

IN THE HIGH COURT OF JUDICATURE AT MADRAS
(Original Jurisdiction)

Wednesday, the Eighth day of March, 2006.

THE HON'BLE MRS. JUSTICE CHITRA VENKATARAMAN
Company Petition Nos.20 and 21 of 2006

In the matter of the Companies Act, 1956
(1 of 1956)

And

In the matter of Membrane Technologies Limited
And

In the matter of Scheme of Amalgamation Between
MEMBRANE TECHNOLOGIES LIMITED AND
CHEMFAB ALKALIS LIMITED

C.P.No.20 of 2006.

Membrane Technologies Limited
a Company incorporated under the
Companies Act, 1956 and having its
Registered Office at "Team House",
GST Salai, Vandalur, Chennai 600 048,
represented by Mr.C.S.Ramesh Director ... Petitioner/
Transferor Company

This Company Petition Praying this Court:-

- a) That the Scheme of Amalgamation between Membrane Technologies Limited and Chemfab Alkalies Limited, be sanctioned by the Court with effect from 1st April 2005 so as to be binding on all the shareholders and creditors of the Petitioner Company namely, Membrane Technologies Limited and on the said Petitioner Company.
- b) That the Petitioner Company namely, Membrane Technologies Limited, be dissolved without being wound up.

C.P.No.21 of 2006.

Chemfab Alkalies Limited
a Company incorporated under the
Companies Act, 1956 and having its
Registered Office at "Gnanananda Place",
Kalapet, Pondicherry-605 014
represented by Mr.C.S.Ramesh
Director

... Petitioner/Transferee
Company.

This Company Petition Praying this Court:-

That the Scheme of Amalgamation between Membrane Technologies Limited and Chemfab Alkalies Limited, be sanctioned by the Court with effect from 1st April 2005 so as to be binding on all the shareholders and creditors of the Petitioner Company namely, Chemfab Alkalies Limited and on the said Petitioner Company.

These Company Petitions having been heard on 1.3.06 in the presence of Mr.P.H.Arvinth Pandian Advocate for the Petitioners in both the Company Petition Nos.20 and 21 of 2006 and Mr.M.T.Arunan, Additional Central Government Standing Counsel appearing for the Regional Director, Southern Region, Department of Company Affairs, Chennai, and upon reading the order dated 19/12/2005 and made in Company Application No.1819 of 2005 whereby the said Company viz. M/s.Chemfab Alkalies Limited, the Petitioner Company in C.P.No.21 of 2006 herein was directed to convene a meeting of the equity shareholders of the above named company for the purpose of considering and if thought fit approving with or without modification of the proposed scheme of amalgamation between M/s. Membrane Technologies Limited and M/s.Chemfab Alkalies

Limited, and the advertisement having been made in one issue of English Daily "The Hindu Business Line" dated 2/1/2006 and another issue of Tamil Daily "Dina Malar" dated 2/1/2006 each containing the advertisement of the said meeting and the report of the Chairman of the said meeting as to the result of the meeting and it appearing from the said report that the scheme of Amalgamation had been approved unanimously, and upon reading the Company Petition Nos.20 and 21 of 2006, and the affidavit of R. Vasudevan, the Regional Director, Southern Region, Department of Company Affairs, Chennai filed herein, and the advertisement of the Company Petitions having been made in one issue of English Daily "The Hindu Business Line" dated 7/2/2006 and also in one issue of Tamil Daily "Dina Malar" dated 7/2/2006 and this Court having dispensed with the convening, holding and conducting of the meeting of the equity shareholders of the Petitioner Company in C.P.No.20/2006 by an order dated 19/12/2005 and made in C.A.No.1818 of 2005 and having stood over for consideration till this date and coming on this day before this Court for orders in the presence of the said Advocates for the parties hereto, and this Court doth hereby sanction the Scheme of Amalgamation Annexed hereunder with effect from 1st April 2005 and declare the same to be binding on all the shareholders and creditors of the said companies and on the said companies, THIS COURT DOth FURTHER ORDER AS FOLLOWS:-

1. That, the Petitioner Companies herein do file with the Registrar of Companies, Chennai and Pondicherry a certified copy of the order within 30 days from this date.

2. That, the parties to the Scheme of Amalgamation or other person interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to carrying out this Scheme of Amalgamation Annexed hereunder.

3. That the Transferor Company viz., M/s. Membrane Technologies Limited shall be dissolved without being wound up on filing of the report by the Official Liquidator, High Court, Madras pursuant to second provisions to section 394 (1) of the Companies Act, 1956.

