

Inspected and
High Court of Punjab & Haryana
Gurgaon

H. DIRECTORS

All the Directors of the Transferor Company shall cease to be Directors of the Transferor Company on the Effective Date without affecting their rights as shareholders, if any, in the Transferor Company. However, if any such director is a director of the Transferee Company, he would continue to hold his office in the Transferee Company.

I. MAIN BENEFITS

The main benefits of the amalgamation of the Transferor Company with the Transferee Company will be as follows:

- a) By virtue of the amalgamation, operations of both the Companies shall be ideally brought under single control whereby there will be considerable savings by eliminating duplication of administrative and legal expenses, overheads, and other service charges.
- b) The Transferee Company has two business segments namely Textile Division and Oil & Soap Division. The Textile Division manufactures Cotton Blended Yarn and Grey Fabrics and the Oil & Soap Division manufactures Processed Soap. The Transferor Company manufactures Processed Soap. The amalgamation would amount to forward integration of the existing business of the Transferor Company as the finished product of One Unit will become the raw material for the other Unit. Having regard to the fact of ever increasing competition in the business of the companies it would be prudent to combine the operations of both the companies into one unit and utilizing the common resources and facilities. The Amalgamated Company will have a diversified product range i.e., Yarn, Grey Fabrics, Processed Fabrics, Readymade Garments, Soap and Vanaspati.
- c) After the amalgamation, the Amalgamated Company will be in a better position to operate on a larger scale resulting in large resources and lower debts.
- d) The proposed amalgamation is enable to which is essential for better utilization of the long term economic and financial benefits for the companies, their shareholders and employees. The Amalgamated Company with a wider capital base and improved financial ratios like profit and assets etc. will be in a stronger position to mobilise the required funds for expansion by way of Public issue of shares, debentures, acceptance of public deposits and the like.

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- e) The control and management of the Company would be more effective after amalgamation due to better utilization of the manpower from the common pool administrative and managerial personnel.

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- f) After the merger, the Amalgamated Company will be able to source and absorb new technology and its capacity to spend on Research and Development will be enhanced.
- g) With the enhanced capabilities and resources at its disposal, the Amalgamated Company will have greater flexibility to meet market and customer needs and will be able to compete more effectively thus further strengthening its position in domestic and international markets

J. ISSUE OF SHARES BY THE TRANSFeree COMPANY

1. Upon the Scheme being sanctioned by the Hon'ble High Court of Punjab & Haryana at Chandigarh and the transfers having been effected as provided herein above, no equity share of the Transferee Company shall be allotted to the Equity Shareholders of the Transferor Company as the Transferor Company is a wholly owned subsidiary of the Transferee Company and the entire equity share capital issued by the Transferor Company is held by Transferee Company either itself or through its nominees.
2. The Transferor Company has issued 15,00,000 - 7% Non Cumulative Redeemable Preference Shares of Rs. 100/- each, redeemable after the expiry of Seventh, eighth and ninth year from the date of allotment by repayment of the amounts paid up thereon along with premium not exceeding 4% per annum (to be calculated for the period of 7 years) in installments of 30%, 35% and 35% respectively. However the Board of Directors of Transferor Company have option to :
 - i. Redeem the Preference Shares at any time before the expiry of 3 years from the date of Allotment, provided written consent of not less than three-fourth of the holders of preference shares is received for redemption.



- ii. Redeem the Preference Shares at any time after expiry of 3 years but before the expiry of 7 years from the date of allotment in cash and at such premium, which would be calculated for the period from the date of allotment till the date of redemption.

Upon the Scheme being sanctioned by the Hon'ble High Court of Punjab & Haryana at Chandigarh and the transfers having been effected as provided herein above, each of the holder of 7% Non Cumulative Redeemable Preference Shares of the Transferor Company whose names are recorded in the Register of Members on a date (Cut-off Date) to be fixed by the Board of Directors of the Transferee Company shall be allotted one 7% Non Cumulative Redeemable Preference Share of Rs. 100/- each, credited as fully paid up of the Transferee Company for every one 7% Non Cumulative Redeemable Preference Share of Rs. 100/- each, in respect of their holding in the Transferor Company on the same terms & conditions at which they were issued by the Transferor Company. On Amalgamation when the 7% Non-Cumulative Redeemable Preference Shares would be allotted by the Transferee Company, the Date of Redemption would be the date of allotment of these Shares by the Transferor Company.

3. According to stipulations of the Financial Institutions, the Transferor Company has to arrange the fresh capital to the extent of Rs.12,50,00,000/- (Rupees Twelve crores fifty lacs only) and accordingly the Promoter Companies had funded the same amount which has been retained by Transferor Company as application money towards 7% Non-Cumulative Redeemable Preference Shares pending allotment. Since the Board of Directors of the Company has already taken a decision of amalgamation with the Transferee Company, therefore, with the consent of subscribers of application money, the amount has been retained in Share Application account only and for which the Transferee Company has agreed to accept the same and would allot the Preference Shares to such applicants. The application money on amalgamation which would stand paid up of the Transferee Company be allotted by the Transferee Company to Preference Shareholders of Transferor Company except to the Date of redemption. All mandates or other instructions in force at the close of business on the Effective Date relating to the Shares of the Transferor Company shall unless and until revoked, be deemed to be valid and

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subexisting mandates or instructions to the Transferee Company in relation to the corresponding Shares of the Transferee Company to be issued and allotted pursuant to the Scheme.

