

---

---

**MEMORANDUM AND ARTICLES  
OF ASSOCIATION  
OF**

**Punjab Chemicals and Crop Protection Limited**

---

---

The name of the Company was Changed from PUNJAB UNITED PESTICIDES & CHEMICALS LTD. To PUNJAB CHEMICALS AND PHARMACEUTIC-LIMITED with effect from 22nd August, 1985 and was further changed to PUNJAB CHEMICALS AND CROP PROTECTION LIMITED with effect from 20th August, 2004 in accordance with fresh Certificate of Incorporation issued by the Registrar of Companies, Punjab, H.P. and Chandigarh at Jalandhar



सत्यमेव जयते

GOVERNMENT OF INDIA

MINISTRY OF CORPORATE AFFAIRS

Office of the Registrar of Companies

Corporate Identity Number:

SECTION 13(5) OF THE COMPANIES ACT, 2013

Certificate of Registration of Regional Director order for Change of State



Registrar of Companies

---

Mailing Address as per record available in Registrar of Companies office:





सत्यमेव जयते



L24231CH1975PLC3603

CIN.....

FRESH CERTIFICATE OF INCORPORATION CONSEQUENT  
ON CHANGE OF NAME  
IN THE OFFICE OF THE REGISTRAR OF COMPANIES, PUNJAB,  
HIMACHAL PRADESH & CHANDIGARH AT JALANDHAR  
(UNDER THE COMPANIES ACT, 1956) (1 OF 1956)

IN THE MATTER OF.....  
PUNJAB CHEMICALS AND PHARMACEUTICALS  
LIMITED

I hereby certify that.....  
PUNJAB CHEMICALS AND PHARMACEUTICALS  
LIMITED

which was originally incorporated on..... 19-11-1975 ..... under the  
Companies Act, 1956 and under the name of..... PUNJAB UNITED PESTICIDES  
& CHEMICALS LIMITED

having duly passed the necessary resolution in terms of Section 21 of the  
Companies Act, 1956, approval of the Central Government is hereby accorded  
thereto and the name of said company is this day changed to..... PUNJAB  
CHEMICALS AND CROP PROTECTION LIMITED ..... and this certificate is  
issued pursuant to Section 23 (1) of the said Act.

Given under my hand at JALANDHAR this..... 20th ..... day of August.....

Two thousand... Four.  
(29th Sravana, Saka, 1926)

(DIWAN CHAND)  
Registrar of Companies  
Punjab, H.P. & Chandigarh

**MEMORANDUM OF ASSOCIATION  
OF  
PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**

I. The name of the Company is PUNJAB CHEMICALS AND CROP PROTECTION LIMITED.

II. The Registered Office of the Company will be situated in the State of Punjab.

III. The objects for which the Company is established are :-

**A MAIN OBJECTS OF THE COMPANY TO BE PURSUED ON ITS INCORPORATION:**

1. To carry in the business of manufacturers, producers of and dealers in pesticides, rodenticides, insecticides, fungicides, weedicides, fertilisers, manures, dips, sprays, vermifuges, fats, medicines and remedies of all kinds of agricultural, fruit-growing or other purposes or as remedies for men or animals and whether produced from vegetable or animal matter or by any chemical process.
2. To carry on the business of manufactures of and dealers in chemical products of any nature and kind whatsoever and as wholesale and retail chemicals and druggists, analytical chemicals, dry-salters, Oil and colour men, importers, exporters and manufacturers of and dealers in heavy chemicals, alkalis, acids, drugs, tanins, essences, pharmaceuticals, photographic sizing, medicinal, chemical, industrial and other preparations and articles of any nature and kind whatsoever, mineral and other waters, cements oils, paints, pigments, and varnishes, compounds, drugs, dyestuffs, organic or mineral intermediates paints and colour grinders. Makers of articles of all kinds.
3. To manufacture, produce, refine, process, formulate, buy, sell, export import or otherwise deal in all classes and kinds of chemicals including without limiting the generality of the foregoing, laboratory and scientific chemicals, chemicals of any nature used or capable of being used in the pharmaceutical industry, agricultural chemicals, fertilisers, petrochemicals, industrial chemicals or any mixtures, derivatives and compounds thereof.
4. To purchase, take on lease or in exchange or otherwise acquire and run all kinds of plantations and farms such as Mowra tree plantations, palm tree plantations, sugarcane plantations coconut tree plantations and ground nut, cotton seed or linseed farms and all other plantations and farms, the products of which yield essential chemicals or raw materials of all kinds whatsoever, and to promote, help, encourage, assist, whether financially, or otherwise and /or to undertake cultivation, production and collection of oil seeds and all oil bearing substances, roots herbs, flowers, leaves, woods resins and other substances suitable for the manufacture of essential oils, aromatic chemicals and perfumery compounds.
5. To carry on business as experts and scientific advisers to persons, firms and companies having similar objects and to investigate and examine into the condition, prospects, value and character of any allied or of any mine, quarry, chemical works, or any other industrial undertaking.
6. Deleted.
7. To carry on the business of manufacturer, importers and exporters of and dealers in all types of chemicals including rust preventive chemicals, its concentrates formulations chemicals, chemicals compounds, chemicals products of any nature and kind whatsoever, heavy and fine chemicals, acids alkalies, petro chemicals, chemicals salts and compounds and elements of its kind (solid, liquid and gaseous), Drugs medicines, essences, all kinds of perfumeries, solvents, dyestuff intermediates, textile auxiliaries with chemicals base, cellophane, inks, colours, paints, Varnishes, disinfectants, insecticides, fungicides, deodorants as well as biochemical, pharmaceutical medicines, sizing, bleaching photographic chemicals and chemicals of any nature and kind whatsoever.
8. To carry on business or avocation of technical, industrial or administrative consultants in all their various aspects and to be appointed as technical, industrial or administrative consultants of persons or companies established and/or to be established and to charge remuneration in any manner which is beneficial to the Company.
9. To assist and/or guide any person or company to overcome technical difficulties and/or to improve processes and/or general efficiency of productivity in any industrial undertaking.
10. To give technical services to any industrial undertaking, to improve productions, increase productivity, speed up efficiency of working and also efficiency of technical processes and improvement thereof.
11. To give technical service for the day to day running of any industrial undertaking including also the advice for the efficient running of the undertaking.

12. To undertake, supervise and to look after the production side of any undertaking, including the day to day running of the plant and processes.
13. To carry on the business of manufacturers, processors, developers, researchers of chemicals, fine chemicals, drug intermediates, solvents, drugs, pharmaceuticals, pharmaceutical formulations and medicines of all kinds.
14. To carry on the business of manufacturers, buyers, sellers importers, exporters and dealers in chemicals, fine chemicals, drug intermediates, solvents, drugs pharmaceuticals, pharmaceutical formulations, medicines and agro-based products.

**B. OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS:-**

1. To carry on business as distillers, dye-makers, gas makers, metallurgists, Engineers ship owners, and characters, planters, farmers, saw mill proprietors, timber merchants, sugar merchants for the purpose of the business of the Company and to buy sell grow prepare for the market manipulate import, export and deal in timber wood and/or produce or products of the earth of all kinds and to manufacture and deal in articles of all kinds in the manufacture of which timber wood or any such product is used in the course of business.
2. To carry on the business of manufacturers, makers of buyers and sellers, exporters, importers and dealers in and to obtain exchange and let on hire containers, packages, receptacles packing materials and all kinds of other articles, materials and things which may be required for the purpose of or in connection with the business of the company or as are commonly supplied or dealt in by persons engaged in any of the said business.
3. To buy, sell, manufacture, export, import and deal in all kinds of machineries, plants equipment, apparatus, implements, tools, stores, and other articles, and things necessary, useful, convenient or desirable for all or any of the main objects of the Company.
4. To carry on all kinds of commission agency business and to act as selling agents, buying agents, distributors, dealers, or stockist for goods, produce, articles and merchandise of any kind.
5. To import, export, buy, sell, exchange, refine, repair, improve and deal in and with, whether as principals, agents, brokers or otherwise and to carry on all or any of the business of importers and exporters, manufactures, contractors, buying and selling agents, wholesale and retail dealers in all and every kind of product, substance, goods, for any of the objects for which the Company is formed.
6. To acquire the recipes and full information as to the processes of manufacturing and the right to manufacture and deal in pharmaceutical and medicinal preparation of all kinds.
7. To enter into contracts, agreements and arrangements with any other company for the carrying out on behalf of the Company any of the objects for which the Company is formed.
8. To erect, maintain, alter, extend, purchase and sell, factories, warehouses, engine houses, tanks, chawls and other buildings at Punjab and elsewhere in India and overseas for main business of the company.
9. To acquire by purchase, lease, assignment or otherwise any lands tenements or buildings (whether in possession, reversion or remainder, easements, rights and advantages, of any kind whatsoever, and to resell, mortgage, let on lease or otherwise deal with in connection with the business of the Company.
10. To carry on the business of advisers and/or consultants on all matters and problems relating to the administration, management, organization manufacture production, storage, marketing, distribution, sale and purchase of goods, property, personnel, accounts and other activities of and in relation to any business, trade, commerce, industry, mine, or agriculture, to carry on all or any of the business of industrial business, commercial and personnel consultants, to advise upon the means, methods and procedure for the establishment, development improvement and expansion of any or all types or business, trade, commerce and industry and all systems, methods techniques, processes, principles in relation to the main activities of the company.
11. To purchase or acquire the goodwill or any interest in any mill or business or a similar nature or kindred character to or with those of this Company, or capable of being carried on therewith, and to amalgamate in whole or in any part or effect any other arrangements with other companies, partnerships or persons.
12. To borrow or raise monies or loans for the purposes of the Company, by promissory notes, bills of exchange, hundies, and other negotiable or transferable instruments or by mortgage, or by debentures, or by debenture-stock, perpetual) or otherwise charged upon all or any of the Company's property (both present and future) including its uncalled capital, upon such terms as the Company may deem expedient or in such other manner as may be deemed expedient or to take money on deposit for business purposes at interest or otherwise, and to lend surplus monies to customers and others having dealings with the Company and to guarantee the performance of contracts by any such persons.
13. To create and issue ordinary, preference and guaranteed shares or stock and to redeem, cancel and accept surrenders of any such shares subject to the provisions of the Act.

14. To open current or fixed accounts with any bank, bankers, shroff or merchant, and to pay into, and to draw money from such accounts.
15. To lend and advance money or to give credit to such persons of companies and on such terms as seem expedient and in particular to customers and others having dealings with the Company and to guarantee the performance of any contract or obligation and the payment of money of or by any such persons or companies and generally to give guarantee and indemnities.
16. To invest the funds of the Company not immediately required from time in Government securities, debentures and other scrips having business similar to the business of his Company as may from time to time be determined by the Company, and from time to time to sell or vary all or any such investments, and to execute all assignments transfers, receipts and documents that may be necessary in that behalf.
17. To pay commission to or otherwise remunerate any company or person (whether an officer of this Company or not) for services rendered in placing or assisting to place, any of the shares in the Company's capital or any debentures or other securities of the company.
18. To sell or dispose of the undertaking of the company or any part thereof such consideration as the Company may think fit and in particular for Shares, debentures or securities of any other company having objects altogether or in part similar to those of the Company.
19. To acquire by purchase, lease, exchange, hire or otherwise, estates, lands, hereditaments, buildings, easements or others interests in real estate and to sell, let any portion of any premises for residential, trade or business purposes, purposes, lease, mortgage, or otherwise dispose of fully or partly and to grant rights over any real property belonging to the Company.
20. To erect upon the said land to be acquired as aforesaid and upon any other lands, and property which may hereafter be purchased or leased, or acquired by the Company, such mills, buildings, houses and erections as may be required for carrying on the said business or any of them and to purchase and put into working order such machinery and other accessories as may, from time be required for carrying on the said business or any of them.
21. To develop and turn to account any land acquired by or in which the Company is interested, and in particular by laying out and preparing the same for building purposes.
22. To cultivate the lands and properties of the Company and to develop the resources of the same by irrigating, draining, clearing, planting, pasturing or farming and for the purposes aforesaid to purchase from time to time, to sell all or any part of the live or dead stock timber and produce of the said land as may be necessary for the carrying on of the business of planting and farming and pasturing of the said lands.
23. To establish or acquire and carry on trading stations, factories, stores and depots in India or elsewhere and to purchase, lease or otherwise acquire, carry on, develop and improve any business or real or personal property in India or elsewhere of any undivided or other interest whatsoever therein respectively.
24. To obtain lawfully from any Government or authority wheresoever any orders or licences, concessions, privileges, parliamentary powers, provisional orders of the Board of Trade, and rights or other form of statutory or official authority that may seem to the Company conducive to the carrying into effect of any of the objects of the Company and to exercise, utilize and comply with the same.
25. To apply for, purchase or otherwise acquire and protect and renew in any part of the world any patents, trademarks, processes designs, licences, concessions and the like, conferring any exclusive or non-exclusive or limited right to use any secret or other information as to any invention which may seem to the company capable of being used for any of the purposes of the Company, or the acquisition of which may seem to the Company calculated directly or indirectly to benefit the company and to use, exercise, develop, grant licences in respect of or otherwise turn to account the property, rights and information so acquired and to expend money in experimenting upon, testing or improving any such patents, inventions or rights.
26. To take all necessary or proper steps with the authorities, Government, local, municipal or otherwise of any place in which the Company may have interests, and to carry on any negotiations or operations for the purpose of directly or indirectly carrying out the objects of the company or effecting any modification in the constitution of the Company or furthering the interest of its members and to oppose any steps taken by any persons or company, which, may be considered likely directly or indirectly to prejudice the interests of the Company or its members.
27. To procure the registration or incorporation of the Company in or under the laws of any place outside the State of Punjab.
28. To receive money on deposit as security from customers or on loan on such terms and conditions as the Company may approve, provided however, that the company will not carry on the banking business as defined by the Banking Companies Act, 1949.
29. To advance and lend surplus monies upon such security as may be thought proper or without taking security thereof.

30. To negotiate loans, to lend money, securities and other property, to discount bill and securities, to become sureties and guarantors for business purposes.
31. To lend money and to guarantee the performance of the contracts or obligations of any person or company having dealings with the Company and the payment and repayment of the capital and principal of dividends, interest or premiums payable on any stock, shares and securities of any company having objects similar to those of this company.
32. To acquire by subscription, purchase or otherwise and to accept and take, hold and sell, shares or stocks in any company society or undertaking, the objects of which shall either in whole or in part be similar to those of this Company or such as may be likely to promote or advance the interests of this company.
33. To pay for any property or rights acquired by the Company, either in cash or by the allotment of fully or partly paid shares of this Company with or without preferred or deferred rights in respect of dividend or repayment of capital or otherwise, or by any securities which the Company has power to issue, or partly in one mode and partly in another and generally on such terms as the Company may determine.
34. Upon any issue of shares, debentures or other securities of the company to employ brokers, commission agents and underwriters and to provide for the remuneration of such persons for their services by payment in cash or by issue of shares, debentures or other securities of the Company or by the granting of options to take the same or in any other manner allowed by law.
35. To draw, make, accept, endorse, discount, negotiate and execute and to buy, sell and deal in promissory notes, bills of exchange, bills of lading, railway receipt, warrants, debentures and other negotiable or transferable instruments.
36. To accept payment for any property or right sold or otherwise disposed of or dealt with by the company, either in cash, by installments or otherwise or in shares of the company with or without deferred or preferred rights in respect of dividends or repayment of capital or otherwise, or in debentures or debenture stock or other securities of any company, or corporation, or by mortgages or partly in one mode and partly in another and generally on such terms as the Company may determine and to hold, deal with or dispose of any consideration so received.
37. To establish or promote or concur in establishing or promoting any other company whose objects shall include the acquisition and taking over of all or any of the assets and liabilities of or shall be in any manner calculated to advance directly or indirectly the objects or interests of this Company, and to acquire and hold shares, stocks or securities of such company, and guarantee the payment of the dividends or capital of any shares or stocks or the interest on principal of any securities issued by or any other obligation of any Company promoted by this Company or in which this Company may be interested.
38. To purchase or otherwise acquire all or any part of the business, property and liabilities of any company, society, partnership or person formed for all or any part of the purposes within the objects of the Company, and to conduct and carry on or liquidate and wind up any such business.
39. To sell, improve, manage, develop, turn to account, exchange, let on rent, royalty share of profits, salary or otherwise, mortgage, grant licences, easements, options and other rights in respect of and in any other manner deal with or dispose of the undertaking of the Company or any part thereof, or any of the assets and property for the time being of the Company, and for any consideration whether in cash or in shares (fully or partly paid), debentures, debenture stock or other interests in or securities or any company having objects altogether or in part similar to those of this company.
40. To adopt such means of making know the products of the Company as may seem expedient, and in particular by advertising in the press, by circulars, by boarding, by cinema slides, by purchase and exhibition of work of art or interest by publication of books and periodicals, and by granting prizes, rewards and donations.
41. To grant annuities, pension, allowances, gratuities and bonuses to any person, employee or ex-employee of the Company or the relations, connections or dependents of any persons, and to establish or support associations, institutions, societies, hospitals, dispensaries, clubs, schools, colleges, funds, schemes and trusts, (religious, scientific, educational, provident or otherwise) which may be considered calculated to benefit any such persons or the public or otherwise advance the interests of the Company or of its members and to establish and contribute to any scheme for the purchase by trustees of shares in the Company to be held for the benefit of the Company's employees and to lend money to the Company's employees to enable them to purchase shares of the company and to formulate and carry into effect any scheme for sharing the profits of the Company with its employees or any of them and to subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general, or useful object, earmark a portion of the profits of the Company or create a fund or funds for any such objects or purposes.
42. From time to time subscribe or contribute to any national, charitable, benevolent or useful object of fund or a public character, or for any purpose which may be likely, directly or indirectly, to further the objects of the Company or the interests of its members or otherwise.