4. That, the Transferee Company be and is hereby directed to handover the books of Account of the Transferor Company to the Official Liquidator, High Court, Madras so as to enable him to submit his report.

5. That, Mr. M. T. Arunan, the Additional Central Government Standing Counsel shall be entitled to a fee of Rs. 5,000/- (Rupees Five Thousand only) from each Company.

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and sale of Caustic Soda, Chlorine, Hydrogen, Acids etc., and deal with all kinds health-care products.

- 1.6 "Record Date" shall be the date to be fixed by the Board of Directors of the Transferee Company in consultation with the Board of Directors of the Transferor Company, for the purpose of determining the members of the Transferor Company to whom shares will be allotted pursuant to this Scheme, in the Transferee Company.
- 1.7 "Scheme" or "The Scheme" or "This Scheme" means this Scheme of Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the Court.
- 1.8 "Transferee Company" means Chemfab Alkalies Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 'Gnanananda Place', Kalapet, Pondicherry - 605 014.
- 1.9 "Transferor Company" means Membrane Technologies Limited, a company registered under the Companies Act, 1956, and having its registered office at 'Team House', GST Salai, Vandalur, Chennai - 600 048.
- 1.10 "Undertaking" shall mean and include the whole of the undertaking of the Transferor Company, as a going concern, including its business, all secured and unsecured debts, liabilities, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licences, registrations, copyrights, patents, trade names, trade marks and other rights

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and sale of Caustic Soda, Chlorine, Hydrogen, Acids etc., and deal with all kinds health-care products.

- 1.6 "Record Date" shall be the date to be fixed by the Board of Directors of the Transferee Company in consultation with the Board of Directors of the Transferor Company, for the purpose of determining the members of the Transferor Company to whom shares will be allotted pursuant to this Scheme, in the Transferee Company.
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- 1.9 "Transferor Company" means Membrane Technologies Limited, a company registered under the Companies Act, 1956, and having its registered office at 'Team House', GST Salai, Vandalur, Chennai - 600 048.
- 1.10 "Undertaking" shall mean and include the whole of the undertaking of the Transferor Company, as a going concern, including its business, all secured and unsecured debts, liabilities, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licences, registrations, copyrights, patents, trade names, trade marks and other rights

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and licenses in respect thereof, applications for copyrights, patents, trade names, trade marks, leases, licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, etc), Software Licence, Domain / Website etc., all files, papers, records engineering and catalogues, data quotations sales / advertisement materials and former customers (price information) / suppliers(Credit information) other records whether in physical, electronic form in connection / relating to the Transferor Company and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date,

- 1.11 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

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2. SHARE CAPITAL

- 2.1 The Authorised Capital of the Transferor Company is Rs. 5,10,00,000/- divided into 51,00,000 Equity Shares of Rs 10/- each. The issued, subscribed and paid-up capital is Rs. 4,96,52,060/- divided into 49,65,206 Equity Shares of Rs.10/- each.
- 2.2 The Authorised Capital of the Transferee Company is Rs. 16,04,00,000/-, divided into 4,000 11% Redeemable Cumulative Preference Shares of Rs.100/- each and 1,60,00,000 Equity Shares of Rs.10/- each. The issued, subscribed and paid-up capital is Rs. 3,47,00,000/- divided into 69,40,000/- Equity Shares of Rs 5/- each.

PART II – TRANSFER AND VESTING

3. TRANSFER OF UNDERTAKING

- 3.1 The Undertaking shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:
- (a) With effect from the Appointed Date, the whole of the Undertaking of the Transferor Company comprising its business, all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in Sub-clauses (b), (c) and (d) below), be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become as from the Appointed Date the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

Provided that for the purpose of giving effect to the vesting order passed under Section 391 to 394 in respect of this Scheme, the Transferee Company shall at any

time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Section 391 to 394 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

- (b) All the movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of the Transferor Company and the Transferee Company.
- (c) In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi for intimating to third parties shall to the extent possible be followed:
 - (i) The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or depositor as the case may be, that pursuant to the Court having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;

- (ii) The Transferor Company shall also give notice in such form as they may deem fit and proper to each person, debtor, loanee or depositor that pursuant to the Court having sanctioned the Scheme the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.
- (d) In relation to the assets, if any, belonging to the Transferor Company, which require separate documents of transfer, the Transferor Company and the Transferee Company will execute the necessary documents, as and when required.
- (e) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 391 read with Section 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and 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, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

However, the Transferee Company may, at any time, after the coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company is a party or any writing, as may be necessary, in order to give

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formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliances referred to above.