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- 4 The Transferee Company undertakes to take all necessary steps so as to enable it to allot 7% Non-Cumulative Redeemable Preference Shares, upon the Scheme being sanctioned by the Hon'ble High Court of Punjab and Haryana at Chandigarh. For the purpose as aforesaid, the Transferee Company shall, if and to the extent required, apply for and obtain the requisite consent or approval of the appropriate authorities concerned for the issue and allotment, by the Transferee Company to the respective members of the Transferor Company, of the Shares in the said reorganised Share Capital of the Transferee Company as per Scheme.
- 5 The 7% Non-Cumulative Redeemable Preference Shares issued by the Transferor Company are not quoted at any Stock Exchange nor the 7% Non Cumulative Redeemable Preference Shares to be allotted by the Transferee Company on amalgamation would be quoted at any Stock Exchange.
- 6 All the holders of Shares in the Transferor Company will within six months of this Scheme becoming effective, surrender their share certificates for cancellation thereof and shall take all necessary steps to obtain from the Transferee Company fresh share Certificate to which they will be entitled to in pursuant to this Scheme. All Share Certificates of Transferor Company shall be deemed to have been cancelled on allotment of Shares of Transferee Company.
- 7 Upon the Scheme being approved by the shareholders of the Transferee Company it will be deemed that the consent of the shareholders of the Transferee Company has been accorded in pursuant to Section 81 (I-A) and other applicable provisions of the Act for allotment of 7% Non Cumulative Redeemable Preference Shares of the Transferee Company in pursuant to para J(2) above, to the shareholders of the Transferor Company in accordance with and subject to the provisions of the Scheme.



K. MODIFICATIONS/ AMENDMENTS TO THE SCHEME

Registrar Judicial Department
High Court of Punjab & Haryana
Chandigarh

The Scheme is subject to such modifications as the Hon'ble High Court of Punjab & Haryana may impose or the Transferor Company or Transferee Company may prefer and the Hon'ble High Court of Punjab & Haryana may approve and the Board of Directors of the Transferor Company and the Transferee Company may accord consent on behalf of all concerned to any modification or addition to the Scheme and to agree to any term and condition which the Hon'ble High Court of Punjab & Haryana may think fit to impose.

L. RIGHTS OF CREDITORS

This Scheme shall not in any manner effect the rights of any of the Creditors of the Transferor Company and in particular the Secured Creditors shall continue to enjoy and hold charge upon their respective securities.

M. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

The Scheme is conditional on and subject to:

1. the sanction or approval of the appropriate authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
2. the approval to the Scheme by the requisite majority of the members of the Transferor Company and of the members of the Transferee Company.
3. the requisite resolution(s) under the applicable provisions of the Act being passed by the shareholders of the Transferee Company for any of the matters provided for or relating to the Scheme as may be necessary or desirable.
4. the sanction of the High Court of Punjab & Haryana Judicature at Chandigarh under Sections 391 & 394 of the Act, in favour of the Transferor Company and in favour of the Transferee Company and to the necessary Order(s) under Section 394 of the Act, being obtained.
5. the approval to the issue and allotment of Shares in the Transferee Company to the members of the Transferor Company, if any required.

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N. OPERATIVE DATE OF THE SCHEME

**Examiner Judicial Department
High Court of Punjab & Haryana
Chandigarh**

This Scheme, though effective from the Transfer Date shall be operative from the date on which certified copies of the order of the Hon'ble High Court of Punjab & Haryana at Chandigarh under Section 391, 392 and 394 of the Act are filed with the Registrar of Companies, Punjab, H.P. & Chandigarh at Jalandhar or such other dates as the Hon'ble High Court may direct.

All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with the Scheme and of carrying out and completing the terms and provisions of the Scheme and/or incidental to the completion of amalgamation of the said Undertaking of the Transferor Company in pursuance of the Scheme shall be borne and paid solely by the Transferee Company.

P. APPLICATIONS TO HIGH COURT

The Transferor Company and/or any other person interested including the Transferee Company, shall be at liberty to apply to the Hon'ble High Court of Punjab & Haryana at Chandigarh from time to time for necessary directions in relation to the Scheme and this Scheme.

Upon this Scheme becoming effective as aforesaid the Transferor Company shall stand dissolved without winding up as and from the Effective Date or such date as the Hon'ble High Court Punjab & Haryana at Chandigarh may direct.

Q. EFFECT OF NON RECEIPT OF APPROVALS/SANCTIONS

In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the Hon'ble High Court and/or Order or Orders not being passed as aforesaid on or before the 30.06.2002 or within such period or periods as may be agreed upon among the Transferor Company and the Transferee Company through their respective Board of Directors, the Scheme shall become void and the parties shall bear and pay its respective costs, charges and expenses.

Scheme of Amalgamation

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Dated the 8th day of November 2001

(By the Court)

K Sandhu
Asstt. Registrar (Civil and Criminal)

For Registrar (Judicial)

B. Singh *Kaur*

certified to be true copy

M. Singh
Extra Duty Magistrate (Departmental)
High Court of Punjab & Haryana
Chandigarh.

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19
Dated the 8th day of November 2001

(By the Court)

K Sandhu
Asstt. Registrar (Civil and Criminal)

For Registrar (Judicial)

B. Singh

Yadav

M. Singh
Certified to be a true copy

Exa. Secy. to the Court
High Court of Punjab & Haryana
Chandigarh.

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