



33rd Annual Report 2006-07
Aristocrat Luggage Ltd.



ARISTOCRAT LUGGAGE LIMITED

Registered Office : Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial Area, Satara-415 004, Maharashtra

Court Convened Meeting of the Equity Shareholders

Day : Monday

Date : 24th September, 2007

Time : 12:30 p.m. or soon after the conclusion of the Annual General Meeting of the Company

Venue : Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial Area, Satara - 415 004, Maharashtra

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 872 OF 2007**

In the matter of Sections 391 to 394 of the Companies Act, 1956;

And

In the matter of Aristocrat Luggage Limited;

And

In the matter of the Scheme of Amalgamation and Arrangement of Aristocrat Luggage Limited and Quality Plastics Limited with VIP Industries Limited and their respective shareholders and creditors

Aristocrat Luggage Limited,)	
a company incorporated under the Companies)	
Act, 1956 and having its registered office at)	
Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial)	
Area, Satara 415004, Maharashtra)	... Applicant /First Transferor Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS

To,

The Equity Shareholders of Aristocrat Luggage Limited-the Applicant/First Transferor Company

TAKE NOTICE THAT by an Order dated 10th August, 2007, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of Aristocrat Luggage Limited, the Applicant/First Transferor Company, be convened and held on Monday, 24th September, 2007 at 12:30 p.m. or soon after the conclusion of the Annual General Meeting of the Equity Shareholders of the Applicant at the registered office of the Applicant situated at Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial Area, Satara-415 004, Maharashtra, for the purpose of considering and if thought fit, approving with or without modifications(s), the arrangement embodied in the Scheme of Amalgamation and Arrangement of Aristocrat Luggage Limited (the "Applicant/First Transferor Company") and Quality Plastics Limited (the "Second Transferor Company") with VIP Industries Limited (the "Transferee Company") and their respective shareholders and creditors.

TAKE FURTHER NOTICE THAT in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of Aristocrat Luggage Limited, the Applicant shall be convened and held on Monday, 24th September, 2007 at 12:30 p.m. or soon after the conclusion of the Annual General Meeting of the Equity Shareholders of the Applicant at the registered office of the Applicant situated at Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial Area, Satara-415 004, Maharashtra, at which time

and place you are requested to attend.

TAKE FURTHER NOTICE THAT you may attend and vote at the said meeting in person or by proxy, provided that proxy in the prescribed form duly signed by you or by your authorised representative is deposited at the Registered Office of the Applicant situated at Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial Area, Satara-415 004, Maharashtra not later than Forty Eight (48) hours before the meeting.

The Hon'ble High Court has appointed Mr. Sudhir Jatia, Managing Director of the Applicant failing him Mr. Manoj Tulsian, Authorised Signatory of the Applicant and failing him, Mr. M.K. Arora, Director of the Applicant as the Chairman of the Court convened meeting.

A copy each of the Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956, a form of proxy and attendance slip are enclosed.

SUDHIR JATIA

Chairman appointed for the meeting

Dated this 24th day of August, 2007.

Enclosures : as above

Registered Office:
Plot No. J-1, Mouje Kadoli,
Additional MIDC Industrial Area,
Satara-415 004, Maharashtra

(NOTE: All alterations made in the Form of Proxy should be initialed)

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
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Aristocrat Luggage Limited,)	
a company incorporated under the Companies)	
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Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial)	
Area, Satara 415004, Maharashtra)	...Applicant/First Transferor Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

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In this statement, Aristocrat Luggage Limited is referred to as the "Applicant." The other definitions contained in the enclosed Scheme of Amalgamation and Arrangement will also apply to this Explanatory Statement.

The following statement as required under Section 393 of the Companies Act, 1956 sets forth the details of the proposed Scheme of Amalgamation and Arrangement, its effects and, in particular any material interests of the Directors in their capacity as member(s).