43. To distribute amongst the members in specie in case of liquidation of the company assets or property of the Company and provided further that no distribution amounting to reduction in capital be made without the sanction of the court, if requisite.
44. To carry on any business or branch of a business which the Company is authorized to carry on by means or through the agency of any subsidiary company or companies, and to enter into any arrangement with such subsidiary company for taking the profits and bearing the loss of any business or branch so carried on, or for financing any such subsidiary company or guaranteeing its liabilities, or to make any other arrangements which may seem desirable with reference to any business or branch so carried on including power at any time and either temporarily or permanently to close any such branch or business.
45. To purchase, take on lease or in exchange, hire or otherwise acquire and work any concerns, firms, factory, laboratory, mill and any immovable or movable property and any rights or privileges which the company may think necessary or convenient for the purposes of its business and in particular any land, buildings, easements, machinery, plant and stock-in-trade, and either to retain any property to be acquired for the purposed of the company's business or to turn the same to account as may seem expedient.
46. To amalgamate enter into any partnership or partially amalgamate with or acquire interest in the business of any other company, person or firm carrying on or engaged in, or about to carry on or engage in any business or transaction included in the objects of the Company, or enter into any arrangement for sharing profits, losses or for any, union of interests, joint venture, reciprocal concession, or for co-operation, or for limiting competition or for mutual assistance, with any such persons, firm or company, or to acquire, carry on any other business (whether manufacturing or otherwise) auxiliary to the business of the Company or connected therewith or which may seem to the Company capable of being conveniently carried on in connection with the above, or calculated directly or indirectly to enhance the value of or render more profitable any of the Company's property, and to one or, accept by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any such shares, debentures stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.
47. To establish, provide, maintain and conduct, or otherwise subsidize research laboratories and experimental workshops for scientific and technical research and to experiment and to undertake and carry on with all scientific and technical researches, experiments and tests of all kinds and to promote studies and research, both scientific and technical investigations and inventions by providing, subsidizing, endowing or assisting laboratories, workshops, libraries, lectures, meeting and conferences and by providing for the remuneration of scientific or technical professors or teachers and by providing for the award of exhibitions, scholarships, prizes and grants to student or otherwise and generally to encourage, promote and reward, studies researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the Company is authorized to carry on.
48. To pay the costs, charges and all expenses incurred in connection with matters, preliminary and incidental to the promotion, formation, establishment and incorporation of the Company either in cash or by allotment of shares.
49. To protect the interests of land defend all suits against the Company and also to initiate legal proceedings against any person, association of persons, corporate bodies, institution, Government or any other authority for protecting the interests of the Company.
50. To refer or agree to refer any claims, demands, disputes or any other questions, by or against the Company, or in which the Company is interested or concerned and whether between the company and the members or member of their or between his legal representatives, or between the company and third party, to arbitrations in India or at any place outside India, and to observe and perform and do all acts, deeds, matters and things to carry out or enforce the awards.
51. To pay out of the funds of the Company all expenses which the Company may lawfully pay with respect to the formation and registration of the Company or the issue of its capital including brokerage and commissions for obtaining applications for or taking, placing or underwriting or procuring the underwriting of shares, debentures or other securities of the company.
52. To ensure the whole or any part of the company either fully or partially to protect and indemnify the Company from liability or loss in respect either fully or partially and also to issue and to protect and indemnify any part or portion thereof either on mutual principle or otherwise.

**C. OTHER OBJECTS:**

1. To carry on the business of steam and general laundry, and to wash, clean, purify, scour, bleach, ring, dry, iron, colour, dye, disinfect, renovate, and prepare for use all articles of wearing apparel, household domestic and other linen, and cotton and woolen goods and clothing and fabrics of all kinds.
2. To carry on all of the business of dry cleaners, dyers, tinters, bleachers, and laundry sundriesment and the business of repairing tailors and valeting service; to dye, colour, bleach, size, wash clean, dry, iron, press, disinfect, renovate,

waterproof, and prepare for use all manner of fibrous substances, articles of wearing apparel, household, domestic, or other linen, silk, cotton, woolen and fibrous goods, clothing and fabrics of every description, upholstery, carpets, furniture, and all other kinds of articles, domestic or otherwise and to carry on all or any of the businesses of manufacturers and merchants of, agents for, and dealers in dyestuffs, acids, scouring powders, disinfectants and dyeing, bleaching, cleaning dressing, finishing and other plant, machinery and apparatus; and to manufacture, buy sell and deal in all materials, articles and things capable of being use for the purposes of the above mentioned business of any of them, or likely to be required by any of the customers of or persons dealing with the company.

3. To carry on the business of manufacturing, processing, preserving, packing bottling buying selling, supplying, importing, exporting and otherwise dealing in all kinds of squashes, juices, beverages and other drinks as also all kinds of food stuffs; provisions, health foods and other consumable products and things such as canned fruits, nuts, vegetables, cereals, fish and meat, sweetmeats confectionery, condensed milk, cheese, butter, pickles, sauces, essences, jams, preserves and other similar and allied products processed and preserved provisions, articles and things, and also to carry on business as dealers in and producers of dairy, farm and garden produce of all kinds and in particular milk cream, butter, cheese, poultry and eggs, fruits and vegetables.
4. To carry on the business of hotel, restaurant cage, tavern, beer house, refreshment room and lodging house keepers, licensed victuallers, wine beer and spirit merchants, brewers malters, distillers, importers and manufacturers of aerated mineral and artificial water and other drinks, purveyous, caterers for public amusement generally proprietors of motor and other vehicles, garage proprietors, job masters, farmers, dairymen, ice merchants, importers exporters and makers of good live dead stocks, produce of all descriptions, hair-dressers, perfumers, proprietors of clubs baths, drawing rooms libraries, grounds and places of amusement, recreation, entertainment and instruction of all kinds, tobacco and cigar merchants, agents for railway and, shipping and airline companies, theatrical proprietors, entrepreneurs and gents generally, and other business which can be conveniently carried on in connection therewith.
5. To promote, establish, acquire run and/or otherwise carry on the business of plastic industries in all aspects as known at present or hereafter or business of manufacturers of plastics of machinery or materials for use in such industries such as wax, paper, bakelite, plywood, celluloid products and other articles and things and similar or allied products or processes and to manufacture and carry on the business of making machinery or any materials which are required for any such plastic or in any way useful in connection with the same and to carry on business as plastic producers, merchants or dealers in and to sell purchase or otherwise acquire or deal in machinery materials or things in connection with such trade industry manufacture and to do all things as are usual or necessary in relation to or in connection with such business industry or manufacture.
6. To manufacture, buy, sell, import and otherwise deal in centrifugally cast alloy steel reformer tubes and heat resistant and stainless steel alloy casting, nickel bases castings, reformer tubes and fitting, heat resistant anti-corrosive alloy casting, precision casting like trace-links etc, required in particular for the fertilizer industry, oil refineries, cement industry, are pellitisation defense and space aircraft industries.
7. To purchase take on lease or otherwise acquire and to work, develop or improve mines of any description whatsoever and in particular miners of manganese, Iron, Coal, and Precious Metals and Stones and to crush, win, get, quarry smelt, calcine, refine, dress, amalgamate, manipulate and prepare for market are metal and mineral substances of all kinds and to carry on any other metallurgical operations which may seem conducive to any of the Company's objects, whether as owners, contractors, or agents on behalf of their respective proprietors, to take up the management of any mine or mines whatsoever as agents, managers, receivers etc, and to buy outright the output of any mine whatsoever with a view to sell the same in the market by way of trade either in the name of the Company or on behalf of others.
8. To carry on the business of mechanical engineers and manufacturers, dealers, indenters and agents of machinery, tool makers, brass founders, metal workers, boiler makers, mill wrights, machinists, iron and steel makers and converters, smiths, wood-workers, builders, painters metallurgists, water supply engineers, gas makers, printers, carriers, and merchants and to buy, sell, manufacture, repair, convert, alter, let on hire, and deal in machinery, implements rolling stock and hardware of all kinds.
9. To establish, maintain and operate shipping services and all ancillary services and for this purpose to purchase, take in exchange charter, hire, build, construct and otherwise acquire, and to own, steam sailing motor and other ships, trawlers, drifters, tugs and vessels, or any shares or interests in ships or other vehicles and to maintain repair, fit out refit, improve, insure, alter sell, exchange or let out on hire or hire purchase, or charter or otherwise deal with and dispose of any ships, trawlers, drifters, tugs or vessels and to undertake and carry on all or any of the trade and business of shippers, ship owners, ship brokers, tug owners, shipping agents, loading brokers, freight contractors, transport haulage and general contractors, barge owners, lightermen, dock owner, shipstore merchants, ships, husbands, stevedores, warehouseman, wharfingers, salvors, ship builders, ship repairers, manufacturers or and dealers in ropes tarpaulins, water proofs, machinery, engineer, nautical instruments and ships' rigging, gear, fittings, and equipment of every description.

10. To carry on business as producers and manufacturers of and dealers in and importers and exporters of dairy farm and garden produce, milk casein and its allied products; condensed milk concentrated milk and all products and substances of any description derived from the manipulation or treatment of milk in any manner whatsoever, cream, butter, cheese, ghee, poultry, jam, eggs, fruits, vegetables.
11. To carry on research into all matters and problems relating to personnel and industrial and business management and distribution, marketing and selling, to collect, analyze, examine, prepare, formulate industry, to promote or propose such methods procedures and measures as may be considered desirable or beneficial for all or any of the objects of the Company and for extending, developing and/or improving any type or business, trade, industry, commerce, organization, methods, techniques and procedures to consider and evaluate problems relating to administration, management, manufacture, production, storage, distribution, finance, marketing and sale and/or relating to the rendering of any services.
12. To render services as consultants in relation to general administrative, secretarial advisory, marketing, commercial, financial, technical "knowhow" accountancy taxation, legal, economic, labour, industrial, personnel, public relations, statistical, organization and methods, quality control and data processing and other activities to any person, firm, company, trust association, institution, society, body corporate, government or Government department, public or local authority or any other organization whatsoever, to act as intermediaries in the introduction of collaborators, sellers, purchasers, partners and employees, to employee and maintain an employment agency and to render all such other services as may be ancillary or incidental to any of the foregoing matters and problems but as do not fall within the scope of the office of secretaries and treasurers of a company as defined by the Company Act, 1956.
13. To undertake all kinds of agency business and to appoint agents and establish agencies or branches of the Company in any part of the world.
14. To act as general merchants, stockists, manufacturers, representatives or agents, selling and purchasing agents, distributors, commission agents brokers, guaranteed brokers, financiers trustees, attorneys and in other capacities.
15. To carry on business as financiers, capitalists commercial agents, mortgage brokers, financial agents and advisers.
16. To purchase and sell for any persons freehold or other house property, buildings, or lands, or any share or shares therein, interest or interests therein and to transact on commission or otherwise the general business of a land agent.

**IV.** The liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.

**V. SHARE CAPITAL**

The Authorized Share Capital is Rs. 20,00,00,000/- (Rupees Twenty Crores only), divided into 1,98,00,000 (One Crore Ninety Eight Lacs) Equity shares of Rs. 10/- (Rupees Ten only) each and 20,000 (Twenty Thousand), 9.8% Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred only) each (subject to such deduction of tax at source as may be required under the provisions of the Indian Income Tax Act, 1961 or any statutory replacement or enactment thereof, the Finance Act or any other Act or Rule or Regulation for the time being in force and at such rates as may be prescribed thereby or by any competent authority but without any reduction in respect of the Company's own tax with the rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with powers to increase or reduce the capital, to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified, or special rights, privileges or conditions in such manner as may be determined by or in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the regulations of company for the time being.

We the several persons whose, names and addresses are subscribed are desirous of being formed into a Company, in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:

Name, Address, Description and occupation of Subscriber	Signature of subscriber	Number of Equity Shares taken by each subscriber	Signature, Name, Address occupation & description of witness
RAVI SAWHNEY, S/o Sh. MM Sawhney 80, Sector 9, Chandigarh Govt. Service	Sd/-	10 (Ten)	<p style="text-align: center;">Verified all the signatures Sd/- 27/10/75 S. K. Kataria S/o Sh. C. L. Kataria 531, Sector 16-D, Chandigarh</p>
V.M. AGGARWAL S/o Indejit Aggarwal 144, Sector 18-A Chandigarh Service	Sd/-	10 (Ten)	
GURCHARAN SINGH S/o S. Ishar Singh S.C.F. 3, Sector 11 Chandigarh, Service	Sd/-	10 (Ten)	
Dr. NARESH K. GUPTA S/o Sh. Hans Raj Gupta 471 -A, Sector 15-A Chandigarh, Service	Sd/-	10 (Ten)	
BHAGWAN D. KHURANA S/o Sh. Amar Chand, 142, Sector 16-A Chandigarh, Service	Sd/-	10 (Ten)	
KAILASH C. JAIN S/o Late S.S. Jain 559/16-D, Chandigarh, Service	Sd/-	10 (Ten)	
MOHINDER PARKASH S/o Sh. D.R. Gupta P.C.S. 1128, Sector 15-B Chandigarh, Service	Sd/-	10 (Ten)	

Dated this 14th Day of November 1975

THE COMPANIES ACT 2013

COMPANY LIMITED BY SHARES  
(Incorporated under the Companies Act, 1956)

**ARTICLES OF ASSOCIATION  
OF  
PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**

**TABLE "F" EXCLUDED**

1. (a) The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013 shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.
- (b) The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles.

**Table "F" not to apply**

**Company to be governed by these Articles**

**INTERPRETATION**

2. (a) In the interpretation of these Articles the following expressions shall have the following meaning, unless repugnant to the subject or context.
- (b) "Act" or "The Act" or "The Said Act" means "The Companies Act, 2013" or any statutory modification or reenactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant article in which the said term appears in these articles and any previous company law, so far as may be applicable.
- (c) "Articles" means these Articles of Association of the Company or as altered from time to time.
- (d) "Company" means Punjab Chemicals and Crop Protection Limited.
- (e) "Dividend" includes interim dividend.
- (f) Word importing the masculine gender include, where the context requires or admits, the feminine and neutral gender.
- (g) Word importing singular number include, where the context requires or admits, the plural number.
- (h) "Office" means the Registered Office for the time being of the Company.
- (i) "Person" includes corporations as well as individuals.
- (j) "Rules" means the applicable rules for the time being in force as prescribed under relevant sections of the Act.
- (k) "Seal" means the Common Seal of the Company.
- (l) "In Writing" and "Written" shall include printing and lithography and any other mode or modes of representing or reproducing words in a visible form.
- (m) Unless the context otherwise requires, words or expressions defined in these Articles shall bear the same meaning in the Act or the Rules as the case may be.
- (n) The marginal notes hereto shall not affect the interpretation or construction hereof.
- (o) Wherever in the Articles the context so requires all provisions of these Articles relating to shares of the Company shall, mutatis mutandis, apply to debentures and other securities of the Company and the provisions of these Articles shall be read and construed accordingly. It is clarified that where the context so admits, the term "shares" shall include debentures and other securities and the term "member" shall include holder of the debentures and other securities.

**Interpretation Clause**

**"Act" or "The Act" or "The Said Act"**

**"Articles"**

**"Company"**

**"Dividend"**

**"Gender"**

**"Number"**

**"Office"**

**"Person"**

**"Rules"**

**"Seal"**

**"In Writing" and "Written"**

**Expressions in the Articles to bear the same Meaning in Act Marginal Notes**

**Shares to include debentures, etc**

**CAPITAL**

3. The share capital of the Company is as contained in the capital clause of the Memorandum of Association of the Company.

