East India Minerals Limited

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GSTIN - 21AAACE3944J1ZW (Odisha) & 33AAACE3944J1ZR (Tamilnadu)

21th January, 2023

To,

ALL SHAREHOLDERS,

Sub.: **Notice for the Extra Ordinary General Meeting of EAST INDIA MINERALS LTD. which is to be held on Tuesday, the 14th February, 2023.**

Dear Sir/Madam,

With reference to the above, please find attached the copy of the Notice and other relevant documents for the Extra Ordinary General Meeting of the Company to be held on **Tuesday, the 14th February, 2023 at 2.00 p.m.** at Barbil Trade Centre, 3rd Floor, Main Road, P.O. - Barbil, Dist. – Keonjhar, Odisha – 758 035.

This is for your information and necessary action.

Thanking You,

Yours Faithfully,
For EAST INDIA MINERALS LIMITED

Rashmi Singh
(RASHMI SINGH)
Company Secretary

EAST INDIA MINERALS LTD. KOLKATA

Encl.: As above

NOTICE OF EXTRA ORDINARY GENERAL MEETING
EAST INDIA MINERALS LIMITED

Registered Office: Barbil Trade Centre, 3rd Floor, Main Road, P.O. Barbil,
District – Keonjhar, Odisha – 758 035
(CIN: U27103OR1992PLC003128)

To,
ALL SHAREHOLDERS,

Notice is hereby given that the **Extra Ordinary General Meeting** of the Members of East India Minerals Limited will be held on Tuesday,the 14thof February, 2023at 2.00 p.m. at the Registered Office of the Company at Barbil Trade Centre, 3rd Floor, Main Road, P.O. Barbil, District – Keonjhar, Odisha – 758 035 to consider the following business: -

SPECIAL BUSINESS

ITEM NO. I.
Approval for Sale of the Wind Turbine Generators (WTG) Division of EIML as a going concern Undertaking on Slump Sale basis.

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

"**RESOLVED THAT** pursuant to the provisions of Section 180 of the Companies Act, 2013 and other applicable provisions of the Act, if any, including any statutory modifications, amendments or re-enactments thereof, consent of the Company be and is hereby accorded to sale the WTG Division of EIML as an Undertaking on Slump Sale basis as a going concern to M/s MS Green Power Private Limited, Tamil Nadu.

FURTHER RESOLVED THAT any of the Board of Directors and /or the Company Secretary, be and is, hereby empowered and authorized to take such steps, in relation to the above and to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution and to file necessary E Forms with Registrar of Companies."

By Order of the Board
For **EAST INDIA MINERALS LTD.**

Rashmi Singh
(RASHMI SINGH)
COMPANY SECRETARY

EAST INDIA MINERALS LTD. KOLKATA

Place : Kolkata
Date : 21.01.2023

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

The following statement sets out all material facts relating to the special business mentioned in the Item No.1 of accompanying Notice of Extra Ordinary General Meeting:

It is to inform that two numbers of Suzlon make Wind Turbine Generators of 1.25MW each have been installed by EIML in the year 2009 at Coimbatore District, Tamil Nadu as per the arrangements made with the Tamil Nadu Electricity Board (TNEB). Latter on the WTGs are brought under the preview of Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO). The WTGs are being operated as a separate division called WTG Division of EIML. The said WTGs are installed & commissioned in the year 2009 at a total cost of Rs,12,97,72,882/- out which the cost of the land was Rs.32,00,000/- and the balance amount of Rs. 12,65,72,882/- was for the Wind Turbine Generators. As per the provisions of the Companies Act, the total depreciated value (WDV) of the said assets as on 31.03.2022 was Rs.5,49,34,071/-.

In the initial years, EIML was getting regular payments from the TNEB which was facilitating EIML to meet its expenses. However, since last few years it has become very difficult to get the payments from TANGEDCO for the reasons best known to them. Due to the huge back-log/ outstanding dues from the TANGEDCO, EIML is facing lot of hard ship in meeting the essential expenses such as Operating & Maintenance Service Charges (OMC), Grid Maintenance Charges, the Insurance Charges etc.

As the accumulated outstanding dues has piled up, TANGEDCO has agreed to liquidate the old dues in 48 monthly instalments and started with-holding the current billed amounts. Therefore, the current dues have also started piling up and there are no assurances from TNEB or TANGEDCO about their plan to liquidate the current dues. It seems that there is no hope to get any payment from the TANGEDCO in the near future against the currents dues. The outstanding dues have already piled to the tune of about Rs.3.25 Crore.

The only incentive of maintaining the said Division was the Income Tax relief it was getting for a few years. However, since last few years (since stoppage of the Mining operations of EIML), the Income Tax Department is disagreeing with EIML for extending any relief u/s 80-IA of the Income Tax Act on the ground that the Income from Business of EIML is being negative. Moreover, these WTGs are about 14 years old and the relief, if any, u/s 80-IA is extendable only up to 15 years from the years of commissioning. So there is hardly any advantage left for EIML on account of the Income tax relief in this regard. As the WTGs have become very old, its power generation capacity is gradually reducing and may cause frequent break downs in near future.

To overcome the above stated situation of the stalemate, EIML started exploring various options. After lot of exploration of all the available options, it has found that the best option presently available with EIML to transfer / dispose of the WTG Division as a whole on Slump Sale bases as a going concern to the interested local buyers, if any, so that the fund so generated out of the sale proceeds can be better utilized to fetch higher revenue & liquidity for the company.

It is also to inform that the transfer of WTGs has earlier been prohibited by the TANGEDCO sometimes back but when some intended sellers approached the Madras High Court with all the problems they are facing with the TANGEDCO, the High Court stayed the said prohibitory order of the TANGEDCO. However, it has been gathered that the TANGEDCO is planning to approach/ appeal to the Higher Bench / Court for vacating the stay order of the High Court. If they succeed, then EIML shall not be able to transfer the WTGs thereafter.

At present there are a very few parties are available in the market who may like to buy the age old WGTs in this present difficult situation. The useful life of the Turbines is almost exhausted. However,

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for getting the best offer, EIML officials have approached various intended limited buyers. Out of them the best offer is given by M/s MC Green Power Private Limited, Tamil Nadu.
It has been examined and concluded that the proposed transfer/ Sale of the WTG Division of EIML to any third party shall be considered as sale of an "Undertaking" under the section 2(42C) Income Tax Act, 1961 and hence such transfer / sale would be treated as "Slump Sale" under the Act. The capital gain, if any, derived out of the sale consideration shall be considered to be Long Term Capital Gain as per the computation method notified by the CBDT for the purpose of section 50B of the Income Tax Act / Rule 11 UAE.

Section 180(1) of the Companies Act, 2013 states that the consent of the members of the Company by a special resolution would be required for the Board of Directors of the Company to exercise the power to sell or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

In view of the prevailing circumstances, it is proposed to Sell the WTG Division as a going concern on Slump Sale basis to M/s MC Green Power Private Limited, Tamil Nadu at a total consideration of **Rs.11,75,00,000/-** (Rupees Eleven Crore Seventy-Five Thousand) only against all the assets & liabilities of the said division and the deal would be completed after completion of other applicable formalities. On behalf of the Company Mr. Samir Das, Manager (Commercial) has been authorized for execution of the Slum Sale Agreement and other relevant documents on behalf of EIML.
The matter was considered by the Board in their meeting held on 20.01.2023 and after due deliberation the Directors recommended for convening & placing the same before the Members in their General Meeting for approval of the Shareholders through the Special Resolution.

NOTES

A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the meeting.

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