1. ORDER OF THE HON'BLE HIGH COURT OF JUDICATURE AT BOMBAY

- 1.1 The Hon'ble High Court of Judicature at Bombay vide its Order dated 10th August, 2007, has directed Aristocrat Luggage Limited, the Applicant, to convene a meeting of its Equity Shareholders on Monday, 24th September, 2007 at 12:30 p.m. or soon after the conclusion of the Annual General Meeting of the Equity Shareholders of the Applicant at the registered office of the Applicant situated at Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial Area, Satara-415 004, Maharashtra. for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied

in the Scheme of Amalgamation and Arrangement of Aristocrat Luggage Limited (the "Applicant/First Transferor Company") and Quality Plastics Limited (the "Second Transferor Company") with VIP Industries Limited (the "Transferee Company") and their respective shareholders and creditors.

- 1.2 The Hon'ble High Court of Judicature at Bombay vide its Order dated 10th August, 2007, has directed Aristocrat Luggage Limited, the Applicant, to convene a meeting of its Unsecured Creditors on Monday, 24th September, 2007 at 2:00 p.m. or soon after the conclusion of the aforesaid Court convened meeting of the Equity Shareholders of the Applicant at the registered office of the Applicant situated at Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial Area, Satara-415 004, Maharashtra for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation and Arrangement of Aristocrat Luggage Limited (the "Applicant/First Transferor Company") and Quality Plastics Limited (the "Second Transferor Company") with VIP Industries Limited (the "Transferee Company") and their respective shareholders and creditors.

- 1.3 The Hon'ble High Court of Judicature at Bombay vide its Order dated 10th August, 2007, has directed Aristocrat Luggage Limited, the Applicant, to convene a meeting of its Secured Creditors on Monday, 24th September, 2007 at 4:00 p.m. or soon after the conclusion of the aforesaid Court convened meeting of the Unsecured Creditors of the Applicant at the registered office of the Applicant situated at Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial Area, Satara-415 004, Maharashtra for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation and Arrangement of Aristocrat Luggage Limited (the "Applicant/First Transferor Company") and Quality Plastics Limited (the "Second Transferor Company") with VIP Industries Limited (the "Transferee Company") and their respective shareholders and creditors.

2. SCHEME AND ITS APPROVAL OF THE BOARD OF DIRECTORS

- 2.1 The proposed Scheme inter-alia envisages:
- 2.1.1 Amalgamation of Aristocrat Luggage Limited with VIP Industries Limited;
 - 2.1.2 Amalgamation of Quality Plastics Limited with VIP Industries Limited;
 - 2.1.3 Reorganisation of the share capital of VIP Industries Limited
- 2.2 The Scheme has been approved by the Board of Directors of the Applicant on June 29, 2007 by passing necessary resolution.
- 2.3 A copy of the Scheme of Amalgamation and Arrangement, setting out the terms and conditions of the arrangement, which has been approved by the Board of Directors of the Applicant, is enclosed.

3. BRIEF DETAILS OF THE APPLICANT

- 3.1 Aristocrat Luggage Limited was incorporated as Universal Luggage Manufacturing Company Private Limited under the Companies Act, 1956 (the Act) and was issued a Certificate of Incorporation dated May 18, 1974, by the Registrar of Companies, in the state of Maharashtra, Bombay.
- 3.2 The Applicant was converted into a public company and a Certificate of Change of Name dated November 19, 1986 was issued by the Registrar of Companies, Maharashtra, Bombay.
- 3.3 The name of the Applicant was changed to Aristocrat Luggage Limited and a fresh Certificate of Incorporation consequent to Change of Name

dated January 25, 2006 was issued by the Registrar of Companies, Maharashtra, Pune.