**Share Capital**

- |     |  |   |
|-----|--|---|
| 4.  | Subject to the provisions of the Act and the Rules, the share capital shall be of the following kinds, namely :<br>(i) Equity Share Capital:<br>(a) With voting rights; and/or<br>(b) With differential rights as to dividend, voting or otherwise; and<br>(ii) Preference share capital   | <b>Kinds of capital</b>   |
| 5.  | Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount and at such times as the Board of Directors may think fit.   | <b>Shares under the control of Board</b>  |
| 6.  | (a) Every Member shall be entitled, without payment, to one certificate for all the shares of each class or denomination registered in his name, or if the Board of Directors so approve ( upon paying such fees as the Board of Directors may from time to time determine) to several certificates , each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the date of receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares, as the case may be.<br><br>(b) Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon.<br><br>(c) In respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate of share(s) to one of several joint holders shall be sufficient delivery to all such holders. | <b>Delivery of share certificates</b><br><br><b>Certificate to bear seal</b><br><br><b>One certificate to joint holders</b> |
| 7.  | If any share certificate is worn out or defaced or mutilated or torn or if there be no further space on the back for endorsement of transfers, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board. In this clause, the expression "Board" shall include any committee constituted by the Board or any person or persons duly authorized by the Board.  | <b>Issue of new certificate in place of one defaced, lost or destroyed</b>  |
| 8.  | The provisions of the foregoing Articles relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures (Except where the Act otherwise requires) of the Company  | <b>Provisions as to issue of certificates to apply mutatis mutandis to debentures, etc.</b>                                 |
| 9.  | Save as otherwise provided by the Articles or by the Act, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the beneficial owner of the shares in the record of a depository, as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction) be bound to recognize any trust or equitable, contingent, future or partial interest or other claim to or interest in such share on the part of any other person, except an absolute right to the entirety thereof in the registered holder.   | <b>Trust not recognized</b>   |
| 10. | (a) Whenever the share capital is divided into different classes of shares, the rights and privileges attached to shares of any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with:<br>i) the consent in writing, of the holders of not less than three-fourth of the issued shares of that class; or<br>ii) the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class, as prescribed by the Act.   | <b>Power to modify class rights</b>   |

(b)	The provisions hereafter contained as to general meetings (including the provisions relating to quorum at such meetings) shall <i>mutatis mutandis</i> apply to every such separate meeting.	<b>Provisions as to general meetings to apply <i>mutatis mutandis</i> to each meeting.</b>
(c)	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking paripassu therewith.	<b>Issue of further shares not to affect rights of existing members</b>
11.	The Company shall have power to issue preference shares liable to be redeemed or converted into equity shares in any manner permissible under the Act and the Board of Directors may, subject to the provisions of the Act, exercise such power in any manner as they think fit and provide for conversion to equity or redemption of such shares on such terms, including the right to redeem at a premium or otherwise, as they think proper.	<b>Power to issue redeemable preference shares.</b>
12.	Subject to the provisions of the Act, the Company may by ordinary resolution passed by the Members from time to time alter the conditions of its Memorandum as follows-	<b>Power to alter share capital</b>
(a)	Increase its authorized share capital by such amount as it thinks expedient;	
(b)	consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;	
(c)	convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;	
(d)	sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum;	
(e)	cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and a cancellation of shares in pursuance of this clause shall not be deemed to be reduction of the share capital.	
13.	(a) The Board or the Company, as the case may be, may, in accordance with the Act and the Rules, issue further shares to:	<b>Further issue of share capital</b>
	(i) Persons, who at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or	
	(ii) Employees under any scheme of employees' stock option; or	
	(iii) Any persons, whether or not those persons include the persons referred to in clause (i) or clause (ii) above.	
	(b) A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules.	<b>Mode of further issue of shares</b>
14.	A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialized state with a depository. Where a person opts to hold any share with the depository, the company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.	<b>Option to receive share certificate or hold shares with depository</b>
15.	Except so far as otherwise provided by the conditions of issue or by the Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to all the provisions contained in these Articles.	<b>How far new shares to rank with shares of original capital</b>
16.	The Company may, from time to time by special resolution and subject to and in accordance with the provisions of the Act and the Rules, reduce its share capital, any capital redemption reserve account or any securities premium account.	<b>Reduction of capital</b>

- |     |  |   |
|-----|--|---|
| 17. | Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those securities shall be transferred to an account to be called 'securities premium account' and the provisions of the Act relating to the reduction of share capital of a company shall, except as provided in the Act, apply as if the securities premium account were paid up share capital of the Company.  | <b>Application of premium received on securities</b>          |
| 18. | Subject to the provisions of the Act and the Articles, the Board may consider to issue and allot shares in the capital of the Company as payment or in consideration or as part payment or in part consideration of the purchase or acquisition of any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company or indemnification of personal material loss incurred in the conduct of the business and any shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid-up or partly paid-up shares, as the case may be. | <b>Board may issue shares otherwise than for cash</b>         |
| 19. | The money (if any) which the Directors shall on allotment of any shares being made by them require or direct to be paid by way of deposit, call or otherwise in respect of any shares, shall immediately on the inscription of the name of the allottee in the register as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.  | <b>Deposit and calls, etc. to be debt payable immediately</b> |
| 20. | If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.  | <b>Installments on shares to be duly paid</b>                 |
| 21. | Every Member or his heirs, executors and administrators shall pay to the Company the proportion of the capital represented by his share or shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall from time to time in accordance with the Company's regulations require or fix for the payment thereof.   | <b>Liability of Members</b>                                   |

#### COMMISSION

- |     |   |  |
|-----|---|--|
| 22. | (a) The Company may exercise the powers of paying commissions to any person in connection with the subscription or procurement of subscription to its securities, whether absolute or conditional, subject to the conditions and rates prescribed by the Rules. | <b>Power to pay commission in connection with securities issued.</b> |
|     | (b) The commission may be paid or satisfied, subject to the provisions of the Act, in cash or allotment of fully or partly paid shares or partly in one way or partly in the other.   | <b>Mode of payment of commission</b>                                 |

#### BUY BACK

- |     |  |                           |
|-----|--|---------------------------|
| 23. | Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase or buy back and re-issue any part of its own shares or other specified securities. | <b>Buy-back of shares</b> |
|-----|--|---------------------------|

#### JOINT HOLDERS

- |     |  |   |
|-----|--|---|
| 24. | The joint-holders of any share shall be liable severally as well as jointly for and in respect of all instalments and all calls due in respect of such share.  | <b>Liability of joint-holders</b>                         |
| 25. | The certificate of shares registered in the names of two or more persons shall be delivered to the person first named in the register.   | <b>To which of joint holders certificate to be issued</b> |
| 26. | If any shares stand in the name of two or more persons, the person first named in the register shall, as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, except voting at the meeting and the transfer of shares, be deemed to sole holder thereof. | <b>The first named joint holder deemed sole owner</b>     |

- |     |  |  |
|-----|--|--|
| 27. | On the death of any such joint- holder, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to or interest in such share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability in respect of the shares held by him jointly with any other person.  | <b>Death of one or more joint holders of shares</b>  |
| 28. | <ul style="list-style-type: none"> <li>i) Where there are joint holders of any shares, any of such persons may vote at any meeting either personally or by attorney or proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint- holders be present at any meeting personally or by attorney or proxy then one of such persons so present whose name stands first or higher as the case may be on the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting</li> <li>ii) Several executors or administrators of a deceased member in whose (deceased member's) sole name any share stands, shall for the purposes of this sub-clause be deemed joint-holders.</li> </ul> | <b>Vote by joint holders</b>   |
| 29. | Any one of two or more joint holders of a share may give effective receipts of any dividend, bonuses or other moneys payable in respect of such share.   | <b>Receipt by any joint holder</b>   |
| 30. | The provisions of these Articles relating to joint holders of shares shall mutatis mutandis apply to any other securities including debentures of the Company registered in joint names.   | <b>Provisions as to joint holders as to shares to apply mutatis mutandis to debentures, etc.</b> |

### TRANSFER OF SHARES

- |     |   |   |
|-----|---|---|
| 31. | <ul style="list-style-type: none"> <li>(a) No transfer of shares held in material form shall be registered unless a proper instrument of transfer, accompanied by the certificate of the shares to which it relates and such other evidence as the Board of Directors (which expression shall include any committee constituted by the Board of Directors or any person or persons duly authorized by the Board of Directors in this behalf) may reasonably require to show the right of the transferor to make the transfer, has been delivered to the Company.</li> <li>(b) The instrument of transfer of any share shall be duly stamped and be executed by or on behalf of both the transferor and transferee.</li> <li>(c) The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register of members in respect thereof.</li> <li>(d) Shares of different classes shall not be included in the same instrument of transfer</li> <li>(e) The instrument of transfer shall be in writing and in the form prescribed by the Rules</li> <li>(f) In the case of shares or other marketable securities where the Company has not issued any certificates and where such shares of securities are held in any electronic and fungible form in a depository, the provisions of applicable law shall apply</li> <li>(g) The Board in accordance with the provisions of the Act and Rules may, subject to the right of appeal conferred by the Act, decline to register - <ul style="list-style-type: none"> <li>i) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or</li> <li>ii) any transfer of shares on which the Company has a lien.</li> </ul> </li> <li>(h) In case of shares held in material form, it shall be lawful for the Board to refuse to register a transfer of any shares, unless the instrument of transfer is duly stamped and executed in accordance with the Rules and has been delivered to the Company along with the certificate relating to the shares provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit and unless the instrument of transfer is in respect of one class of shares.</li> </ul> | <p><b>Execution of transfer, etc.</b></p> <p><b>Instrument of transfer to be stamped</b></p> <p><b>Transferor to remain holder</b></p> <p><b>Separate instrument for each class</b></p> <p><b>Form of transfer</b></p> <p><b>Shares in fungible form</b></p> <p><b>Board may refuse to register transfer</b></p> <p><b>Transfer of shares</b></p> |
|-----|---|---|

- |     |  |  |
|-----|--|--|
| (i) | The certification by the Company of any instrument of transfer of shares in the Company shall be taken as representation by the Company to any person acting on the faith of the certification that there have been produced to the Company such documents as on the face of them show a prima facie title to the shares in the transferor named in the instrument of transfer but not as a representation that the transferor has may title to the shares.  | <b>Certificate of transfer</b>   |
| (j) | The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purported to be made by any apparent legal owner thereof (as shown as appearing on the register) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest, or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to attend or give effect to any such notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to give regard and attend to any such notice and give effect thereto if the Board of Directors shall so think fit. | <b>Company not liable for disregard of notice prohibiting registration of transfer</b> |
| (k) | The Board of Directors may, after giving of previous notice of such period as may be provided in the provisions of the Act, Rules and/ or regulations of Securities and Exchange Board of India, close the register of members at such times and for such periods (not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time) as the Board of Directors may determine.   | <b>Closure of transfer books</b>   |
| (l) | No fee shall be charged for registration of a transfer   | <b>No fees for transfer</b>  |

#### **TRANSMISSION OF SHARES**

- |         |   |  |
|---------|---|--|
| 32. (a) | Any person becoming entitled to shares in consequence of the death, lunacy or insolvency of any member, upon producing proper evidence of the grant of probate or letters of administration or succession certificate or such other evidence that he sustains the character in respect of which he proposes to act under this clause or of his title, as the Board of Directors think sufficient, may with the consent of the Board of Directors (which they shall not be under any obligation to give) elect either to be registered as member in respect of such share or to make a transfer of his shares as the deceased or insolvent member could have made. In this clause, the expression "Board of Directors" shall include any committee constituted by the Board of Directors or any person or persons duly authorized by the Board of Directors. This clause is herein in these Articles referred to as the "Transmission Clause". | <b>Transmission Clause</b>                       |
| (b)     | If the person so becoming entitled, elects to be registered as holder of the share, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with proper evidence.  | <b>Right to election of holder of share</b>      |
| (c)     | If the person aforesaid shall elect to transfer the share, he shall testify election by executing a transfer of the share   | <b>Transfer to be executed</b>                   |
| (d)     | All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.  | <b>Limitations applicable to notice</b>          |
| (e)     | A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled and subject to the same obligations, if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:<br>Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to other person for transfer/ transmission of the share. If the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.                           | <b>Claimant to be entitled to same advantage</b> |

- |     |  |   |
|-----|--|---|
| (f) | The Board shall, subject to the provisions of the law, have the same right to refuse a person entitled under the Transmission Clause to any shares as it would have had, if the deceased or insolvent member had presented a transfer for registration before his death or insolvency.   | <b>Board's right to refuse to register a transmission</b> |
| (g) | Every transmission of shares shall be verified in such manner as the Board of Directors may require and the Company may refuse to register any such transmission until the same be so verified or until and unless an indemnity be given to the Company with regards to such registration which the Board of Directors in their discretion shall consider sufficient.<br>Provided nevertheless that there shall not be any obligation on the Company or the Board of Directors to accept an indemnity. | <b>Board may require evidence of transmission</b>         |
| (h) | In case of a sole holder of shares, on his death, his nominee or nominees or legal representatives shall be the only person (s) recognized by the Company as having any title to his interest in the shares.   | <b>Death of sole holder</b>                               |
| (i) | No fee shall be charged for registration of transmission, probate, succession certificate, letters of administration, certificate of death or marriage, power of attorney or other similar document.   | <b>No fee on transmission, etc.</b>                       |

### CALLS

- |     |  |  |
|-----|--|--|
| 33. | The Board of Directors may from time to time by resolution passed at a meeting of the Board and not by circular resolution, make such calls, as they may think fit, upon the members in respect of all monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and which are not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times appointed by the Directors. A call may be made payable by installments. Provided that no call shall exceed one-half of nominal value of share or be payable at less than one month from the date fixed for the payment of the last proceeding call. | <b>Board may make calls</b>  |
| 34. | Where any calls are made on the shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.   | <b>Calls on shares of same class to be made on uniform basis</b>   |
| 35. | Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.  | <b>Notice of Call</b>  |
| 36. | A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed at a meeting of the Board of Directors and may be made payable by those members whose names appear on the Register of Members on such date, or, the discretion of the Directors on such subsequent date as shall be fixed by the Directors.  | <b>Call to date from Resolution</b>  |
| 37. | (a) The Directors may from time to time, at their discretion extend the time for the payment of any call, and may extend such time as to all or any of the members who, on account of their residence(s) being at a distance or other cause, the Directors may deem entitled to such extension; but no member shall be entitled to such extension as of right save as a matter of grace and favour.<br>(b) A call may be revoked or postponed at the discretion of the Board   | <b>Directors may extend time</b>   |
| 38. | (a) If by the terms of issue of any share or otherwise, any amount is made payable at any fixed time or by installments at fixed times (whether on account of the nominal value of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.<br>(b) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof  | <b>Revocation or postponement of call</b><br><b>Amount payable at fixed time or by installments as Calls</b> |
| 39. | (a) If a sum payable in respect of any call or installment is not paid before or on the day appointed for payment thereof (the due date), the person from whom the sum is due  | <b>Liability of joint holders of shares</b><br><b>When call not paid on due date.</b>                        |

shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board.

(b) The Board shall be at liberty to waive payment of any such interest wholly or in part.

**Board may waive interest  
Partial payment not to preclude forfeiture**

40. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any money shall preclude the forfeiture of such shares as hereinafter provided.

41. On the trial or hearing or any action or suit for the recovery of money due for any call, it shall be sufficient to prove that the name of the member in respect of whose shares money is sought to be recovered entered in the Register of Members as the holder of the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly posted to the member or his representative in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

**Proof on trial of suit for money due on calls**

42. The Directors,

- (a) may, if they think fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Directors.

**Payment of call in advance**

Nothing contained in this clause shall confer on the Member:

- a) Any right to participate in profits or dividends or
- b) Any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.

43. If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.

**Installments on shares to be duly paid**

44. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

**Sums deemed to be calls**

(ii) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

**Effect of non-payment of sums**

45. The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company.

**Provisions as to calls to apply mutatis mutandis to debentures, etc.**

## FORFEITURE AND SURRENDER

46. If any member fails to pay any call, or installment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or installment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.

