Company Secretary

Further, in order to improve the net worth position, the promoters of the company proposed to merge two group companies namely NRE Metcoke Ltd. and Bajrangbali Coke Industries Ltd. with GNCL. The proposed merger is expected to have the positive impact on the Balance sheet of GNCL in terms of asset base, and will reduce the operational and regulatory hassles.

However, it is envisaged that if the arrangement as defined in the present scheme is entered into between the Creditors (as defined in the present scheme) of the company and the company with regard to the outstanding position of the said Creditors as at the cut off date is considered by the said Creditors, a profitable survival of the company will be ensured and the same shall lead to revival in regeneration of income and reduce the financial liquidity crunch.

PARTS OF THE SCHEME:

The Scheme is divided into the following parts:

PART I deals with the Definitions and Share Capital

PART II deals with General Terms and Conditions

Part III deals with the Other Terms and Conditions.

PART I : DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS :

CERTIFIED TRUE COPY

For GUJARAT NRE COKE LIMITED



Company Secretary

In this Scheme of Arrangement [as defined hereunder] unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 **"The Company"** means Gujarat NRE Coke Limited, an existing company within the meaning of the Companies Act, 1956, having its registered office at 22, Camac Street, Block C, 5th floor, Kolkata 700016.
- 1.2 **"Act"** means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.
- 1.3 **"Appointed Date"** means September 30, 2015.
- 1.4 **"Board"** means the Board of Directors of the Company or any Committee thereof
- 1.5 **"Claims"** means dues of the Creditors as on September 30, 2015 after giving due credit for payments made by the Company to the Creditors and/or all and/or each one of them up to the Effective Date.
- 1.6 **"Court" or "High Court"** means the High Court at Calcutta and shall include the National Company Law Tribunal, if applicable.
- 1.7 **"Creditors"** means

All unsecured loans, FCCB holders, amounts considered payable under contingent and/or disputed liabilities and creditors of the Company (excluding those relating to day to day operations of the company) as on the appointed date aggregating to

CERTIFIED TRUE COPY

For GUJARAT NRE COKE LIMITED


Company Secretary

Rs 2,908,742,027 (Rupees two hundred ninety crores eighty seven lacs forty two thousand and twenty seven only).

1.8 **“Effective Date”** means the date on which the certified copy of the order of the Hon’ble High Court at Calcutta sanctioning this Scheme is filed with the Registrar of Companies, West Bengal.

1.9 **“FCCB holders”** means the holder of Foreign Currency Convertible Bonds who as on the Appointed Date holds 200, 5.5% unsecured FCCBs of US\$ 100,000 each aggregating to US\$ 20 million maturing on October 2017. These bonds are convertible into equity shares of the company at the option of the bondholders.

1.10 **“Scheme”** means this Scheme of Compromise in its present form or with any modification(s) as may be approved by the Creditors and approved or imposed or directed by the Hon’ble High Court at Calcutta.

1.11 **“Waiver”** means the waiver of the right of the creditors of claims of any nature whatsoever including interest, liquidated damages etc of the company.

2. Share Capital :

The capital structure of the Company as on the date of the Scheme is as follows:-

“The Company has an authorised share capital of Rs 2500 crores divided into 210 crores of ordinary equity shares of Rs10/- each amounting to Rs 2100 crores; 10 crores “A” equity shares of Rs 10/- each amounting to Rs 100 crores; and 30

CERTIFIED TRUE COPY

For GUJARAT NRE COKE LIMITED


Company Secretary

crores "B" equity shares of Rs.10/- each amounting to Rs 300 crores; and aggregating to total of Rs 2500 crores.

The issued, subscribed and paid up capital of the Company is divided into 69,11,62,039 ordinary equity shares of Rs10/- each fully paid amounting to Rs 691.16 crores and 5,24,88,010 "B" equity shares of Rs 10/- each fully paid amounting to Rs 52.49 crores, and aggregating to total of Rs 743.65 crores."

PART II General Terms and Conditions

The Terms and Conditions enumerated herein below are applicable to all the Creditors.

3. The claims of all persons, concerns and/or bodies corporate who do not come within the definition of "Creditors" referred to above will stand outside the purview of the Scheme.
4. Upon this Scheme coming into effect the Creditors shall be paid off their dues by the Company in the manner as indicated in the repayment schedule, being Schedule "A" hereto. The amount being distributed on a pro-rate basis to all the creditors as on the appointed date.
5. The amount of FCCB converted by the FCCB holders during the currency of the scheme would be treated as payment made pursuant to the scheme on FIFO basis.