- 3.4 The Registered Office of the Applicant is situated at Plot No. J-1, Mouje Kadoli, Additional MIDC Industrial Area, Satara-415 004, Maharashtra.
- 3.5 The main objects of the Applicant as set out in its Memorandum of Association are reproduced below for ease of reference:
- 1. "To carry on business as manufacturers, moulders, producers, refiners, fabricators, assemblers, suppliers, stationers and dealers in all kinds and types of plastic materials, plastic articles and goods, substances and products including articles made from the same goods for consumers, industries of all kinds, goods for household use, commercial use, defence needs and requirements and act as plastic contractors, merchants, dealers, brokers and commission agents.
 - 2. To carry on the business of manufacturers, fabricators, suppliers and dealers of all kinds of plastic.
 - 3. To carry on business of manufacturers, formulators, moulders, compounders, assemblers, suppliers and dealers in all kinds and types of rubber either synthetic or natural and their derivatives and compounds by whatever name called and characteristics of such rubber as identified, classified, nomenclatured or termed, and also including rubber containing plastic substances, derivatives and compounds including rubber-based vulcanizing and sealing solutions, adhesives, cement moulded articles, goods, foams, substances and products based on organic and inorganic solvents and chemicals including petroleum distillates of different combinations and either packed under pressure or not, with the aid of any type of gas/gases or other pressurizing medium including air or gas derived from petroleum sources such as Butane, Pentane and other types of hydrocarbon gases and ethers or gases such as Fluro-choloromethanes including articles made from the same for consumers, industries of all kinds, commercial use, defence needs and requirements and to sell, supply and deal in such products.
 - 4. To act as technical consultants in India and abroad for the plastic industries and supply products or equipments, designs, processes or such things deemed to be necessary for giving the technical know-how."
- 3.6 The Applicant is engaged in the manufacturing and

marketing of luggage products. The products of the Applicant are known for quality and its brand "Aristocrat" is well recognized.

- 3.7 The equity shares of the Applicant are listed on the Bombay Stock Exchange Limited (BSE), the Delhi Stock Exchange Association Limited (DSE) and the Calcutta Stock Exchange Association Ltd. (CSE). The Applicant has since made applications for voluntary delisting from DSE and CSE. As per the requirements of Clause 24 (f) of the Listing Agreement, the Applicant has made application dated July 11, 2007 to the BSE, July 2, 2007 to the DSE and to the CSE for obtaining their "No-objection" to the Scheme of Amalgamation and Arrangement. The BSE has, vide its letter dated July 24, 2007, given its "No-objection" to the Scheme of Amalgamation and Arrangement.

- 3.8 The Share Capital of the Applicant as per the latest audited Balance Sheet as on March 31, 2007, is as under:

Particulars	Amount (in Rs)
Authorised Share Capital:	
1,00,00,000 Equity Shares of Rs.10 each	10,00,00,000
Issued, Subscribed and Paid-up Share Capital:	
56,03,300 Equity Shares of Rs.10 each fully paid up	5,60,33,000

- 3.9 The Share Capital of the Applicant as on June 30, 2007, is as under:

Particulars	Amount (in Rs)
Authorised Share Capital:	
1,00,00,000 Equity Shares of Rs.10 each	10,00,00,000
Issued, Subscribed and Paid-up Share Capital:	
56,03,300 Equity Shares of Rs.10 each fully paid up	5,60,33,000

- 3.10 Summary of the audited financial statements of the Applicant for the last three years ended March 31, 2007, March 31, 2006 and March 31, 2005 are enclosed as Annexure A.

4. DETAILS OF THE TRANSFEE COMPANY

- 4.1 VIP Industries Limited, (hereinafter referred to as the "Transferee Company") was incorporated as Aristo Plast Limited, under the Companies Act, 1956 vide Certificate of Incorporation dated January 27, 1968

issued by the Registrar of Companies, Maharashtra, Bombay.

- 4.2 The name of the Transferee Company was changed to V.I.P. Industries Limited and a fresh Certificate of Incorporation consequent to Change of Name dated June 16, 1981 was issued by Registrar of Companies, Maharashtra, Bombay.

- 4.3 The Registered Office of the Transferee Company is situated at 78-A, MIDC Estate, Satpur, Nashik-422 007, Maharashtra.