**If call or installment not paid notice must be given**

47. The notice aforesaid shall:

**Form of Notice**

- (i) Name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is

	to be made; and a place or places, on and at which such call or installment and such interest and expenses as aforesaid are to be paid.	
	(ii) State that, in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the call or installment and such interest and expenses thereon as aforesaid shall be liable to be forfeited.	
48.	If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.	<b>If the notice not complied with, shares may be forfeited</b>
49.	(a) When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.	<b>Notice after forfeiture and entry in the register of members</b>
	(b) The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share	<b>Effect of forfeiture</b>
50.	A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit.	<b>Forfeited shares to become property of the Company and may be sold.</b>
51.	At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.	<b>Cancellation of forfeiture</b>
52.	(a) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.	<b>Members still liable to pay money owing at the time of forfeiture</b>
	(b) All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realization. The Board may, if it thinks, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole in part.	<b>Member still liable to pay money owing at time of forfeiture and interest</b>
	(c) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.	<b>Cesser of liability</b>
53.	(a) A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;	<b>Evidence/Certificate of forfeiture</b>
	(b) The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;	<b>Title of purchaser and transferee of forfeited shares</b>
	(c) The transferee shall thereupon be registered as the holder of the share; and	<b>Transferee to be registered as holder</b>
	(d) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.	<b>Transferee not affected</b>
54.	Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.	<b>Validity of sales</b>
55.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to	<b>Cancellation of share certificate in respect of</b>

- it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.
56. The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.
57. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
58. The provisions of these Articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

**forfeited shares**

**Surrender of share certificates  
Sums deemed to be calls**

**Provisions as to forfeiture of shares to apply mutatis mutandis to debentures, etc.**

## LIEN

59. (a) The Company shall not have a lien on its fully paid shares.  
In the case of partly paid up shares, the Company shall have a first and paramount lien -
- (i) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
  - (ii) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company; Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
- (b) The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company.
- (c) Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.
60. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:  
Provided that no sale shall be made:-
- (i) unless a sum in respect of which the lien exists is presently payable; or
  - (ii) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.
61. (a) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.
- (b) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (c) The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.
- (d) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.
62. (a) The net proceeds of any such sale, after payment of the cost of such sale shall be received by the Company and applied in or towards satisfaction of all moneys called and payable in respect of such shares on which the lien exists as is presently payable.
- (b) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
63. In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a

**Company's lien on shares**

**Lien to extend to dividends, etc.**

**Waiver of lien in case of registration  
As to enforcing lien by sale**

**Validity of sale**

**Purchaser to be registered holder  
Validity of Company's receipt**

**Purchaser not affected**

**Application of proceeds of sale**

**Payment of residual money**

**Outsider's lien not to affect**

64.	<p>court of competent jurisdiction or unless required by any statute) be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.</p> <p>The provisions of these Articles relating to lien shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.</p>	<p><b>Company's lien</b></p> <p><b>Provisions as to lien to apply <i>mutatis mutandis</i> to debentures, etc.</b></p>
-----	--	---

**CONVERSION OF SHARES INTO STOCK**

65.	<p>The Company by resolution in the general meeting, in accordance with the applicable provisions of the Act and the Rules, may</p> <p>(i) convert any paid-up shares into stock and</p> <p>(ii) Re-convert any stock into paid-up shares of any denomination.</p>	<p><b>Conversion of shares into stock and reconversion</b></p>
-----	--	--

66.	<p>The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:</p> <p>Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of shares from which the stock arose.</p>	<p><b>Transfer of stock</b></p>
-----	--	---------------------------------

67.	<p>The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, participation in profits, voting at meetings of the Company and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as to dividends, participation in the profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.</p>	<p><b>Rights of stockholders</b></p>
-----	--	--------------------------------------

68.	<p>Such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder"/"member" shall include "stock" and "stock-holder" respectively.</p>	<p><b>Regulations to apply to stocks</b></p>
-----	---	--

**GENERAL MEETINGS AND ITS PROCEEDINGS**

69.	<p>All general meetings other than annual general meeting shall be called extraordinary general meeting.</p>	<p><b>Extraordinary general meeting</b></p>
70.	<p>The Board may, whenever it thinks fit, call an extra-ordinary general meeting.</p>	<p><b>Powers of Board to call extra-ordinary general meeting.</b></p>

71.	<p>(a) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.</p>	<p><b>Presence of Quorum</b></p>
-----	--	----------------------------------

(b)	<p>No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant.</p>	<p><b>Business confined to election of Chairperson whilst chair vacant.</b></p>
-----	---	---

(c)	<p>The quorum for a general meeting shall be 30 or as minimum prescribed by the Act as provided in the Act.</p>	<p><b>Quorum for general meeting</b></p>
-----	---	--

72.	<p>The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.</p>	<p><b>Chairperson of the meeting</b></p>
-----	---	--

73.	<p>If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.</p>	<p><b>Directors to elect a Chairperson</b></p>
-----	---	--

74.	<p>If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members</p>	<p><b>Members to elect a Chairperson</b></p>
-----	---	--

- present shall, by poll or electronically, choose one of their members to be Chairperson of the meeting.
75. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.
76. (a) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting -
- (i) is, or could reasonably be regarded, as defamatory of any person; or
- (ii) is irrelevant or immaterial to the proceedings; or
- (iii) is detrimental to the interests of the Company.
- (c) The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause.
- (d) The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein.
77. (a) The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall:
- (i) be kept at the registered office of the Company; and
- (ii) be open to inspection of any member without charge, during 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays and Saturday or as decided by the Board of Directors.
- (b) Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (a) above, Provided that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.
78. The Board, and also any person(s) authorized by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision.

**Casting vote of Chairperson at general meeting**

**Minutes of proceedings of meetings and resolutions passed by postal ballot**

**Certain matters not to be included in Minutes**

**Discretion of Chairperson in relation to Minutes**

**Minutes to be evidence**

**Inspection of minute books of general meeting**

**Members may obtain copy of minutes**

**Powers to arrange security at meetings**

#### **ADJOURNMENT OF MEETING**

79. (a) The Chairperson may, with the consent of any meeting at which a quorum is present and shall if so directed by the majority, adjourn the meeting from time to time and from place to place.
- (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (d) Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

**Chairperson may adjourn the meeting**

**Business at adjourned meeting**

**Notice of adjourned meeting  
Notice of adjourned meeting not required**

## VOTING RIGHTS

- |     |   |  |
|-----|---|--|
| 80. | A member paying the whole or part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.   | <b>Restrictions on exercise of voting right of members who have paid in advance of calls</b> |
| 81. | Subject to any rights or restrictions for the time being attached to any class or classes of shares -<br>(i) on a show of hands, every member present in person shall have one vote; and<br>(ii) on a poll (where applicable), have one vote for each equity shares held by him.<br>(iii) Every member of the Company holding any equity share and otherwise entitled to vote shall, at a postal ballot, have one vote for each equity share held by him.   | <b>Entitlement to vote on show of hands and on poll</b>                                      |
| 82. | A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once. Member will have one vote for every equity share held by him.  | <b>Voting through electronic means</b>   |
| 83. | (a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.<br>(b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.  | <b>Vote of joint-holders</b><br><b>Seniority of names</b>                                    |
| 84. | A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.  | <b>Vote of members of unsound mind or minor.</b>   |
| 85. | Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Transmission Clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. | <b>Votes in respect of shares of deceased or insolvent members, etc.</b>                     |
| 86. | Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.   | <b>Business may proceed pending poll</b>   |
| 87. | No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.  | <b>Restriction on voting rights</b>  |
| 88. | A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.   | <b>Restriction on voting rights</b>  |
| 89. | Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.   | <b>Equal rights of members</b>   |
| 90. | (a) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.<br>(b) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.  | <b>Objection to vote</b>   |
| 91. | Subject to the provisions of the Act, the holders of preference shares shall have, in respect of such preference shares held by them, the right to vote only on resolutions placed before the Company in general meeting which directly affect the rights attached to such preference shares.   | <b>Voting rights of preference shareholders</b>  |
| 92. | Every notice convening a meeting of the Company shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member of the Company.   | <b>Members entitled to appoint a proxy</b>   |

## **BOARD OF DIRECTORS**

- |     |   |  |
|-----|---|--|
| 93. | Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than 15 (fifteen).  | <b>Board of Directors<br/>Directors not liable to retire by rotation</b>   |
| 94. | (a) Shri Shalil Shroff shall be a director not be liable to retire by rotation<br>(b) All Whole Time Director (s) shall be liable to retire by rotation. A Whole Time Director re-appointed as a Director immediately on retirement by rotation, shall continue to hold his office of Whole Time Director, and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Whole Time Director<br>(c) The Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation<br>(d) The same individual may, at the same time, be the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company.   | <b>Same individual may be Chairperson and Managing Director / Chief Executive Officer<br/>Appointment of alternate director</b>                                    |
| 95. | (a) The Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.<br>(b) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.<br>(c) If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director. | <b>Duration of office of alternate director<br/>Re-appointment provisions applicable to Original Director<br/>Appointment of director to fill a casual vacancy</b> |
| 96. | (a) If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.<br>(b) The director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated.   | <b>Duration of office of Director appointed to fill casual vacancy</b>   |
| 97. | (a) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by Articles.<br>(b) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.   | <b>Appointment of additional directors<br/>Duration of office of additional director</b>   |
| 98. | (a) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.<br>(b) The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act and Rules/ Schedules made therein.   | <b>Remuneration of directors<br/>Remuneration to Managing or whole-time director or manager as per provisions of the Act</b>                                       |
| 99. | (c) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—<br>(i) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or<br>(ii) in connection with the business of the Company.<br>Every director present at any meeting of the Board or of a committee thereof shall sign against his name in a book to be kept for that purpose.   | <b>Travelling and other expenses<br/>Entry in register</b>   |

100. The Company may (subject to the applicable provisions of the Act and the Rules and these Articles) remove any Director before the expiry of his period of office.

**Removal of Directors**

### **PROCEEDINGS OF THE BOARD OF DIRECTORS**

101. (a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

**When meeting to be convened**

(b) The Managing Director or any two Directors with the previous consent of the Managing Director may, or the company secretary on the direction of the Managing Director shall, at any time, summon a meeting of the Board.

**Who may summon Board meeting**

(c) The quorum for a Board meeting shall be as provided in the Act.

**Quorum for Board meetings  
Participation at Board meetings**

(d) The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.

102. (a) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

**Questions at Board meeting how decided**

(b) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

**Casting vote of Chairperson at Board meeting**

103. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

**Directors not to act when number falls below minimum**

104. (a) The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

**Who to preside at meetings of the Board**

(b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their numbers to be Chairperson of the meeting.

**Directors to elect a Chairperson**

105. (a) The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such Board member (s) as it thinks fit.

**Delegation of powers**

(b) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

**Committee to conform to Board regulations**

(c) The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.

**Participation at Committee meetings**

106. (a) A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.

**Chairperson of Committee**

(b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

**Who to preside at meetings of Committee**

107. (a) A Committee may meet and adjourn as it thinks fit.

**Committee to meet**

(b) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present.

**Questions at Committee meeting how decided**

(c) In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.

**Casting vote of Chairperson at Committee meeting**

- |      |   |   |
|------|---|---|
| 108. | All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director and as if his appointment has not been terminated. | <b>Acts of Board or Committee valid notwithstanding defect of appointment</b> |
| 109. | Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.   | <b>Passing of resolution by circulation</b>                                   |

**POWERS OF BOARD**

- |      |   |  |
|------|---|--|
| 110. | The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting. Provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. | <b>General powers of the Company vested in Board</b> |
| 111. | All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.  | <b>Execution of negotiable instruments</b>           |

**CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER**

- |      |  |  |
|------|--|--|
| 112. | Subject to the provisions of the Act-  |  |
| (a)  | A Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses. | <b>Chief Executive Officer, etc.</b>                 |
| (b)  | A Director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer, subject to the fulfillment of the qualification prescribed under the Act.   | <b>Director may be Chief Executive Officer, etc.</b> |

**REGISTERS, BOOKS AND DOCUMENTS**

- |      |  |                            |
|------|--|----------------------------|
| 113. | The Company shall keep and maintain at its registered office all statutory registers namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, investments, guarantees, security and acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules. The registers and copies of annual return shall be open for inspection during 11.00 a.m. to 1.00 p.m. on all working days, other than Saturdays and Sundays, at the registered office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules. | <b>Statutory Registers</b> |
| 114. | The Company may keep in any country outside India, in such manner as may be prescribed by the Rules of foreign register and the Board of Directors may, subject to the   | <b>Foreign Register</b>    |

provisions of the Act, make and vary such regulations as it may think fit with respect to the keeping of any such register.

#### **THE SEAL**

- |      |  |                                      |
|------|--|--------------------------------------|
| 115. | The Directors shall provide a common seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and they shall provide for the safe custody of the seal for the time being and it shall not be used except by the authority of the Directors or a Committee of Directors and in the presence of at least one of the Directors or the Company Secretary or any person as the Board may authorize. | <b>The seal, the custody and use</b> |
| 116. | Every deed or other instrument to which the seal of the Company is required by the Act to be affixed shall, unless the same is executed by a duly constituted attorney of the Company, be signed by one Director in whose presence it shall have been affixed and shall be countersigned by the Secretary of the Company or any other person authorized by the Board in that behalf.   | <b>Execution of Deeds</b>            |

#### **DIVIDENDS AND RESERVE**

- |      |   |  |
|------|---|--|
| 117. | The Company in general meeting may declare a dividend to be paid to the members according to the rights and interests in the profit and may fix the time for payment. However, no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend.   | <b>Company in general meeting may declare dividends</b>  |
| 118. | Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as in their judgement the position of the Company justifies.   | <b>Interim dividends</b>   |
| 119. | No dividend shall be payable except out of the profits of the Company and no dividend shall carry interest as against the Company.  | <b>Dividend out of profits only and not to carry interest</b>  |
| 120. | The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.  | <b>Declaration of Directors as to net profit conclusive</b>  |
| 121. | <p>(a) Subject to the provisions of the Act and the Articles and subject to the right of persons, if any, to shares with special rights as to dividend, the profit of the Company which it shall from time to time determine to distribute in dividends, shall be divisible amongst the members in proportion to the capital paid up or credited as paid up on the shares held by them respectively.</p> <p>(b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.</p> <p>(c) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.</p> | <b>Dividends</b>   |
| 122. | <p>(a) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.</p> <p>(b) The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.</p>  | <b>Payments in advance</b><br><b>Dividends to be apportioned</b><br><b>Debt may be deducted from the dividend</b><br><b>Retention of dividends</b> |
| 123. | <p>(a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>(b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p> <p>(c) Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is</p>   | <b>Dividend how remitted</b><br><b>Instrument of payment</b><br><b>Discharge to Company</b>  |



respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalization, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares.

- (c) Any agreement made under such authority shall be effective and binding on such members.

**Agreement binding on members**

#### **ACCOUNTS**

132. (a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions and regulations, the accounts and books of the Company or any of them, shall be open to the inspection of members not being Directors.
- (b) No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by law or authorized by the Board or by the Company in general meeting
- (c) Every member and trustee of the holder of any debentures issued by the Company shall be entitled to inspect the financial statement, including consolidated financial statement, if any, auditor's report and every other document required by law to be annexed or attached to the financial statement at the Registered office of the Company without charge on any working day during business hours between 11.00 a.m. to 1.00 p.m. or such other period as may be fixed by the Board from time to time.

**Inspection by Members**

**Restriction on inspection by members**  
**Inspection of financial statements**

#### **WINDING UP**

133. Subject to the applicable provisions of the Act and the Rules made thereunder -
- (a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

**Winding up of Company**

#### **INDEMNITY AND INSURANCE**

134. (a) Subject to the provisions of the Act, every Director, Managing Director, Whole-time Director, Manager, Company Secretary and other Officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such Director, Manager, Company Secretary and Officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such Director, Manager, Company Secretary or Officer or in any way in the discharge of his duties in such capacity including expenses.
- (b) Subject as aforesaid, every Director, Managing Director, Manager, Company Secretary or other Officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.
- (c) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former Directors and Key Managerial Personnel for indemnifying

**Directors and officers right to indemnity**

**Insurance**

all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

#### **GENERAL AUTHORITY**

135. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company cannot carry out any transaction unless it is so authorized by its articles, then and in that case this Article hereby specifically authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any other specific Article in that behalf herein provided.

**General Power**

We the several persons whose, names and addresses are subscribed are desirous of being formed into a Company, in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:

Name, Address, Description and occupation of Subscriber	Signature of subscriber	Number of Equity Shares taken by each subscriber	Signature, Name, Address occupation & description of witness
RAVI SAWHNEY, S/o Sh. MM Sawhney 80, Sector 9, Chandigarh Govt. Service	Sd/-	10 (Ten)	<p style="text-align: center;">Verified all the signatures Sd/- 27/10/75 S. K. Kataria S/o Sh. C. L. Kataria 531, Sector 16-D, Chandigarh</p>
V.M. AGGARWAL S/o Indejit Aggarwal 144, Sector 18-A Chandigarh Service	Sd/-	10 (Ten)	
GURCHARAM SINGH S/o S. Ishar Singh S.C.F. 3, Sector 11 Chandigarh, Service	Sd/-	10 (Ten)	
Dr. NARESH K. GUPTA S/o Sh. Hans Raj Gupta 471 -A, Sector 15-A Chandigarh, Service	Sd/-	10 (Ten)	
BHAGWAN D. KHURANA S/o Sh. Amar Chand, 142, Sector 16-A Chandigarh, Service	Sd/-	10 (Ten)	
KAILASH C. JAIN S/o Late S.S. Jain 559/16-D, Chandigarh, Service	Sd/-	10 (Ten)	
MOHINDER PARKASH S/o Sh. D.R. Gupta PCS. 1128, Sector 15-B Chandigarh, Service	Sd/-	10 (Ten)	

Dated 14th Day of November 1975

HIGH COURT ORDERS  
SANCTIONING  
SCHEMES OF ARRANGEMENTS



**IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGRH**  
**COMPANY PETITION NO. 114 OF 2005**  
**CONNECTED WITH**  
**COMPANY PETITION NOS. 80 OF 2005,**

In the matter of Sections 391 to 394 of the Companies Act, 1956 (1 of 1956)

And

In the matter of Alpha Drug India Limited

And

In the matter of Scheme of Amalgamation of Alpha Drug India Limited

And

STS Chemicals Limited

With

Punjab Chemicals & Crop Protection Limited

Petition of :

Alpha Drug India Limited, a company incorporated under the Companies Act, 1956 having its registered office at Villages Kolimajra & Samalheri, P O Lalru, Distt. Patiala -140 501;

Through Shri Punit K. Abrol, Director.