- (f) Upon the coming into effect of this Scheme, the borrowing limits of the Transferee Company in terms of Section 293(1)(d) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate liabilities / authorised borrowing limit of the Transferor Company which are being transferred to the Transferee Company pursuant to the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date. These limits, as enhanced, may be increased, from time to time, by the Transferee Company by obtaining sanction of its shareholders in accordance with the provisions of the Act.
- (g) Upon the coming into effect of this Scheme, the limits of the Transferee Company to invest and grant loans in terms of Section 372A(1) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate limits of the Transferor Company to invest or grant loans, which are being transferred to the Transferee Company pursuant to the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date. These limits, as enhanced, may be increased, from time to time, by the Transferee Company by obtaining sanction of its shareholders in accordance with the provisions of the Act.
- (h) The transfer and vesting of the Undertaking of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting,

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over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however that any reference in any security documents or arrangements (to which the Transferor Company is a party) pertaining to the assets of the Transferor Company offered, or agreed to be offered, as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Undertaking of the Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that, such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Transferor Company or any of the assets of the Transferee Company.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Company vested in the Transferee Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore after the amalgamation has become operative.

- (i) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other

person and availed of by the Transferor Company are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions.

- (j) Any debentures, bonds, subordinated debts, notes or other securities, whether convertible into equity or otherwise and warrants convertible into Equity Shares of the Transferor Company (hereinafter referred to as the Transferor's securities) shall without any further act, instrument or deed become securities of the Transferee Company and all rights, powers, obligations in relation thereto shall be and stand transferred to and vested in and shall, be exercised by or against the Transferee Company as if it were the Transferor Company.
- (k) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by the Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company, as the case may be, shall have no further obligation outstanding in that behalf.
- (l) The Transferor Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Transferee Company.
- (m) Where any of the liabilities and obligations/assets attributed to the Transferor Company on the "Appointed Date" has been discharged/sold by the Transferor Company after the "Appointed Date" and prior to the "Effective Date", such

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discharge/sale shall be deemed to have been for and on behalf of the Transferee Company.

- (n) From the "Effective Date" and till such time that the names of the respective bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in its name, in so far as may be necessary.

4. LEGAL PROCEEDINGS

- 4.1 All suits, actions and proceedings of whatsoever nature by or against the Transferor Company on the Appointed Date shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Company, as the case may be.
- 4.2 If proceedings are taken against the Transferor Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Transferee Company, as the case may be from Appointed Date till Effective Date, and the latter shall reimburse and indemnify the Transferor Company, against all liabilities and obligations incurred by the Transferor Company in respect thereof.

5. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 5.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of

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the Transferor Company the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or novations to which the Transferor Company as the case may be will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.

- 5.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company as the case may be to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 5.3 The Transferee Company may, at any time, after the coming into the 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 is 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 the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company as the case may be, to be carried out or performed.
- 5.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter,

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shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

6. EMPLOYEES

6.1 All the executives, staff, workmen, and other employees in the service of the Transferor Company, immediately before the Appointed Date, under this Scheme shall become the executives, staff, workmen, and other employees of the Transferee Company, on the basis that:

- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25 FF of the Industrial Disputes Act, 1947;
- b) The terms and conditions of service applicable to the said staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
- c) In the event of retrenchment of such staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and

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d). In so far as the existing provident fund trusts, gratuity fund and pension and / or super-annuation fund trusts created by the Transferor Company for its employees are concerned, the part of the funds referable to the employees who are being transferred shall be continued for the benefit of the employees who are being transferred to the Transferee Company pursuant to the Scheme in the manner provided hereinafter. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, the amounts in such funds in respect of contributions pertaining to the employees of the Transferor Company, shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own fund, in respect of any of the aforesaid matters, the Transferee Company may, subject to necessary approvals and permissions, continue to contribute to the relevant funds of the Transferor Company, as the case may be, until such time that the Transferee Company creates its own fund, at which time the contributions pertaining to the employees of the Transferor Company shall be transferred to the funds created by the Transferee Company.

7. SAVING OF CONCLUDED TRANSACTIONS

- 7.1 The transfer of Undertaking under Clause 3 above, the continuance of proceedings by or against the Transferee Company under Clause 4 above and the effectiveness of contracts and deeds under Clause 5 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

8. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANY TILL EFFECTIVE DATE

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

8.1 The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.

8.2 All profits or income or income tax accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them, on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or income tax of the Transferee Company.