- 4.4 The main objects of the Transferee Company as set out in its Memorandum of Association are reproduced below for ease of reference:

- "To acquire and take over as a going concern the business now carried on at Bombay under the name and style of Aristo Plast and the assets and liabilities of the partners of that business used in connection therewith or belonging thereto as is specified and provided in an Agreement prepared and expressed to be made between Mr. Jal Sorabji Engineer and Mr. Ismail Huseinbhai Padamsee Partners of the said business of the one part and the Company of the other part and to enter into and carry into effect with such modifications or alterations as may be agreed upon the said Agreement, a draft of which has been signed with a view to identification by the two subscribers to the Memorandum of Association and to carry on, develop and turn to account the said business and the assets comprised in the said Agreement.

- To carry on business as manufacturers, moulders, fabricators, assemblers, suppliers and dealers of all kinds and types of plastic articles and goods including goods for consumers, industries, agriculture, household use, commercial use, defence needs and requirements etc., and to buy, sell, prepare for market, import, export and deal in plastic articles, goods and products of all kinds, in the manufacture of which plastic is used, and to act as plastic contractors, merchants, brokers, commission agents."

- 4.5 The Transferee Company is engaged in the business of manufacturing, marketing, distributing and selling luggage products in the domestic as well international markets.

- 4.6 The equity shares of the Transferee Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). As per the requirements of Clause 24 (f) of the Listing Agreement, the Transferee Company had made

application(s) dated July 10, 2007 to the BSE and to the NSE for obtaining their "No-objection" to the Scheme of Amalgamation and Arrangement. The BSE has, vide its letter dated July 24, 2007, given its "No-objection" to the Scheme of Amalgamation and Arrangement. The NSE has, vide its letter dated July 18, 2007, given its "No-objection" to the Scheme.

- 4.7 The Share Capital of the Transferee Company as per latest audited Balance Sheet as on March 31, 2007 is as under:

Particulars	Amount (in Rs)
Authorised Share Capital:	
3,68,00,000 equity shares of Rs.10 each	36,80,00,000
1,000 9% redeemable cumulative preference shares of Rs1000/- each	10,00,000
Total	36,90,00,000
Issued, Subscribed and Paid-up Share Capital:	

2,54,61,813 equity shares of Rs.10 each fully paid up	25,46,18,130
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- 4.8 The Share Capital of the Transferee Company as on June 30, 2007 is as under:

Particulars	Amount (in Rs)
Authorised Share Capital:	
3,68,00,000 equity shares of Rs.10 each	36,80,00,000
1,000 9% redeemable cumulative preference shares of Rs1000/- each	10,00,000
Total	36,90,00,000
Issued, Subscribed and Paid-up Share Capital:	

2,54,61,813 equity shares of Rs.10 each fully paid up	25,46,18,130
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- 4.9 The Transferee Company has introduced an Employee Stock Option (ESOP) Scheme pursuant to applicable regulations and has obtained approval of its members towards issue and allotment of not more than 24,00,000 (twenty four lakhs) equity shares of Rs. 10/- each of the Transferee Company under the said ESOP Scheme. The issued and subscribed share capital of the Transferee Company referred to above is subject

to increase as may result from the exercise of options granted or to be granted under the said ESOP Scheme restricted to a maximum of 8,00,000 (eight lakhs) equity shares of Rs. 10/- each on which the Transferee Company has not granted the options or the options if granted have not been exercised.

- 4.10 Summary of the audited financial statements of the Transferee Company for the last three years ended March 31, 2007, March 31, 2006 and March 31, 2005 are enclosed as Annexure B.

5. DETAILS OF THE SECOND TRANSFEROR COMPANY

- 5.1 Quality Plastics Limited, (hereinafter referred to as the "Second Transferor Company") was incorporated under the Companies Act, 1956 and was issued a Certificate of Incorporation dated November 17, 1969 by the Registrar of Companies, Maharashtra at Bombay.

- 5.2 The Registered Office of the Second Transferor Company is situated at DGP House, 88-C, Old Prabhadevi Road, Mumbai-400 025, Maharashtra.