... Petitioner/First Transferor Company

PETITION TO SANCTION THE SCHEME OF AMALGAMATION OF ALPHA DRUG INDIA LIMITED AND STS CHEMICALS LIMITED WITH PUNJAB CHEMICALS & CROP PROTECTION LIMITED UNDER SECTION 391 TO 394 OF THE COMPANIES ACT, 1956 (1 OF 1956) :

- B) That the Scheme as set forth in Annexure P-1 to this Petition be sanctioned by this Hon'ble High Court on the terms and conditions mentioned therein and be declared by this Hon'ble High Court to be binding on the members and creditors of the Petitioner/First Transferor Company, Second Transferor Company and the Transferee Company; and
- C) That the Petitioner/First Transferor Company shall within 30 days of the sealing of the order for registration sanctioning the Scheme cause a certified copy of the order to be delivered to the Registrar of Companies, Punjab, HP & Chandigarh, for registration and on such certified copy being so delivered, the Petitioner/First Transferor Company shall be dissolved without winding up and the Registrar of Companies shall transfer all the documents and records relating to the Petitioner/First Transferor Company with him to keep on the file kept relating to the Transferee Company and the files relating to the said companies shall be consolidated accordingly; and
- D) That any person interested shall be at liberty to apply to this Hon'ble High Court in the above matter for such directions as may be necessary; and
- E) That such further or other orders be made and/or directions be given as this Hon'ble Court may deem fit and proper.

**Company Petition No. 80 of 2005**

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

And

In the matter of Alpha Drug India Limited

And

In the matter of Scheme of Amalgamation of Alpha Drug India Limited

And

STS Chemicals Limited

With

Punjab Chemicals & Crop Protection Limited

Petition of :

Alpha Drug India Limited, a company incorporated under the Companies Act,1956 having its registered office at Villages Kolimajra & Samalheri, P.O Lalru, Distt. Patiala -140 501;

Through Shri Punit K. Abrol, Director

Petitioner/Company

Petition under sections 391 and 394 of the Companies Act, 1956 for sanction of the scheme of amalgamation of Alpha Drug India Ltd. and STS Chemicals Ltd. with Punjab Chemicals & Crop Protection Limited.

**Prayer :**

It is therefore respectfully prayed :

- (a) That this Hon'ble Court may be pleased to issue directions for convening and holding of the meetings of the Equity Shareholders of the First Transferor Company at the Transferor Company's Registered Office or at such other place as may be determined by the Court and on such date and at such time as the Court may direct and that any suitable person as may be considered appropriate by this Hon'ble Court be appointed as Chairman of such meeting of the Equity Shareholders of the Transferor Company; and
- (b) That this Hon'ble Court may issue directions for convening and holding of the meetings of the Unsecured Creditors of the First Transferor Company at the Transferor Company's Registered Office or at such other place as may be determined by the Court, and on such date and at such time as the Court may direct and that any suitable person as may be considered appropriate by this Hon'ble Court be appointed as Chairman of such meeting of the Unsecured Creditors of the Transferor Company.
- (c) That this Hon'ble Court may issue directions for convening and holding of the meetings of the Secured Creditors of the First Transferor Company at the Transferor Company's Registered Office or at such other place as may be determined by the Court and on such date and at such time as the Court may direct and that, any suitable person as may be considered appropriate by this Hon'ble Court be appointed as Chairman of such meeting of the Secured Creditors of the Transferor Company; and
- (d) That combined notices of the proposed Scheme of Amalgamation and/or meetings may be ordered to be published in each of the following newspapers, namely; The Tribune (English) and Punjabi Tribune (Punjabi) or any other newspaper as desired by this Hon'ble High Court and the Government Gazette as required by Rule 74 of the Companies (Court) Rules, 1959; and
- (e) That the scheme of amalgamation (Annexure P 1) as envisaged in this petition may be sanctioned by this Hon'ble Court as to be binding with effect from 1<sup>st</sup> April 2004 on the companies and their shareholders and all concerned; and
- (f) That such further or other orders be made and / or directions be given as this Hon'ble Court may deem fit.

**Company Petition No. 113 of 2005**

(Connected With Company Petition No. 81 of 2005)

**Company Petition No. 113 of 2005**

In the matter of Sections 391 to 394 of the Companies Act, 1956 (1 of 1956)

And

In the matter of Punjab Chemicals & Crop Protection Limited

And

In the matter of Scheme of Amalgamation of Alpha Drug India Limited

And

STS Chemicals Limited

With

Punjab Chemicals & Crop Protection Limited

Petition of :

Punjab Chemicals & Crop Protection Limited, a company incorporated under the Companies Act, 1956 having its registered office at SCO 417- 418, Sector 35 - C, Chandigarh;

Through Shri Punit K. Abrol, Vice President (Finance) and Secretary

Petitioner/Transferee Company

**PETITION TO SANCTION THE SCHEME OF AMALGAMATION OF ALPHA DRUG INDIA LIMITED AND STS CHEMICALS LIMITED WITH PUNJAB CHEMICALS & CROP PROTECTION LIMITED UNDER SECTION 391 TO 394 OF THE COMPANIES ACT, 1956 (1 OF 1956) :**

**PRAYS :**

- A) That a notice be issued to the Central Government through the Regional Director, Northern Region, Dept. of Company Affairs as required by section 394A of the Companies Act, 1956 and also to the Official Liquidator attached to this Hon'ble Court; and
- B) That the Scheme as set forth in Annexure P-1 to this Petition be sanctioned by this Hon'ble High Court on the terms and conditions mentioned therein and be declared by this Hon'ble High Court to be binding on the members and creditors of the First Transferor Company, Second Transferor Company and the Transferee Company; and
- C) That the Transferee Company shall within 30 days of the sealing of the order for registration sanctioning the Scheme cause a certified copy of the order to be delivered to the Registrar of Companies, Punjab, H.P. & Chandigarh, for registration and on such certified copy being so delivered, both the Transferor Companies shall be dissolved without winding up and the Registrar of Companies shall transfer all the documents and records relating to the Transferor Companies with him to keep on the file kept relating to the Transferee Company and the files relating to the said companies shall be consolidated accordingly; and
- D) That any person interested shall be at liberty to apply to this Hon'ble High Court in the above matter for such directions as may be necessary; and
- E) That such further or other orders be made and/or directions be given as this Hon'ble Court may deem fit and proper.

**Company Petition No. 81 of 2005**

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

And

In the matter of Alpha Drug India Limited

And

In the matter of Scheme of Amalgamation of Alpha Drug India Limited

And

STS Chemicals Limited

With

Punjab Chemicals & Crop Protection Limited

Petition of :

Punjab Chemicals & Crop Protection Limited, a company incorporated under the Companies Act, 1956 having its registered office at SCO 417-418, Sector 35-C, Chandigarh-160 022

Through : Shri Punit K. Abrol, Vice President and Company Secretary

Petitioner//Company

**Petition under Sections 391 and 394 of the Companies Act, 1956 for sanction of the scheme of amalgamation of Alpha Drug India Ltd. and STS Chemicals Ltd. with Punjab Chemicals & Crop Protection Limited.**

**Prayer :**

- (a) That this Hon'ble Court may be pleased to issue directions for convening and holding of the meetings of the Equity Shareholders of the Transferee Company at the Transferee Company's Registered Office or at such other place as may be determined by the Court and on such date and at such time as the Court may direct and that any suitable person as may be considered appropriate by this Hon'ble Court be appointed as Chairman of such meeting of the Equity Shareholders of the Transferee Company; and
- (b) That this Hon'ble Court may issue directions for convening and holding of the meetings of the Unsecured Creditors of the Transferee Company at the Transferee Company's Registered Office or at such other place as may be determined by the Court and on such date and at such time as the Court may direct and that any suitable person as may be considered appropriate by this Hon'ble Court be appointed as Chairman of such meeting of the Unsecured Creditors of the Transferee Company.

- (c) That this Hon'ble Court may issue directions for convening and holding of the meetings of the Secured Creditors of the Transferee Company at the Transferee Company's Registered Office or at such other place as may be determined by the Court and on such date and at such time as the Court may direct and that any suitable person as may be considered appropriate by this Hon'ble Court be appointed as Chairman of such meeting of the Secured Creditors of the Transferee Company; and
- (d) That combined notices of the proposed Scheme of Amalgamation and/or meetings may be ordered to be published in each of the following newspapers, namely; The Tribune (English) and Punjabi Tribune (Punjabi) or any other newspaper as desired by this Hon'ble High Court and the Government Gazette as required by Rule 74 of the Companies (Court) Rules, 1959; and
- (e) That the scheme, of amalgamation (Annexure P-1) as envisaged in this petition may be sanctioned by this Hon'ble Court as to be binding with effect from 1<sup>st</sup> April 2004 on the companies and their shareholders and all concerned; and
- (f) That such further or other orders be made and / or directions be given as this Hon'ble Court may deem fit.

**Before the Hon'ble Mr. Justice Hemant Gupta**

Dated 10<sup>th</sup> March, 2006

**Order on Petition**

The above Company Petition Nos. 80 of 2005 and 81 of 2005 came up for hearing on 26.05.2005; upon reading the said petition, the order dated 26.05.2005, whereby the meetings of equity shareholders, secured and unsecured creditors of the first Transferor Company and the Transferee Company were ordered to be convened for the purpose of considering and, if thought fit, approving with or without modification the Scheme of Amalgamation proposed to be made between the transferor and transferee companies; annexed to the affidavit of Shri Dinesh Bhandari, Company Secretary of the first transferor company dated 13.07.2005 and Shri Punit K. Abrol, Vice President and Company Secretary of the transferee company dated 13.7.2005 The Tribune and Punjabi Tribune dated 24.06.2005 and Punjab Government Gazette and Chandigarh Administration Gazette dated 24.06.2005/8.7.2005 and 1.7.2005 showing publication of notice convening the aforesaid meetings of the equity shareholders and secured and unsecured creditors of the aforesaid Transferor and Transferee Companies; upon hearing Ms. Munisha Gandhi, Advocate for the petitioner companies and Shri N.S. Boparai, Advocate for P.S.I.D.C. and perusing all other materials placed on record :

This Court doth hereby sanction the Scheme of Amalgamation set forth in the petition and annexed to the company petition No. 114 of 2005 as Annexure P1 and in the schedule hereto subject to the orders that may be passed by the concerned High Court on the petition of the second transferor company.

And doth hereby declare the same to be binding on the equity shareholders and creditors of the above named companies and all concerned.

The order of sanctioning the Scheme shall be duly notified by public notice in The Tribune, Punjabi Tribune and in the Official Gazette of the Punjab Government within 30 days.

That the said companies do file with the Registrar of Companies a certified copy of this order within 30 days from this date.

Any person interested shall be at liberty to approach this Court in the above matter for any directions as may be necessary.

**Schedule**

**Scheme of Amalgamation as sanctioned by the Court.**

**ANNEXURE – P-1**

**SCHEME OF AMALGAMATION OF ALPHA DRUG INDIA LIMITED**

**STS CHEMICALS LIMITED**

**with**

**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**

**and their respective shareholders and creditors**

**under Section 391 read with Section 394 of the Companies Act, 1956**

**1) PRELIMINARY**

1.1 This Scheme of Amalgamation is presented for amalgamation of Alpha Drug India Limited (hereinafter referred to as "the first Transferor Company" or "ADIL") a company incorporated under the Companies Act, 1956, having its

registered office at Villages Kolimajra Samalheri, P.O Lalru, Distt. Patiala - 140 501, Punjab and STS Chemicals Limited (hereinafter referred to as "the second Transferor Company" or "SCL"), a company incorporated under the Companies Act, 1956, having its registered office at E-51; MIDC Industrial Area, Tarapur, Boisar, Distt. Thane - 401 506, Maharashtra (hereinafter collectively referred to as "the Transferor Companies") with Punjab Chemicals and Crop Protection Limited (hereinafter referred to as the "PCCPL" or "the Transferee Company"), a company incorporated under the Companies Act, 1956, having its registered office at SCO 417-418, Sector-35-C, Chandigarh -160 022, Punjab. The Corporate Office of the Transferor and Transferee Companies is situated at Plot No. 645/646, Oberoi Chamber II, 4<sup>th</sup> & 5<sup>th</sup>, Floor, New Link Road, Andheri (West), Mumbai 400 053.

1.2 Provisions of this Scheme, which are set out in relation to the Transferor Companies, shall, in absence of any indication to the contrary, be applicable to each of the Transferor Companies.

1.3 **Business and other details :**

1.3.1 ADIL was incorporated on 20<sup>th</sup> February 1987 and is mainly engaged in the business of manufacturing of Bulk Drugs and speciality fine chemicals and one of its main product is Trimethoprim.

1.3.1.1 The manufacturing facilities of ADIL are located at Villages Kolimajra & Samalheri, P.O. Lalru, Distt. Patiala. As on 1<sup>st</sup> April 2004, the combined installed capacity of various products of ADIL is 2.5 tons per day (TPD).

1.3.1.2 The Equity shares of ADIL are currently listed on The Stock Exchange, Mumbai and Calcutta Stock Exchange. ADIL has taken steps for delisting of its equity shares from Calcutta Stock Exchange.

1.3.1.3 1,88,56,058 equity shares of ADIL were acquired by PCCPL from its erstwhile promoters in July 2003. PCCPL made an open offer to the public as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and acquired 15,08,813 equity shares pursuant to the said open offer. Consequently, ADIL became the subsidiary of PCCPL. The aggregate holding of PCCPL in ADIL as on the Appointed date is 2,03,64,871 equity shares of Rs. 10/- each fully paid-up representing 53.70% of the paid-up share capital of ADIL. At the time of acquisition of ADIL shares, the financial position of ADIL was weak, the manufacturing facilities required addition of balancing equipments and there was also no management band width. The management of PCCPL took various measures to strengthen the position of ADIL.

Subsequent to the Appointed Date, ADIL has undergone reduction of capital and Share Premium under Section 78 and 100 to 104 of the Act by writing off of accumulated debit balance in the Profit & Loss Account as on 31<sup>st</sup> March 2004 against its paid-up share capital and balance lying in the share premium Account. The issued, subscribed and paid-up share capital was reduced from Rs. 37,92,34,480 divided into 3,79,23,448 equity shares of Rs. 10/- each fully paid-up to Rs. 7,58,46,900/- divided into 3,79,23,448 equity shares of Rs. 2/- each fully paid-up and balance in share premium account was reduced from Rs. 6,57,76,190/- to Rs. 1,79,31,386/-. Thereafter, the share capital was consolidated from Rs. 7,58,46,900/- divided into 3,79,23,448 equity shares of Rs. 2/- each fully paid up to Rs. 7,58,46,900/- divided into 75,84,690 equity shares of Rs. 10/- each fully paid-up.

1.3.2 SCL was incorporated as a private limited company under the name of "Shroff Technical Services Private Ltd." on 15<sup>th</sup> February 1963. It was converted into public limited company and the name was changed to "STS Chemicals Limited" w.e.f 7<sup>th</sup> September 1993. Subsequently, STS Chemicals Limited was merged in Dinol-Shroff (India) Limited in 1996 and the name of the amalgamated company was changed to STS Chemical Limited w.e.f. 12<sup>th</sup> August, 1996. SCL is mainly engaged in the business of manufacture of Phosphorous-based chemicals such as Phosphorous Trichloride, Phosphorous Acid, Phosphorous Oxychloride and Phosphorous Penioxide, Phosphoric Acid.

1.3.2.1 The manufacturing facilities of SCL are located at (1) EPC, HA Limited Compound, Pimpri, Pune - 411 018 and (2) E-51, MIDC Industrial Area, Tarapur, Boisar – 401 506, in Maharashtra. As on 1<sup>st</sup> April 2004, the combined installed capacity of various products of SCL is 18 tons per day (TPD).

1.3.2.2 Shares of SCL are not listed on any stock exchange in India.

1.3.3 PCCPL was incorporated on 19<sup>th</sup> November, 1975 under the name of "Punjab United Pesticides & Chemicals Limited". Its name was subsequently changed to "Punjab Chemicals and Pharmaceuticals Limited" w.e.f. 22<sup>nd</sup> August 1985 and thereafter to its present name viz. "Punjab Chemicals and Crop Protection Limited" w.e.f. 20<sup>th</sup> August 2004. PCCPL is mainly engaged in the business of manufacturing of chemicals, and pharmaceuticals and is one of the major producers and exporters of Oxalic Acid, Di-ethyl Oxalate, Ethyl Oxalyl Chloride, Oxalates and other Agro based Chemicals, both nationally and internationally.