8.3 The Transferor Company shall carry on their business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of the business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the Appointed Date).

8.4 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.

- 8.5 The Transferor Company shall continue to comply with the provisions of the Act including those relating to preparation, presentation, circulation and filing of accounts as and when they become due for compliance.
- 8.6 The Transferor Company shall not declare any dividend, between the Appointed Date and the Effective Date, without the prior written consent of the Transferee Company. Until the coming into effect of this scheme Transferor Company and Transferee Company shall, with the prior consent of the Board of Directors of the other Company, be entitled to declare and pay dividend whether interim or final to their respective shareholders in respect of the accounting period after the appointed date and prior to the effective date.
- 8.7 Until coming into effect of this Scheme the holders of shares of the Transferor Company and Transferee Company shall continue to enjoy their existing rights under the respective articles of association, including right to receive dividend.
- 8.8 The Transferor Company shall not make any modification to their capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassify, sub-divide or re-organise or in any other manner, whatsoever, except by mutual consent of the Board of Directors of the Transferor Company and of the Transferee Company.
- 8.9 The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.

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9. AUTHORISED SHARE CAPITAL

- 9.1 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Company shall stand combined with the authorised share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on its authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised Share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital.

10. ISSUE AND ALLOTMENT OF SHARES BY THE TRANSFEE COMPANY

- 10.1 Upon this Scheme coming into effect, in consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act or deed, issue and allot to every member of the Transferor Company, holding fully paid-up Equity Share(s) in the Transferor Company and whose names appear in the Register of Members of the Transferor Company on the Record Date, his/ her heirs, executors, administrators or the successors-in-title, as the case may be, 7 (Seven) Equity Shares of the face value of Rs. 5/- each of the Transferee Company (hereinafter collectively called the "New Equity Shares") credited as fully paid-up in respect of every 10 (Ten) Equity Shares of face value of Rs 10/- each fully paid up held by him/ her/ it in Transferor Company. Any fractional entitlements arising in such calculation shall be rounded off to the nearest whole number. Provided however that no such allotment shall be made any Equity Shares held by the by the Transferor Company (along with its nominees) in the Share Capital of the Transferee Company on the Record Date, which shall stand cancelled.

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- 10.2 The shares issued by the Transferee Company shall be either in certificate form or in dematerialised form. Each member of the Transferor Company shall have the option, to be exercised by way of giving a notice to the Transferee Company on or before the Record Date, to receive the Equity Shares of the Transferee Company in dematerialised form. In the event that such notice has not been received by the Transferee Company in respect of any member, the Equity Shares of the Transferee Company shall be issued to such members in physical form.
- 10.3 Upon the New Equity Shares being issued and allotted, as aforesaid by the Transferee Company, the Equity Shares issued by the Transferor Company and held by its shareholders, whether in dematerialised or physical form, shall be deemed to have been automatically cancelled and of no effect.
- 10.4 The New Equity Shares to be issued and allotted by the Transferee Company, shall rank pari passu in all respects from the date of allotment in terms of this Scheme, with the existing equity shares of the company, with all rights attached thereto.
- 10.5 The New Equity shares to be issued and allotted by the Transferee Company within 90 days and shall be entitled to full dividend, if any, including for the period commencing from the Appointed Date, which may be declared after the Effective Date.
- 10.6 The New Equity Shares of the Transferee Company issued in terms of Clause 10.1 shall, subject to applicable regulations, be listed / or admitted to trading on the relevant stock exchanges in India, where the listing equity shares of the Transferee Company were listed and / or admitted to trading.

11. ACCOUNTING TREATMENT

- 11.1 The Transferee Company shall, upon the Scheme coming into effect, record the assets and liabilities of the Transferor Company vested in it pursuant to this Scheme, at the respective book values thereof and in the same form as appearing in the books of the Transferor Company at the close of business of the day immediately preceding the Appointed Date.
- 11.2 The Transferee Company shall credit to its Share Capital Account in its books of account the aggregate face value of the new shares issued by it to the members of the Transferor Company pursuant to this Scheme.
- 11.3 The Transferee Company shall record the Reserves of the Transferor Company in the same form and at the same values as they appear in the financial statements of the Transferor Company at the close of business of the day immediately preceding the Appointed Date. Balances in the Profit and Loss Account of the Transferor Company shall be similarly aggregated with the balances in Profit and Loss Account of the Transferee Company. Balances shown as Miscellaneous Expenditure (to the extent not written off or adjusted) in the balance sheet of the Transferor Company shall be similarly aggregated with balances of the Transferee Company.
- 11.4 The excess, if any, of the value of the assets over the value of the liabilities of the Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting the aggregate face value of the new shares issued by the Transferee Company to the members of the Transferor Company pursuant to this Scheme and the amounts recorded in terms of Clause 11.3 above, be credited to the General Reserve account in the books of the Transferee Company.