- 5.3 The main objects of the Second Transferor Company as set out in its Memorandum of Association are reproduced below for ease of reference:

- "To acquire and take over as a going concern the business now carried on at Bombay under the name and style of Kwaliti Plastics and the assets and liabilities of Mr. Jal Sorabji Engineer, the sole proprietor of that business used in connection therewith or belonging thereto and to carry on, develop and turn to account the said business and the assets comprised of the said business.
- To carry on business as manufacturers, moulders, fabricators, assemblers, suppliers and dealers of all kinds and types of plastics materials, plastic articles and goods including goods for consumers, industries, agriculture, household use, commercial use, defence needs and requirements etc. and to buy, sell, prepare for market import, export and deal in plastic and plastic articles, goods and products of all kinds, in the manufacture of which plastic is used and to act as plastic contractors, merchants, brokers, commission agents.
- To carry on the business of manufacturers and fabricators of all kinds of plastics, machinery, apparatus, equipment, utensils and any other articles for any purpose whatsoever and to manufacture, sell, supply and deal in such machinery, apparatus, equipments and utensils of all kinds."

5.4 The Second Transferor Company was incorporated to acquire and takeover as a going concern, the business carried on under the name and style of Kwaliti Plastics and the assets and liabilities connected and belonging to the business of its sole Proprietor. Subsequently, the Second Transferor Company made investment and acquired controlling interest in the Applicant. Currently, the Second Transferor Company is also acting as facilitator in trading of plastic products.

5.5 The Share Capital of the Second Transferor Company as per the latest audited Balance Sheet as on March 31, 2007 is as under:

Particulars	Amount (in Rs.)
Authorised Share Capital:	
2,50,000 equity shares of Rs.100 each	2,50,00,000
Issued, Subscribed and Paid-up Share Capital:	
2,27,050 equity shares of Rs.100 each fully paid up	2,27,05,000

5.6 The Share Capital of the Second Transferor Company as on June 30, 2007 is as under:

Particulars	(Amount in Rs.)
Authorised Share Capital:	
2,50,000 equity shares of Rs.100 each	2,50,00,000
Issued, Subscribed and Paid-up Share Capital:	
2,27,050 equity shares of Rs.100 each fully paid up	2,27,05,000

5.7 Summary of the audited financial statements of the Second Transferor Company for the last three years ended March 31, 2007, March 31, 2006 and March 31, 2005 are enclosed as Annexure C.

6. RESOLUTION FOR APPROVAL

The Resolution to be submitted for approval of the Equity Shareholders, Unsecured Creditors and Secured Creditors of the Applicant at their respective meetings, will read as follows:

"RESOLVED THAT the arrangement embodied in the Scheme of Amalgamation and Arrangement of Aristocrat Luggage Limited and Quality Plastics Limited with VIP Industries Limited and their respective shareholders and creditors (the "Scheme"), pursuant to the provisions of

Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, and provisions of other applicable laws if any, and subject to the approval of Hon'ble High Court of Judicature at Bombay or any other appropriate authorities, placed before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved;

RESOLVED FURTHER THAT Mr. Dilip G. Piramal, Chairman failing him, Mr. Sudhir Jatia, Managing Director or failing him, Mr. M.K. Arora, Director or failing him, Mr. K.C. Gupte, Director or failing him, Mr. Virendra Gandhi, General Manager-Finance of the Company be and are hereby jointly and/or severally authorised to make such alterations, modifications or amendments therein as may be expedient or necessary for complying with the requirements or conditions imposed by the Hon'ble High Court of Judicature at Bombay and/or any other appropriate authorities;

RESOLVED FURTHER THAT Mr. Dilip G. Piramal, Chairman failing him, Mr. Sudhir Jatia, Managing Director or failing him, Mr. M.K. Arora, Director or failing him, Mr. K.C. Gupte, Director or failing him, Mr. Virendra Gandhi, General Manager-Finance of the Company, be and are hereby jointly and/or severally authorised to do all such acts, deeds, matters and things as may be necessary or desirable for the purpose of giving effect to the Scheme."

7. BENEFITS OF THE SCHEME OF AMALGAMATION AND ARRANGEMENT

7.1 The companies are in similar line of business and their main objects inter alia relates to luggage and related products. The activities of the companies complement each other and the combined resources would lead to a more concentrated approach towards development of the amalgamated company's business.