- 1.3.3.1 The manufacturing facilities of PCCPL is located at Milestone 18, Ambala-Kalka Road, Bhankharpur (Derabbasi), Distt. Patialia, Punjab. As on 1<sup>st</sup> April 2004 the installed capacity of various products of PCCPL is 65 tons per day (TPD).
- 1.3.3.2 The shares of PCCPL are listed on The Stock Exchanges, Mumbai, Ludhiana and Delhi.
- 1.3.3.3 Subsequent to the Appointed Date, PCCPL has declared bonus of 21,55,662 Equity Shares of Rs. 10/- each fully paid-up in the ratio of 1 : 1 by capitalizing balance lying in its Share Premium Account and, accordingly the Share Premium Account was adjusted.

## 2) **PURPOSES OF AMALGAMATION**

- 2.1 The Transferee Company and the Transferor Companies are part of "Shalil S. Shroff Group" Companies in India, The objective of the Scheme is to consolidate the Shalil S. Shroff Group entities.
- 2.2 The Scheme proceeds to amalgamate the Transferor Companies with the Transferee Company after giving effects to *inter alia*,
  - 2.2.1 Issue of bonus equity shares, as mentioned in clause 1.3.3.3 above, by the Transferee Company by capitalisation of Share Premium Account after the Appointed Date and
  - 2.2.2 Reduction of share capital and Share Premium Account, as mentioned in clause 1.3.1.4 above, of ADIL under the provisions of Sections 78, 100 and other applicable provisions of the Act after the Appointed Date.
- 2.3 The amalgamation of the Companies will result in various benefits for the stakeholders. Some of these are as follows :
  - 2.3.1 Garner the benefits arising out of economies of scale and lower operating costs.
  - 2.3.2 Diversifying business risk and expansion of operations.
  - 2.3.3 Pooling of the human talents in terms of manpower, management, administration and marketing to result in savings of costs.
  - 2.3.4 Combined capital resources to result into increasing the leveraging capacity of the merged entity i.e. its capacity to borrow funds for business purposes.
  - 2.3.5 Strengthening of financial position.
  - 2.3.6 Amalgamation of the three companies would eliminate duplication of work in many areas like Sales, Accounts, Company Law and Tax Assessments, common administrative services and will result in cost savings.
  - 2.3.7 Facilitates technological development.
  - 2.3.8 Facilitates integrated marketing strategies.
  - 2.3.9 Facilitates integration of Research and development activities
  - 2.3.10 Uniform corporate policy.
  - 2.3.11 Facilitate inter transfer of resources and costs and optimum utilization of assets.
  - 2.3.12 To compete globally with consolidated strength and diversified product range.
  - 2.3.13 Mitigate the risks of varied business cycles for different products.
  - 2.3.14 Ease in decision making at the Group level.
  - 2.3.15 To reflect the consolidated net worth of these three Group companies in one balance Sheet.
  - 2.3.16 Improve the servicing of equity capital and enhance the shareholder's value in the merged entity.
  - 2.3.17 To increase the liquidity and market capitalization
- 2.4 The proposed amalgamation would be in the interest of the Transferee Company and the Transferor Companies and their respective shareholders and creditors, and will be in long-term in the interest and welfare of employees.

## 3) **DEFINITIONS**

In this Scheme, unless repugnant to the context or meaning thereof, the following expressions shall have the meanings respectively assigned to them :

- 3.1 "**Act**" means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof.

- 3.2 “**ADIL**” means Alpha Drug India Limited, a company incorporated under the Act and having its registered offices at Villages, Kolimajra & Samalheri, P.O Lalru, Dist. Patiala -140 501, Punjab (also referred to as “The First Transferor Company”).
- 3.3 “**Appointed Date**” means 1<sup>st</sup> April 2004 or such other date as may be approved by the High Court of Judicature at Bombay and the High Court of Punjab and Haryana at Chandigarh.
- 3.4 “**Assets**” shall mean and include the undertakings and the entire businesses and all the properties, whether movable or immovable, tangible and intangible, corporeal or incorporeal, intellectual property, wherein possession or reversion present or contingent, fixed assets, capital work-in-progress including expenses incurred to be capitalized and advances for assets, inventories, stock in trade, debtors, current assets, investments, powers, authorities, allotments, approvals and consents, licenses, permits, quotas, subsidies and incentives, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies, including but without being limited to all patents, trade marks, trade names, copy rights and other commercial rights of any nature whatsoever and licenses in respect thereof, privileges, liberties, easement, advantages, benefits, leases, tenancy rights, ownership flats, authorizations, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and electronic and other services, reserves, provisions, funds, benefits of all agreements and all other interests belonging to or in the ownership, power or possession of in the Control of or vested in or granted in favour of or enjoyed by the Transferor Companies as on the Appointed date.
- 3.5 “**Effective Date**” means the later of the dates on which certified copies of the Order of the High Court of judicature at Bombay and High Court of Punjab and Haryana at Chandigarh sanctioning the Scheme have been filed with the Registrar of Companies, Maharashtra and Registrar of Companies, Punjab respectively.
- 3.6 “**Liabilities**” shall mean and include all debts, liabilities, borrowings, bills payable, public deposits, interest accrued, contingent liabilities and all other liabilities, duties, undertakings, contractual obligations, guarantees given and obligations of the Transferor Companies as on the Appointed Date.
- 3.7 “**PCCPL**” means Punjab Chemicals and Crop Protection Limited, a company incorporated under the Act, having its registered office at SCO 417-418, Sector-35-C, Chandigarh -160 022, Punjab.
- 3.8 “**Record date**” means the date to be fixed by the Board of Directors of the Transferee Company and the Transferor Companies in consultation with the Stock Exchanges where the equity shares of ADIL and PCCPL are listed as the case may be, for the purpose of issue of equity shares of the Transferee Company to the shareholders of the Transferor Companies in terms of this Scheme.
- 3.9 “**Scheme of Amalgamation**” or “**this Scheme**” or “**the Scheme**” means this Scheme of Amalgamation of the Transferor Companies with the Transferee Company in its present form or as may be modified from time to time or as may be approved or directed by the High Court of Judicature at Bombay and High Court of Punjab and Haryana at Chandigarh.
- 3.10 “**SCL**” means STS Chemicals Limited, a company incorporated under the Act, having its registered office at E-51, MIDC Industrial Area, Tarapur, Boisar, Distt. Thane - 401 506, Maharashtra. (also referred to as “the Second Transferor Company”).
- 3.11 “**Transferor Companies**” means “**ADIL**” and “**SCL**” collectively.
- 3.12 “**Transferor Company**” means the First Transferor Company or the Second Transferor Company as the context may require.
- 3.13 “**Transferee Company**” means **PCCPL**.
- 3.14 “**Undertaking**” means the respective businesses of the Transferor companies on a going concern basis and shall also include Assets and Liabilities and employees of the Transferor Companies.

The words importing the singular include the plural; words importing any gender include every gender.

#### 4) OPERATIVE DATE

This Scheme, although effective from the Appointed Date, shall become operative from the Effective Date. Reference in this Scheme to the date of “coming into effect of this Scheme” or “Effectiveness of this Scheme” shall be Effective Date.

#### 5) SHARE CAPITAL

- 5.1 The authorized, issued, subscribed and paid-up share capital of ADIL as per the audited Balance Sheet as at 31<sup>st</sup> March, 2004 is as under :

Rs. in Lacs

<b>CAPITAL :</b>	
<b>Authorised :</b> 4,00,00,000 Equity Shares of Rs. 10/- each	4000.00
<b>Total</b>	<b>4000.00</b>
<b>Issued, Subscribed and Paid-up :</b> 3,79,23,448 Equity Shares of Rs. 10/- each fully paid-up	3792.34

(of the above 2,03,64,871 equity shares of Rs. 10/- each fully paid up being 53.70% of paid-up share capital of ADIL are held by PCCPL which is the holding company of ADIL).

Subsequent to the above date, the issued, subscribed and paid-up equity capital was reduced and consolidated pursuant to the order passed by the High Court of Punjab and Haryana at Chandigarh dated 3<sup>rd</sup> December 2004 and amended on 14<sup>th</sup> January 2005 under Section 78 and 100 to 104 of the Act. The issued, subscribed and paid-up share capital was reduced from Rs. 37,92,34,480 divided into 3,79,23,448 equity shares of Rs. 10/- each fully paid-up to Rs. 7,58,46,900/- divided into 3,79,23,448 equity shares of Rs. 2/- each fully paid-up. Thereafter, the share capital so reduced, was consolidated from Rs. 7,58,46,900/- divided into 3,79,23,448 equity shares of Rs. 2/- each fully paid-up to Rs. 7,58,46,900/- divided into 75,84,690 equity shares of Rs. 10/- each fully paid-up.

Accordingly, the present issued, subscribed and paid-up share capital of ADIL after the reduction under Section 100 of the Act is as under :

Rs. in Lacs

<b>Issued, Subscribed and Paid-up share capital :</b> 75,84,690 Equity Shares of Rs. 10/- each fully paid-up	758.47
---	--------

(of the above 40,72,974 equity shares of Rs. 10/- each fully paid-up being 53.70% of paid-up share capital of ADIL are held by PCCPL which is the holding company, of ADIL)

- 5.2 The authorized, issued, subscribed and paid-up share capital of SCL as per the audited Balance Sheet as At 31<sup>st</sup> March, 2004 is as under :

Rs. in Lacs

<b>CAPITAL :</b>	
<b>Authorised :</b> 90,50,000 Equity Shares of Rs. 10/- each 9,50,000, 1% Cumulative Convertible Preference Shares of Rs 10/- each	905.00 95.00
<b>Total</b>	<b>1000.00</b>
<b>Issued, Subscribed and Paid-up :</b> 52,20,000 Equity Shares of Rs. 10/- each fully paid-up	522.00

The authorized share capital of SCL has been reclassified subsequent to 31<sup>st</sup> March, 2004 and is presently as under :

Rs. in Lacs

<b>CAPITAL :</b>	
<b>Authorised :</b> 1,00,00,000 Equity Shares of Rs. 10/- each	1000.00

There is no change in the issued, subscribed and paid-up share capital of SCL after 31<sup>st</sup> March, 2004

- 5.3 The authorized, issued, subscribed and paid-up share capital of PCCPL as per the audited Balance Sheet as at 31<sup>st</sup> March, 2004 are as under :

Rs. in Lacs

<b>CAPITAL :</b>	
<b>Authorised :</b>	
48,00,000 Equity Shares of Rs. 10/- each :	480.00
20,000 (9.8% Redeemable Cumulative Preference Shares of Rs. 100 each)	20.00
<b>Total</b>	<b>500.00</b>
<b>Issued, Subscribed and Paid-up :</b>	
21,70,695 Equity Shares of Rs.10/- each fully paid-up	217.07
<b>Subscribed and Called Up :</b>	
21,55,662 Equity Shares of Rs. 10/- each fully paid up	215.57

Subsequently, the equity shareholders of PCCPL at the Annual General Meeting held on 18<sup>th</sup> August 2004 approved issue of bonus equity shares in the ratio of 1 equity share for every 1 equity share held by capitalization of Share Premium Account. Accordingly, the present issued, subscribed and paid-up share capital of PCCPL is as under :

Rs. in Lacs

<b>Issued, Subscribed and Paid-up share capital :</b>	
43,26,357 Equity Shares of Rs. 10/- each fully paid-up	432.64
<b>Subscribed and Called Up :</b>	
43,11,324 Equity Shares of Rs. 10/- each fully paid up	431.13

## 6) TRANSFER AND VESTING OF UNDERTAKINGS

- 6.1 Upon this Scheme coming into effect on and from the Appointed Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the Undertakings of the Transferor Companies as a going concern 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 businesses and the Undertakings of the Transferor Companies and all the Assets of the Transferor Companies, except for the, portions specified in Clause 6.1 (b) below of whatsoever nature and wheresoever situated, shall, under the provisions of Sections 391 and 394 and all other applicable provisions, if any of the Act, without any further act or deed be transferred to and vested in and 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 assets and liabilities of the Transferee Company and to vest all the right, title and interest therein to the Transferee Company.
- (b) With effect from the Appointed Date, all the investments of the Transferor Companies, whether held as Long Term or Short Term or Stock-in-trade shall, without any further act or deed, be and stand transferred to the Transferee Company [except for equity shares held by SCL in PCCPL referred to in Clause 12(b)] as also all the moveable assets including cash in hand, if any, of the Transferor Companies, capable of transfer by manual delivery or by endorsement and delivery and shall be so delivered or endorsed and delivered as the case may be to the Transferee Company to the end and intent that the property therein passes to the Transferee Company, on such delivery or endorsement and delivery in pursuance of the provisions of Section 391-394 and other applicable provisions of the said Act.
- (c) In respect of the movable properties of the Transferor Companies [other than those specified in Clause 6.1(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, the Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, give notice in such form as, it may deem fit and proper, to each person, debtor or deposittee, as the case may be, that pursuant to the High

Courts having sanctioned the Scheme, the said debt, loan, advance, bank balance, or deposit 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 Companies to recover or realize all such debts (including the debts payable by such person or depositor to the Transferor Companies) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in its books to record the aforesaid change.

- (d) The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation/ notice in favour of any other party to any contract or arrangement to which the Transferor Companies are party of 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 authorized to execute any such writings on behalf of the Transferor Companies and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Companies to be carried out or performed.
- (e) With effect from the Appointed Date, all debts, Liabilities, duties, obligations of every kind, nature and description of the Transferor Companies shall, under the provisions of sections 391 and 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, duties obligations of the Transferee Company and further that 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, duties and obligations have arisen, in order to give effect to the provisions of this clause.

It is clarified that the provision of this Scheme shall not extend to the personal guarantees provided by the directors of the Transferor Companies which have been subsequent to .the Appointed Date either released or waived by the parties. It is further clarified that the personal guarantees issued for and on behalf of the Transferor Companies if not waived or released will continue to bind the Guarantors.

- (f) The Transferor Companies shall also give notices in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the Hon'ble Courts having sanctioned the Scheme, the said debt, loan, advance or deposit shall be paid or made good or held on account of the Transferee Company and that thereafter, the right of the Transferor Companies to recover or realize the same stands extinguished.

6.2 If and to the extent there are inter-corporate loans, deposits or balances between the Transferor Companies and / or the Transferor Companies and the Transferee Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect shall be given in the books of accounts and records of the Transferee company if required, for such adjustments of debts or liabilities, as the case may be. For removal of doubts, it is hereby clarified that from the Appointed Date, there would be no accrual of interest or other charges in respect of any such inter -corporate loans, deposits or balances inter-se between the Transferor Companies and / or the Transferor Companies and the Transferee Company.

6.3 With effect from the Appointed Date, the borrowing limits of the Transferee Company in terms of Section 293(1) (d) of the Act shall, without further act or deed, shall stand increased to Rs. 5,00,00,00,000/- (Rupees Five Hundred Crores only), notwithstanding that the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of PCCPL and its free reserves.

It is clarified that the approval of the members of PCCPL to the Scheme shall be deemed to be their consent/ approval also to enhancement of the borrowing limit referred to above as required under Section 293(1 )(d) and other applicable provisions of the Act,

6.4 The transfer and/ or vesting of the properties, as aforesaid shall be subject to the existing charges, hypothecation and mortgages, if any, in respect of all the aforesaid assets or any part thereof of the Transferor Companies.

Provided however, that any reference in any security documents or arrangements, to which the Transferor Companies are a party, to the respective assets of the Transferor Companies which it has offered or agreed to be offered as security for any financial assistance or obligations, to the secured creditors of the Transferor Companies shall be construed as reference only to the assets pertaining to the assets of the Transferor Companies as are vested in the Transferee Company by virtue of the aforesaid clause, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend, to any of the assets or to any of the other units-or divisions of the Transferee Company, unless specifically agreed to by the Transferee Company with such secured creditors.

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to the Transferor Companies which shall vest in the Transferee Company by Virtue of the Scheme and the Transferee

Company shall not be obliged to create any further or additional security thereof after the Scheme has become effective or otherwise.

It is clarified that the provision of this Scheme shall not extend so the personal guarantees provided by the directors of the Transferor Companies which have been subsequent to the Appointed Date released or waived by the parties. It is further clarified that the personal guarantees issued for and on behalf of the Transferor Companies if not waived or released will continue to bind the Guarantors.