- 11.5 The deficit, if any, in the value of the assets over the value of the liabilities of the Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting the aggregate face value of the new shares issued by the Transferee Company to the members of the Transferor Company pursuant to this Scheme and the amounts recorded in terms of Clause 11.3 above, be debited to the General Reserve account in the books of the Transferee Company.
- 11.6 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the General Reserve of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 11.7 To the extent there are inter-corporate loans or balances between the transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be. The Accounting Standards 14 (AS 14) issued by the Institute of Chartered Accountants of India will be adopted.

PART III – GENERAL TERMS AND CONDITIONS APPLICABLE TO THE TRANSFEROR COMPANY AND THE TRANSFEE COMPANY

12. APPLICATION TO THE COURT

- 12.1 The Transferor Company and the Transferee Company shall, with reasonable despatch, apply to the Court for necessary orders or directions for holding meetings of the members of the Transferor Company and the Transferee Company for

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sanctioning this Scheme of Arrangement under Section 391 of the Act or for dispensing the holding of such meetings and orders under Section 394 of the Act, for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

13. DISSOLUTION OF TRANSFEROR COMPANY

- 13.1 Subject to an order being made by the Court under Section 394 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

14. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 14.1 The Transferor Company and the Transferee Company through their respective Board of Directors including Committee of Directors or other persons, duly authorised by the respective Boards in this regard, may make or assent to any alteration or modification to this Scheme or to any conditions or limitations, which the Court or any other Competent Authority may deem fit to direct, approve or impose and may give such directions including an order of dissolution of the Transferor Company without process of winding up as they may consider necessary, to settle any doubt, question or difficulty, arising under the scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this scheme into effect.

- 14.2 If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the transferor company and the transferee company, affect the validity of implementation of the other parts and/or provisions of the Scheme.

15. DATE OF TAKING EFFECT

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

16. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

This Scheme is conditional on and subject to -

- 16.1 The sanction or approval under any law of the Central Government, State Government, or any other agency, 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.
- 16.2 The Scheme being agreed to by the respective requisite majorities of the members of the Transferor and the Transferee Companies, if a meeting of Equity Shareholders is convened by the Court, and the sanction of the Court being accorded to the Scheme.
- 16.3 The sanction by the Court under Sections 391 and 394 and other applicable provisions of the Act being obtained by the Transferor Company and the Transferee Company.
- 16.4 The filing with the Registrar of Companies, Chennai of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Company.

- 16.5 The issue and allotment of shares under the provisions of this Scheme to the Non Resident Shareholders shall be made subject to the provisions of the Foreign Exchange Management Act, 2000 and / or regulations and notifications issued thereunder.

17. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

- 17.1 In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid before 30th September 2006 or within such further period or periods as may be agreed upon between the Transferor and Transferee Companies who 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 through and by their respective Board of Directors, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme.

18. EXPENSES CONNECTED WITH THE SCHEME

- 18.1 All costs, charges, levies, fees, duties and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme shall be borne and paid by the Transferee Company.

**WITNESS, The Hon'ble Thiru. AJIT PRAKASH SHAH, The
Chief Justice of Madras High Court, aforesaid this
the 8th day of March, 2006.**

**Sd/S.T.Brindha
DEPUTY REGISTRAR (O.S)**

/Certified to be True copy/

Dated this the 14th day of March 2006.

vjr/13-3-06.

J. A. R.
COURT OFFICER.

13/3/06

Comp. Petn. Nos. 20 and 21 of 2006.

ORDER DATED: 03/03/2006.

The Hon'ble MRs. JUSTICE
CHITRA VENKATARAMAN

For Approval On: 13.3.06

Approved On: 13.3.06

Copy to:

1. The Official Liquidator,
High Court, Madras.
2. The Registrar of Companies,
No. 26, Haddows Road,
Chennai-6.
3. The Registrar of Companies,
No. 35, I Floor, Ilango Nagar,
Pondicherry-605 011.
4. The Regional Director,
No. 26, Haddows Road,
Chennai - 600 006.

HIGH COURT MADRAS	
ORIGINAL SIDE	
C.A. No. 2683 of 2006	
Applied	8.3.06
SL	14.3.06
SP	
10	14.3.06
24/4/13	10.5