7.2 The combined operations will also offer benefits arising out of business synergy owing to integrated operations.

7.3 The amalgamated company will be capable of better resource mobilization either in the form of debt or equity and reflect financial consolidation necessary to withstand competition from domestic as well as overseas markets in the wake of liberalization of the Indian economy.

7.4 The amalgamation would enable providing enhanced reach by the amalgamated entity with a unified approach for manufacturing, marketing, selling and distribution of the products and providing wider range of services. Accordingly, the amalgamated company would be able to derive benefits of size and have wide acceptance among the investor community as leaders in the luggage goods industry, in India as well as abroad.

- 7.5 The amalgamation would help achieve optimum utilization of various infrastructure and service facilities and thereby integrate all activities of management functions, thereby achieving reduction and improving control over costs.
- 7.6 Merging the companies would lead to better integration and a smoother flow of information and operation.
- 7.7 The present independent set-up of the companies results in duplication of administrative efforts in terms of separate personnel, record keeping relating to accounts, income tax, sales tax, ROC records, etc.
- 7.8 By merging the companies there would be a synergy in terms of administration costs, as well as simplification and flexibility of operations.
- 7.9 This synergy will enable the amalgamated company to expand its base and put the company in a better position to compete in the current highly competitive market scenario.
- 7.10 The amalgamation of the companies will also help in facing the competition at global level thereby achieving higher growth in overall profit and better management of all the operations.
- 7.11 The shareholders, employees and other stakeholders of the companies would benefit as the amalgamated company would have a larger asset base and increased capacities with sufficient scope for higher volumes of business, increasing overall improvement in the performance of the amalgamated company and future expansion.
- 7.12 Upon amalgamation, the creditors of all the companies would be better placed and have larger asset cover available in the form of the merged entity. There is no likelihood that any creditor of any of the companies would be prejudiced as a result of the Scheme.
- 7.13 The amalgamation will not impose any additional burden on the members of the companies, nor will it affect the interests of any of the classes of members or creditors.
- 7.14 The benefits of the Scheme are subject to the successful integration of operations of all three companies. There is a possibility that the expected benefits may not be fully realised or that these expected benefits may not be realised in a timely or cost-effective manner as envisaged in the Scheme.

8. SALIENT FEATURES OF THE SCHEME

- 8.1 The Scheme shall come into effect from the "Appointed Date". For the purpose of the amalgamation of the Applicant and the Second Transferor Company with the Transferee Company,

the Appointed Date shall be April 1, 2007. The Scheme shall become effective from the Effective Date.

- 8.2 The "Effective Date" means the last of the dates on which the sanctions, approvals or orders of the Scheme are obtained and the later of the dates on which the certified copies of the Orders of the Hon'ble High Court of Judicature at Bombay are filed with the Registrar of Companies, Maharashtra. All references in this Scheme to the date of "coming into effect of the/this Scheme" shall mean the Effective Date.
- 8.3 With effect from the Appointed Date and subject to the provisions of the Scheme, including in relation to the mode of transfer and vesting, the entire business and undertakings (the "Transferor Undertakings") of the Applicant and the Second Transferor Company including the assets and liabilities shall, without any further act or deed, be and the same shall stand transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company, pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act and the provisions of the Scheme as a going concern.
- 8.4 The Second Transferor Company holds fifty nine point eighty four percent (59.84%) of the paid up share capital of the Applicant and the balance forty point sixteen percent (40.16%) of the paid up share capital of the Applicant is held by the public.
- 8.5 Upon the Scheme coming into effect, without any further application, act, instrument or deed on the part of the Transferee Company and subject to the provisions of Clause 6.3 of the Scheme, the Transferee Company will issue and allot 28,01,650 (twenty eight lakhs one thousand six hundred and fifty) fully paid up equity shares of Rs.10/- each (the "New Equity Shares"). The New Equity Shares will be issued and allotted to registered equity shareholders whose names are recorded in the register of members of the Applicant on the Record Date in the ratio of 1:2 (i.e. 1 (one) equity share of the Transferee Company for every 2 (two) equity shares of the Applicant) (the "Share Entitlement Ratio").
- 8.6 As part of the Scheme, the Second Transferor Company will also amalgamate with the Transferee Company, and accordingly the New Equity Shares to be issued to the Second Transferor Company, as one of the shareholders of the Applicant, will be directly issued to the shareholders of the Second Transferor Company in proportion to their respective shareholding in the Second Transferor Company and