- 6.5 With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the business carried on by the Transferor Companies in addition to the business of the Transferee Company.
- 6.6 The Transferor Companies are going concerns. The balance sheet of each of the Transferor Companies and the Transferee Company indicate that all the companies are in solvent position. The Scheme is not likely to impose any additional burden/ hardship on the members of Transferor Companies or the Transferee Company nor will it affect the interests of any of classes of members/ creditors of the Transferor Companies and the Transferee Company.
- 6.7 Equity shares held by PCCPL in the share capital of ADIL as on the Appointed Date will be extinguished and cancelled upon the Scheme becoming effective. The Transferee Company shall adjust its reserves available for this purpose in accordance with the provisions of the Scheme.
- 6.8 The transfer and/ or vesting of all the properties, Assets and Liabilities of the Transferor Companies to the Transferee Company and the continuance of all the contracts or proceedings by or against the Transferee Company shall not affect any contract or proceedings relating to the Assets or the Liabilities already concluded by the Transferor Companies on or after the Appointed Date.

## **7) CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

The Transfer and vesting of the properties and liabilities and the continuance of the proceedings mentioned in Clauses 6 and 8 shall not in any manner effect the transaction or proceedings already concluded by or against the Transferor Companies :

- (i) On or before the Appointed Date; and that the Transferee Company accepts on behalf of itself all acts, deeds, bonds, agreements and other instruments of whatever nature done and executed by the Transferor Companies.
- (ii) After the Appointed Date but before the Effective Date; and that the Transferee Company accepts on behalf of itself all acts, deeds, bonds, agreements and other instruments of whatever nature done and executed by the Transfer of Companies.

Upon the coming into effect of this Scheme and subject to the provisions of this Scheme all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Transferee Companies are a party or to the benefit of which the Transferor Companies may be eligible, and which are subsisting or having effect immediately before the Effective Date shall be in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue, and/or execute deeds, writings or confirmations or enter into any multipartite agreements, arrangements, confirmations or novations to which the Transferor Companies will, if necessary, also be a party in order to give formal effect to the provisions of this Clause, it so required or becomes necessary.

## **8) LEGAL PROCEEDINGS**

All suits, actions and proceedings of whatever nature by or against the Transferor Companies pending and /or arising on or before the Effective Date shall not abate, or be discontinued or be in any way prejudicially affected by reason of the transfer of the businesses of the Transferor Companies pursuant to this Scheme but be continued, prosecuted and enforced by or against the Transferee Company as effectually as if the same had been pending and/ or arising against the Transferee Company.

## **9) STAFF, WORKMEN AND EMPLOYEE OF THE TRANSFEROR COMPANIES**

- 9.1 All staff, workmen and employees of the Transferor Companies in permanent service on the Effective Date shall become the staff, workmen and employees of the Transferee Company on such date without any break or interruption in their service and on the terms and conditions not less favourable than those subsisting with reference to the Transferor Companies as on the said date.
- 9.2 It is expressly provided that as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Schemes created or existing for the benefit of the staff, workmen and employees of the Transferor Companies are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Companies 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 provisions of such schemes and Funds as per the terms provided in the respective Trust Deeds/ other documents. It is the end and intent that, all the

rights, duties, powers and obligations of the Transferor Companies in relation to such Funds/ Schemes shall become those of the Transferee Company. It is clarified that the services of the staff, workmen and employees of the Transferor Companies will be treated as having been continuous for the purpose of the aforesaid Funds or provisions.

#### 10) CONDUCT OF BUSINESS BY THE TRANSFEROR COMPANIES TILL EFFECTIVE DATE

For the period beginning on and from the Appointed Date and ending on the Effective Date :-

- 10.1 The Transferor Companies shall carry on and be deemed to have carried on all its business and activities and shall be deemed to have held and possessed of and shall continue to hold and stand possessed of all the assets, properties and Liabilities for and on account of and in trust for the Transferee Company. The Transferor Companies hereby undertake to hold the assets, properties and liabilities with utmost prudence until the Effective Date.
- 10.2 All the profits or income accruing or arising to the Transferor Companies and all costs, charges, expenditure, taxes or losses arising or incurred by the Transferor Companies shall, for all purposes, be treated and be deemed to be and accrue as the profits, income, costs, charges, expenditure, taxes or losses of the Transferee Company; as the case may be.
- 10.3 The Transferor Companies shall carry on its business and activities until the Effective Date with reasonable diligence, and business prudence and shall not, without the prior consent of the Transferee Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose off the Assets or any part thereof, except in the ordinary course of business or otherwise expressly stated in the Scheme, or pursuant to any pre-existing obligation undertaken by the Transferor Companies.
- Provided however, the Transferor Companies shall in the ordinary course of business be entitled to borrow in the form of loans if deemed necessary by it and further consent for this purpose will not be required of the Transferee Company in that behalf.
- 10.4 The Transferor Companies shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business.
- 10.5 The Transferor Companies shall not, without the prior written consent of the Board of Directors of the Transferee Company, undertake any new business or a substantial expansion of their existing business.
- 10.6 Neither the Transferor Companies nor the Transferee Company shall make any change in their capital structure (paid-up capital), other than changes pursuant to any prior commitments, obligations or arrangements or acts and deeds already made except by mutual consent of the Board of Directors of the Transferee Company and the Transferor Companies.
- 10.7 It is hereby clarified that the restrictions mentioned in Clauses 10.3, 10.4, 10.5 and 10.6 shall be applicable from the date of acceptance of the present Scheme by the respective Board of Directors of the Transferor Companies and the Transferee Company and not from the Appointed Date.

#### 11) ACCOUNTING

- 11.1 The audited balance sheet of the Transferor Companies and the Transferee Company as on 31<sup>st</sup> March 2004 and unaudited provisional balance sheet as on 31<sup>st</sup> March 2005 are summarized as under. The unaudited provisional balance sheet as on 31<sup>st</sup> March 2005 are made after giving effect to the following viz. :
- In case of the Transferee Company : Issue of 21,55,662 equity shares of Rs. 10/- each-fully paid-up as bonus by capitalization of reserves after the Appointed Date as referred in Clause 1.3.3.3 and
  - In case of the first Transferor Company : Reduction of capital and share premium of ADIL under the provision's of Sections, 78, 100 and other applicable provisions of the Act after the Appointed Date as referred to in Clause 1.3.1.4.
  - In case of the Transferee Company : Consequential cancellation of the investments held by PCCPL in ADIL as referred to in clause 6.7.

#### Summarized Audited balance sheet of PCCPL as on 31<sup>st</sup> March 2004

Liabilities	Rs. in lakhs	Assets	Rs. in lakhs
Share Capital	215.57	Fixed Assets (Net Block)	2221.58
Reserves & Surplus	2238.25	Capital W-I-P	336.29
Loan funds	3788.29	Investments	496.4
Deferred Tax liability	507.81	Current Assets, Loans & Adv.	5667.24

Current Liabilities & Provisions	2240.08	Deferred Revenue Expenditure	268.49
<b>Total</b>	<b>8,990.00</b>	<b>Total</b>	<b>8,990.00</b>

**Summarized unaudited provisional balance sheet of PCCPL as on 31<sup>st</sup> March 2005**

<b>Liabilities</b>	<b>Rs. in lakhs</b>	<b>Assets</b>	<b>Rs. in lakhs</b>
Share Capital	431.14	Fixed Assets (Net)	2984.35
Reserves & Surplus	2791.28	Capital W-I-P	75.89
Loan funds	4525.86	Investments	496.40
Deferred-Tax liability	719.81	Current Assets, Loans & Adv.	6341.84
Current Liabilities & Provisions	2035.40	Deferred Revenue Expenditure	605.01
<b>Total</b>	<b>10,503.49</b>	<b>Total</b>	<b>10,503.49</b>

**Summarized Audited balance sheet of ADIL as on 31<sup>st</sup> March 2004**

<b>Liabilities</b>	<b>Rs. in lakhs</b>	<b>Assets</b>	<b>Rs in lakhs</b>
Share Capital	3792.34	Fixed Assets (Net)	1202.84
Reserves & Surplus	1018.46	Current Assets, Loans & Adv.	1221 38
Loan funds	496.57	Profit & Loss account	3512.32
Current Liabilities & Provisions	629.17		
<b>Total</b>	<b>5,936.54</b>	<b>Total</b>	<b>5,936.54</b>

**Summarized unaudited provisional balance sheet of ADIL as on 31<sup>st</sup> March 2005**

<b>Liabilities</b>	<b>Rs. in lakhs</b>	<b>Assets</b>	<b>Rs. in lakhs</b>
Share Capital	758.47	Fixed Assets (Net Block)	1316.09
Reserves & Surplus	574.09	Current Assets, Loans & Adv.	1743.35
Loan funds	1146.75	Profit & Loss account	177.46
Current Liabilities & Provisions	757.59		
<b>Total</b>	<b>3,236.90</b>	<b>Total</b>	<b>3,236.90</b>

**Summarized Audited balance sheet of SCL as on 31<sup>st</sup> March 2004**

<b>Liabilities</b>	<b>Rs. in lakhs</b>	<b>Assets</b>	<b>Rs. In lakhs</b>
Share Capital	522.00	Fixed Assets (Net Block)	1421.62
Reserves & Surplus	588.03	Capital W-I-P	272.65
Loan funds	1416.12	Intangible assets	3.43
Deferred Tax liability	263.08	Investments	12.19
Current Liabilities & Provisions	1258 40	Current Assets, Loans & Adv.	2337.74

<b>Total</b>	<b>4,047.63</b>	<b>Total</b>	<b>4,047.63</b>
--------------	-----------------	--------------	-----------------

**Summarized unaudited provisional balance sheet of SCL as on 31<sup>st</sup> March 2005**

<b>Liabilities</b>	<b>Rs. in lakhs</b>	<b>Assets</b>	<b>Rs. In lakhs</b>
Share Capital	522.00	Fixed Assets (Net Block)	1815.91
Reserves & Surplus	918.02	Capital W-I-P	227.64
Loan funds	1546.08	Intangible assets	1.71
Deferred Tax liability	263.08	Investments	13.87
Current Liabilities & Provisions	1060.78	Current Assets, Loans & Adv.	2250.83
<b>Total</b>	<b>4,309.96</b>	<b>Total</b>	<b>4,309.96</b>

- 11.2 The Transferee Company shall follow pooling of interest method for accounting for the amalgamation as per Accounting Standard -14 issued by the Institute of Chartered Accountants of India, subject to the following :
- i. With effect from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company be required and except to the extent required by the law, all the assets and liabilities including reserves, if any, of the Transferor Companies shall be recorded in the books of the Transferee Company at the book values as recorded in the books of the Transferor Companies.
  - ii. The balance in reserves and surplus account of the Transferor Companies as on the Appointed Date (after giving effect to the reduction of share capital and premium in ADIL) shall be transferred to the corresponding reserves (except for Amalgamation reserve and capital redemption reserve in SCL and capital reserves in ADIL which will be transferred to general reserves) in the Transferee Company. In other words, identity of reserves (except as above) of the Transferor Companies shall be preserved.
  - iii. The book value on the Appointed Date of the equity shares held by PCCPL in ADIL shall be adjusted against the reserves available for this purpose in the Merged Entity.
  - iv. In case of any difference in the accounting policy between the Transferor Companies and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Reserves to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
  - v. The difference between the amount recorded as share capital issued pursuant to Clause 14.2 of the Scheme and the amount of share capital of the Transferor Companies shall be adjusted, in general reserves of the Transferee Company.
  - vi. Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits balances or other obligations as between the Transferor Companies and/ or between the Transferor Companies, 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. For the removal of doubt, it is clarified that in view of the above there would be no accrual of interest, or other charges in respect of any such inter-company loans, advances deposits balances or other obligations.

**12) TREATMENT OF INTER-SE HOLDING OF EQUITY SHARES AMONGST TRANSFEROR COMPANIES AND THE TRANSFEE COMPANY**

Upon the Scheme becoming finally effective in consideration of the transfer and vesting of Assets and Liabilities the Transferor Companies in the Transferee Company in terms of this Scheme, the inter se holding of equity shares Will be settled as follows : -

- (a) 40,72,974 Equity shares held by PCCPL in ADIL shall be cancelled upon the Scheme coming to effect.
- (b) 36,000 Equity shares of PCCPL of Rs. 10/- each fully paid up held by SCL shall be sold in the open market and/ or transferred to the Promoters of PCCPL and / or promoters of SCL at prevailing market price at such time as may be deemed appropriate by the Board of Directors of SCL but in no event later than the coming into effect of this Scheme. Any such acquisition of shares of PCCPL by the promoters will be regarded as being part of the "creeping" acquisition under

Regulation 11 [1] of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 during the financial year 2005-06 :

All reporting as may be required under various provisions would be complied with.

**13) TREATMENT OF TAXES**

- (a) Pay tax liabilities under the Income-tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, state sales tax laws, Central Sales Tax Act, 1956 or other applicable laws/ regulations dealing with taxes/ duties/ levies (hereinafter in this Clause referred to as Tax Laws] allocable or related to the business of the Transferor Companies to the extent not provided for or covered by tax provision in the Accounts made as on the date immediately proceeding the Appointed Date shall be transferred to Transferee Company. Any surplus in the provision for taxation/ duties/ levies account including advance tax and TDS as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- (b) Any refund under the Tax Laws due to Transferor Companies consequent to the assessments made on Transferor Companies and for which no credit is taken in the Accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

**14. ISSUE OF SHARES BY THE TRANSFEE COMPANY**

- 14.1 The Board of Directors of the Transferor Companies and the Transferee Company have appointed M/s Deloitte Haskins & Sells, Chartered Accountants and M/s Khimji Kunverji & Co., Chartered Accountants as the joint valuers for determination of fair exchange ratio for issue of shares to the shareholders of the Transferor Companies by the Transferee Company pursuant to the amalgamation of the Transferor Companies with the Transferee Company. The valuers have inter alia considered the un-audited financial statements as on 31<sup>st</sup> March 2005 of the Transferor Companies and the Transferee Company approved by the Boards of the respective Transferor Companies and the Transferee Company, Based on the recommendation of the aforesaid valuers and adopted by the Board of Directors of the Transferor Companies and the Transferee Company, the shares of Transferee Company will be issued to the shareholders of the Transferor Companies as mentioned herein below.
- 14.2 Upon coming into effect of this Scheme and in consideration of the transfer and vesting of the undertakings of the Transferor Companies in the Transferee Company, consequent to amalgamation of the Transferor Companies in the Transferee Company in terms of the Scheme, the Transferee Company shall, subject to the provisions of the Scheme and without any further application or deed, issue and allot to the equity shareholders his/her heirs, executors, administrators or the successors-in-titles, as the case may be, of the Transferor Companies whose names appear in the Register of Members of the Transferor Companies as on the Record Date, equity shares mentioned hereunder of the face value-of Rs. 10/- each in the Transferee Company (hereinafter called the "New Equity Shares"), credited as fully paid-up, at par, in the following manner :
  - a) 10 equity shares of Rs. 10/- each fully paid-up of PCCPL for every 54 equity shares of Rs 10/- each fully paid-up held in ADIL after the reduction of capital of ADIL as described in Clause of the Scheme 1.3.1.4
  - b) 10 equity shares of Rs. 10/- each fully paid-up of PCCPL for every 32 equity shares of Rs 10/- each fully paid-up held in SCL.
- 14.3 The total number of New Equity Shares of Transferee Company to be issued and allotted to members of Transferor Companies shall be at par, credited as fully paid up and shall be on the following terms :
  - a) The New Equity Shares to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of the Transferee Company.
  - b) Subject to the provisions of this Scheme, the New Equity Shares to be issued and allotted to the shareholders of the Transferor Companies pursuant to this Scheme shall in all respects, rank pari passu with the existing equity shares of the Transferee Company in respect of dividend, bonus, right shares, voting rights and other corporate benefits. Until the Effective Date, the holders of the equity shares of the Transferor Companies shall continue to enjoy their rights under their Articles of Association, including the right to receive dividend if any, declared in accordance with the Act and the Articles of Association of the Transferor Companies.
  - c) Subject to the provisions of the Securities Contracts [Regulations] Act, 1956, the Securities and Exchange Board of India Act 1992 [SEBI] and the SEBI (Disclosure of Investors Protection) Guidelines, 2000 and the Listing Agreement with the Stock Exchanges where the shares of the Transferor Company (ADIL) and the Transferee Company (PCCPL) are listed, the New Equity Shares to be issued by the Transferee Company pursuant to the Scheme be listed on the Stock Exchanges at Mumbai, Ludhiana, and Delhi. ADIL has taken steps for delisting of its equity shares from Calcutta Stock Exchange.