CERTIFIED TRUE COPY

For GUJARAT NRE COKE LIMITED


Company Secretary

6. In calculating the claims of the Creditors and/or payments to be made by the Company to the Creditors under the Scheme aggregating to Rs 2,908,742,027 (Rupees two hundred ninety crores eighty seven lacs forty two thousand and twenty seven only) shall be treated as final and conclusive as regards dues of the Creditors as on the appointed date as appearing in the books and records of the Company.
7. The Creditors covered by the Scheme shall not be entitled to any payment save and except in accordance with the Scheme. However, all payments received by the Creditors and / or conversion already made subsequent to the Appointed Date but prior to the expiry of the Effective Date shall be treated as payments made under the Scheme and shall be adjusted accordingly on First-in-First-out (FIFO) basis.
8. Upon the Scheme becoming effective, the dues of the creditors covered under the Scheme shall become payable in the manner specified in the Scheme and all existing litigations and legal cases initiated by such creditors in relation to such dues and claims against the Company, the guarantors and others related to the Company, shall stand withdrawn without further act or deed.

PART III

OTHER TERMS AND CONDITIONS:

CERTIFIED TRUE COPY

For GUJARAT NRE COKE LIMITED


Company Secretary

9. The Company shall make all necessary applications/ petitions/ to the Hon'ble High Court at Calcutta under Section 391 of the Companies Act, 1956 and other applicable sections of the Act, for sanctioning the Scheme.
10. The Scheme, though effective from the Appointed Date, shall become operative only on and from the Effective Date.
11. The Scheme shall become valid, operative and binding on and from the date on which the order of the Hon'ble High Court at Calcutta sanctioning the Scheme between the Creditors and the Company is filed with the office of the Registrar of Companies, West Bengal.
12. This Scheme shall supersede all previous understandings and agreements between the parties and shall constitute final agreement between them. However, notwithstanding the above, anything in the Scheme which is or as may be contrary to or in violation of laws applicable to this Scheme sanctioned by the High Court under the provisions of sections 391-394 and other applicable sections of the Companies Act, 1956 and the rules and regulations made thereunder or any other law for the time being in force, shall not prevail and shall not be binding upon the Company, its promoter and guarantors or the Directors of the Company.
13. The Board of Directors of the Company, may assent from time to time to any modifications or amendments or additions to this Scheme, or which the Hon'ble High Court at Calcutta and/or any other authority may deem fit to approve of or impose and to resolve all doubts or difficulties that may arise for carrying out this

CERTIFIED TRUE COPY

For GUJARAT NRE COKE LIMITED


Company Secretary


Scheme and to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect.

14. The Company shall be at liberty to withdraw from this Scheme of Arrangement in case any condition or alteration imposed by any competent authority is unacceptable to them.

15. All costs, charges and expenses incurred in carrying out, and implementing this Scheme shall be borne by the Company.

CERTIFIED TRUE COPY

For GUJARAT NRE COKE LIMITED


Company Secretary


Schedule A

The Company proposes to repay the dues of the creditors as follows:

Financial Year		Quarterly Repayment (Rs)
2017-18	30.6.17	58,174,841
	30.9.17	58,174,841
	31.12.17	58,174,841
	31.3.18	58,174,841
2018-19	30.6.18	58,174,841
	30.9.18	58,174,841
	31.12.18	58,174,841
	31.3.19	58,174,841
2019-20	30.6.19	58,174,841
	30.9.19	58,174,841
	31.12.19	58,174,841
	31.3.20	58,174,841
2020-21	30.6.20	58,174,841
	30.9.20	58,174,841
	31.12.20	58,174,841
	31.3.21	58,174,841
2021-22	30.6.21	58,174,841
	30.9.21	58,174,841
	31.12.21	58,174,841
	31.3.22	58,174,841
2022-23	30.6.22	58,174,841
	30.9.22	58,174,841
	31.12.22	58,174,841
	31.3.23	58,174,841
2023-24	30.6.23	189,068,232
	30.9.23	189,068,232
	31.12.23	189,068,232
	31.3.24	189,068,232
2024-25	30.6.24	189,068,232
	30.9.24	189,068,232
	31.12.24	189,068,232
	31.3.25	189,068,232
		2,908,742,027

CERTIFIED TRUE COPY

For GUJARAT NRE COKE LIMITED


Company Secretary