for the purpose of this Scheme, such New Equity Shares will be deemed to have been first issued to Second Transferor Company and thereafter such New Equity Shares which would have otherwise vested in the Second Transferor Company will be deemed to have been distributed to the shareholders of the Second Transferor Company on amalgamation of the Second Transferor Company with the Transferee Company.

- 8.7 The issue and allotment of the New Equity Shares in the Transferee Company to the registered shareholders of the Applicant (including, to the shareholders of the Second Transferor Company pursuant to Clause 6.3 of the Scheme) as provided in the Scheme shall be carried without following the procedure laid down under section 81(1A) and any other applicable provisions of the Act.
- 8.8 Upon the Scheme being sanctioned and coming into effect, the Applicant and the Second Transferor Company shall without any further act or deed, stand dissolved without winding up on the Effective Date.
- 8.9 Upon the Scheme coming into effect, the authorised share capital of the Applicant of Rs.10,00,00,000 (Rupees ten crores) and the Second Transferor Company of Rs. 2,50,00,000 (Rupees two crores fifty lakhs) shall stand combined/consolidated with the authorised share capital of the Transferee Company and on the Scheme coming into effect the authorised share capital of the Transferee Company shall, without any further act, deed or action, stand increased to Rs. 49,40,00,000 (Rupees forty nine crores forty lakhs) divided into 4,93,00,000 (four crores ninety three lakhs) equity shares of Rs.10 (Rupees ten) each and 1,000 (one thousand) 9% Redeemable Cumulative Preference Shares of Rs.1000/- (Rupees one thousand) each.
- 8.10 It is hereby clarified that this increase in authorised share capital of the Transferee Company shall be effected as an integral part of this Scheme without any further act or deed on the part of the Transferee Company and the consent of the Equity Shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment. The Transferee Company shall not be obliged to follow the procedure or filing as required under Section 16, Section 94, Section 97 or any other applicable provisions of the Act. It is further clarified that no registration fee/ ROC fees, stamp duty etc., shall be payable by the Transferee Company. The Memorandum of Association and the Articles of Association of the Transferee Company be amended accordingly.

- 8.11 On the Scheme coming into effect and without complying with the provisions of Section 293(1)(d) and other applicable provisions if any, of the Act, 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 limits of the Applicant and the Second Transferor Company. Such limits would be incremental to the existing limits of the Transferee Company, with effect from the Appointed Date and no separate resolutions will be required to be passed.
- 8.12 On the Scheme coming into effect, all the staff, workmen and employees of the Transferor Undertakings in service on such date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Effective Date without any break or interruption in their service and on the basis of continuity of service and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Undertakings on the Effective Date. The position, rank and designation of the employees would however be decided by the Transferee Company.
- 8.13 As far as the provident fund, gratuity fund, superannuation fund or any other special Scheme or fund(s) in relation thereto created or existing for the benefit of the employees of the Applicant and Second Transferor Company are concerned, upon the coming into effect of the Scheme, the Transferee Company shall stand substituted for the Applicant and Second Transferor Company for all purposes whatsoever, related to the administration or operation of such schemes or funds or in relation to the obligation to make contributions to the said funds in accordance with the provisions of such schemes/funds as per the terms provided in the respective trust deeds to the end and intent that all the rights, duties, powers, and obligations of the Applicant and Second Transferor Company in relation to such schemes/funds shall become those of the Transferee Company.
- 8.14 If any legal, taxation or other proceedings of whatever nature, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) (the "Proceedings") by or against the Applicant and the Second Transferor Company in relation to the Transferor Undertakings are pending and/or arising on or before the Scheme coming into effect, the same shall not abate, be discontinued or be in any