- d) The New Equity Shares of the Transferee Company shall be issued in dematerialized form to those shareholders of the Transferor Companies who hold shares in the Transferor Companies in dematerialized form, provided that all details relating to the account with the depository participant are available to the Transferee Company.
- e) All the shareholders of the Transferor Companies who hold shares of Transferor Companies in physical form will be issued New Equity Shares in physical form (unless otherwise communicated in writing by the shareholders of the Transferor Companies to the Transferee Company), on or before such date as may be determined by the Board of Directors of the Transferee Company. Notwithstanding the foregoing, upon the New Equity Shares being issued and allotted, as aforesaid, the shares held in physical form held in the Transferor Companies shall be deemed to have been automatically cancelled and have no effect.
- f) No fractional certificate(s) shall be issued by the Transferee Company in respect of any fractions which the members of the Transferor Companies may be entitled to on issue and allotment of the New Equity Shares as aforesaid by the Transferee Company. The Board of Directors of the Transferee Company shall instead, consolidate all such fractional entitlements and allot New Equity Shares in lieu thereof to a Director or an officer of the Transferee Company or such other person[s] as the Board of Directors of the Transferee Company shall appoint in this regard who shall hold the New Equity Shares in trust on behalf of the members entitled to such fractional entitlements with express understanding that such director or officer or person[s] shall sell the same in market at such time(s) [not later than 6 months upon coming into effect of this Scheme] at such price(s), and to such person(s) as it/ he/ they may deem fit, and pay to the Transferee Company the net sale proceeds thereof. Thereupon the Transferee Company shall distribute the net sale proceeds, after deduction of applicable taxes/ duties/ levies, if any, to the members entitled in proportion to their respective fractional entitlements. In case the number of such shares to be allotted to the Director/officer by virtue of consolidation of fractional entitlements is a fraction, one additional equity share will be issued in the Transferee Company to such Director/officer.
- g) The Transferee Company will apply to the Foreign Investment Promotion Board/ the Reserve Bank of India, if applicable, for its approval or consent, under the provisions of the Foreign Exchange Management Act, 1999 for issue and allotment of equity shares in the Transferee Company to the non-resident shareholders of the Transferor Companies in accordance with the provisions of the Scheme.
- h) The Transferor Companies may declare and pay dividend, subject to the provisions of the Act, to its equity shareholders for the financial year ending prior to the Effective Date provided the Board of Directors of the Transferor Companies has obtained the prior consent and approval of the Board of Directors of the Transferee Company before making such recommendation to the members of the Transferor Companies.
- i) The Transferee Company may declare and pay dividend, subject to the provisions of the Act, to its equity shareholders for the financial year ending prior to the Effective Date and no such dividend shall be payable to the shareholders of the Transferor Companies in respect of their shareholding in the Transferor Companies or their entitlement to the New Equity Shares pursuant to this Scheme if such dividend is declared prior to the Effective Date.

14.4 The approval of the Scheme by the members of the Transferor Companies and the members of the Transferee Company pursuant to Section 391-394 of the Act, shall be deemed that the said members have also accorded all relevant consents under Section 81(1A) of the Act or any other provisions of the Act to the extent the same may be considered applicable.

14.5 The shareholding pattern of the Transferor Companies and the Transferee Company as on 31<sup>st</sup> March 2005 is as under :

<b>Category</b>	<b>ADIL</b>		<b>SCL</b>		<b>PCCPL</b>	
	<b>No. of shares</b>	<b>% of shareholding</b>	<b>No. of shares</b>	<b>% of shareholding</b>	<b>No. of shares</b>	<b>% of shareholding</b>
<u>Promoters</u>						
Excel Industries Ltd.					584977	13.57
Hem-Sil Trading & Manufacturing Private Ltd.			1277600	24.48	918321	21.30
Mrs. Shaila Shashi Kumar Shroff					124002	2.88

Shalil Shroff Group (Individual entities)			2652600	50.82		
Ms. Rupam Shroff					43030	1.00
Others	400	0.01			110046	2.55
PCCPL	4072974	53.70				
<b>Sub total (A)</b>	<b>4073374</b>	<b>53.71</b>	<b>3930200</b>	<b>75.30</b>	<b>1780376</b>	<b>41.30</b>
<i>Non -Promoters</i>						
Mutual Funds and UTI	7593	0.10			152667	3.54
Banks, Financial Inst., Insurance Company	723153	9.54			60530	1.40
Foreign Institutional Investors	37453	0.50			15000	0.35
Private Corporate Bodies	237721	3.13			255968	5.94
Indian Public	2496485	32.91			2034115	47.18
NRI/OCBs	7861	0.10			12668	0.29
Others	1050	0.01	1289800	24.70		
<b>Sub total (B)</b>	<b>3511315</b>	<b>46.29</b>	<b>1289800</b>	<b>24.70</b>	<b>2530948</b>	<b>58.70</b>
<b>Grand Total</b>	<b>7584690</b>	<b>100.00</b>	<b>5220000</b>	<b>100.00</b>	<b>4311324</b>	<b>100.00</b>

14.6 On the basis of the shareholding pattern as on 31<sup>st</sup> March 2005, after issue of the New Equity Shares as per Clause 14.2 of the Scheme, the shareholding pattern of the Transferee Company would be as under :

Category	PCCPL	
	No. of shares of Rs. 10/- each fully paid-up	% of shareholding
<i>Promoters</i>		
Excel Industries Ltd.	584977	8.87
Hem-Sil Trading & Manufacturing Private Ltd.	1317571	19.98
Mrs. Shaila Shashi Kumar Shroff	124002	1.88
Ms Rupam Shroff	43030	0.65
Shalil Shroff Group (Individual entities)	828937.50	12.58
Others	110120.07	1.67
PCCPL	NIL	
<b>Sub total (A)</b>	<b>3008637.57</b>	<b>45.63</b>

<i>Non-Promoters</i>		
Mutual Funds and UTI	154073.11	2.34
Banks, Financial Inst., Insurance Company	194447.22	2.95
Foreign Institutional investors	21935.74	0.33
Private Corporate Bodies	299990.41	4.55
Indian Public	2496427.04	37.87
NRIs/OCBs	14123.74	0.21
Others	403256.94	6.12
<b>Sub total (B)</b>	<b>3584254.20</b>	<b>54.37</b>
<b>Grand Total</b>	<b>6592891.77</b>	<b>100.00</b>

## 15 ALTERATION OF THE MEMORANDUM OF ASSOCIATION OF THE TRANSFEREE COMPANY

### 15.1 OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION

Upon coming into effect of the Scheme, Clause (III) of the Memorandum of Association of PCCPL shall, without any further act, deed or instrument, be altered by addition thereto of the following clauses after the existing clause 6 :

7. To carry on the business of manufacturer, importers and exporters of and dealers in all types of Chemicals including rust preventive chemicals, its concentrates, formulations, chemicals, chemicals compounds chemicals products of any nature and kind whatsoever, heavy and fine chemicals, acids alkalies, petro chemicals, chemical salts and compounds and elements of its kind (solid, liquid and gaseous), drugs, medicines, essences, all kind of perfumeries, solvents, dyestuff intermediates, textile auxiliaries with chemical base, cellopane, inks, colours, paints, varnishes, disinfectants, insecticides, fungicides, deodorants as well as biochemical, pharmaceutical medicines, sizing, bleaching photographic chemicals and chemicals of any nature and kind whatsoever.
8. To carry on business or avocation of technical, industrial or administrative consultants in all their various aspects and to be appointed as technical, industrial or administrative consultants of persons or companies established and/or to be established and to charge remuneration in any manner which is beneficial to the Company.
9. To assist and/or guide any person or company to overcome technical difficulties and/or to improve processes and/or general efficiency of productivity in any industrial undertaking.
10. To give technical services to any industrial undertaking to improve productions, increase productivity, speed up efficiency of working and also efficiency of technical processes and improvement thereof.
11. To give technical service for the day to day running of any industrial undertaking including also the advice for the efficient running of the undertaking.
12. To undertake, supervise and to look after the production side of any undertaking, including the day to day running of the plant and processes.
13. To carry on the business of manufacturers, processors, developers, researchers of chemicals, fine chemicals drug intermediates, solvents, drugs, pharmaceuticals, pharmaceutical formulations and medicines of all kinds.
14. To carry on the business of manufacturers, buyers, seller, importers, exporters and dealers in chemicals, fine chemicals, drug intermediates, solvents, drugs, pharmaceuticals, pharmaceutical formulations, medicines and agro-based products.

### 15.2 AUTHORISED SHARE CAPITAL OF THE MEMORANDUM OF ASSOCIATION

Upon coming into effect of the Scheme, Clause (V) of the Memorandum of Association of PCCPL shall, without any further act, deed or instrument, be substituted by the following clause :

"The Authorized Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,48,00,000 (One Crore Forty Eight Lacs only) Equity Shares of Rs. 10/- (Rupees Ten only) each and 20,000 (Twenty Thousand) 9.8% Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred only) each. The Company has the power from

time to time to increase or reduce its capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential qualified, or other special rights, privileges, or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, restrict or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.”

It is clarified that the approval of the members of PCCPL to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum of Association of PCCPL as required under Section 17 and other applicable provisions of the Act.

### **15.3 AUTHORISED SHARE CAPITAL OF THE ARTICLES OF ASSOCIATION**

Upon coming into effect of the Scheme, existing Article 5 of the Articles of Association of PCCPL shall, without any further act, deed or instrument, be altered by substitution thereto of the new Article 5 as under :

“The Authorised Share Capital of the Company shall be such amount as will have been stated in its Memorandum of Association at any time and from time to time. The Company shall have power and right to vary and re-fix the par value or nominal value of its shares and to increase or reduce the capital and to sub-divide the shares or consolidate, its share capital in accordance with the provisions of the Act and to divide the capital of the Company for the time being into equity share capital and preference share capital and other several classes and to attach thereto respectively such preferential qualified, or other special rights, privileges or conditions as may be determined by or in accordance with these presents and to vary, modify, restrict or abrogate any such rights, privileges or conditions in such manner as may for the time being permitted by the said Act.”

It is clarified that the approval of the members of PCCPL to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Articles of Association of PCCPL is required under Section 31 and other applicable provisions of the Act.

- 15.4 In order to carry on the activities currently being carried on by the Transferor Companies, upon the approval of the Scheme by the members of the Transferor Companies and the members of the Transferee Company pursuant to Section 391 of the Act, it shall be deemed that the members of the Transferee Company have also resolved and accorded all relevant consents under Section 149 of the Act or any other provisions of the Act for the commencement of any business or activities currently being carried on by the Transferor Companies in relation to any of the objects contained in the Memorandum of Association of the Transferee Company, to the extent the same may be considered applicable without the Transferee Company requiring to follow the procedure under section 149 (2) or Section 149 (2A) of the Act.

### **16) APPLICATIONS TO HIGH COURTS**

- a) ADIL and SCL shall, with all reasonable despatch, make applications/ petitions under Sections 391-394 and other applicable provisions of the Act to the High Court of Judicature at Bombay and High Court of Punjab and Haryana at Chandigarh, respectively for sanctioning of this Scheme and for dissolution of the Transferor Companies without winding up under the provisions of law, and obtain all approvals as may be required under law;
- b) PCCPL shall also with all reasonable despatch, make applications/ petitions under Sections 391-394 of the Act, and other applicable provisions of the said Act to the High Court of Punjab and Haryana at Chandigarh for sanctioning of this Scheme under the provisions of law, and obtain all approvals as may be required under law.

### **17) MODIFICATION/ AMENDMENT TO THE SCHEME**

- 17.1 The Transferor Companies and the Transferee Company through its respective Board of Directors/ its authorized officers are hereby empowered and authorized to assent from time to time to any modifications or amendments or substitution of this Scheme or in any conditions or limitations which the High Court of Judicature at Bombay and High Court of Punjab and Haryana at Chandigarh, as the case may be or Securities and Exchange Board of India (SEBI) or Stock exchanges where they are listed or any other statutory authorities may impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things as may be necessary for cutting the Scheme into effect.
- 17.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof, the Directors of the Transferee Company or such other person who are so authorised may give and are authorized to give all such directions as are necessary including directions for settling any question of doubt or difficulty that may arise after the dissolution, of the Transferor Companies.

### **18) SCHEME CONDITIONAL ON APPROVAL/SANCTIONS**

This Scheme is specifically conditional upon and subject to :

- 18.1 The sanction or approval under any law or of the Central Government, Reserve Bank of India, 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.
- 18.2 The approval of and agreement to the Scheme by the requisite majorities of such classes of persons of the Transferor Companies and the Transferee Company as may be directed by the High Court of Punjab and Haryana at Chandigarh and High Court of Judicature at Bombay on the applications made for directions under Section 391 to 394 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose.
- 18.3 The sanctions of the High Court of Punjab and Haryana at Chandigarh and High Court of Judicature at Bombay being obtained under Sections 391 and 394 and other applicable provisions of the Act if so required on-behalf of the Transferor Companies and the Transferee Company.
- 18.4 The undertaking being given by PCCPL to the Stock Exchange, Mumbai in terms of the norms of the Governing Board of the said stock exchange with regard to lock-in requirement for the issue of New Equity Shares issued by PCCPL to the Equity Shareholders of SCL, an unlisted company.
- 18.5 The certified copies of the Court orders referred to in this Scheme being filed with the Registrar of Companies, Punjab, H.P. and Chandigarh at Jalandhar and the Registrar of Companies, Maharashtra at Mumbai by the respective Transferor Companies and the Transferee Company.

**19) EFFECT OF NON-RECEIPT OF APPROVAL/SANCTION**

In the event of any of the aforesaid sanctions and approvals referred to in the preceding Clause 18 above, not being obtained and/ or the Scheme not being sanctioned by either the High Court of Punjab and Haryana at Chandigarh and High Court of Judicature at Bombay or within 12 months of passing of resolution by the Board of Directors of the Transferor Companies and the Transferee Company approving this Scheme or within such further period or periods as the Board of Directors of the Transferor Companies and Transferee Company may agree, the Scheme shall stand revoked, cancelled and become null and void and no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such event, each party shall bear its respective costs, charges and expenses in connection with the Scheme.

**20) BOARD OF DIRECTORS OF THE TRANSFEROR COMPANIES**

The Board of Directors (or any committee/ sub-committee thereof) of the Transferor Companies, upon the Scheme becoming effective, shall without any further act, instrument and deed stand dissolved. All the Directors of the Transferor Companies shall cease to be Directors of the Transferor Companies on coming into effect of this Scheme without affecting their rights as shareholders, if any, in the transferor Companies, however, if any such Director is a Director of the Transferee Company he would continue to hold his office in the Transferee Company.

**21) TRANSFEROR COMPANIES DISSOLVED. WITHOUT WINDING UP**

On the Scheme becoming effective, the Transferor Companies shall be dissolved without, winding up under Section 394 of the Act.

**22) EXPENSES CONNECTED WITH THE SCHEME**

Except for the event mentioned in clause 19 above all costs, charges and expenses of the Transferor Companies and the Transferee Company in relation to or in connection with this Scheme and for carrying out and implementing/ completing the terms and provision of the Scheme and/ or incidental to the completion of the amalgamation of the Undertaking of the Transferor Companies in pursuance of this Scheme shall, except as specifically provided herein, be borne and paid solely by the Transferee Company.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORDINARY ORIGINAL CIVIL JURISDICTION  
COMPANY PETITION NOS. 330 TO 331 OF 2007  
CONNECTED WITH COMPANY APPLICATION NOS.71 TO 72 OF 2007  
IN THE MATTER OF THE SCHEME OF AMALGAMATION OF -**

- (i) I.A. & I.C. Chem Pvt. Ltd.  
(ii) Pauraj Chemicals Pvt. Ltd.

.. Transferor Companies

WITH

Punjab Chemicals and Crop Protection Limited .. Transferee Company  
Ms. Mona Bhide with Mr. Jimit Shah i/b. Dave & Girish & Co. for petitioner.  
Ms. Heena Shah with Mr. G. C. Mishra - R.D. in both the petitions.  
Ms. K.V. Gautam, Dy. O.L. in both the petitions.

**CORAM : D.B. BHOSALE, J.**

**DATE : 21st September, 2007.**

**P.C. :**

1. Heard learned counsel for the parties.
2. The sanction of the Court is sought to a scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956. Petitioners in both the petitions are transferor companies and they are wholly owned subsidiary of the transferee company.
2. Counsel appearing on behalf of the petitioners has stated before the Court that insofar as transferor companies are concerned : (i) all the equity shareholders have granted their consents; (ii) there are no preference shareholders; (iii) the meeting of the secured creditors of the I.A. & I.C. Chem Pvt. Ltd. (for short "the first transferor company") was attended by three secured creditors and they all have granted their consents and the scheme was unanimously adopted; (iv) there are no secured creditors of the Pauraj Chemicals Pvt. Ltd. (for short "the second transferor company"); (v) the meeting of unsecured creditors including sundry creditors of the first transferor company was convened and it was attended by 40 unsecured creditors out of 88 and they have unanimously adopted the scheme; (vi) all the unsecured creditors of the second transferor Company have granted their consents and hence a meeting was dispensed with.
3. Upon perusal of the entire material on record, it appears that the scheme is fair and reasonable and is not violative of any provisions of law and is not contrary to any public policy. None of the parties concerned have come forward to oppose the scheme. Moreover, both the Regional Director and the Official Liquidator have stated that the scheme as proposed is not contrary to the public interest or prejudicial to the interest of the shareholders or creditors.
4. I am informed that the transferee company is situated at Chandigarh and hence it had filed Company Petition No.6 of 2006 seeking dispensation of filing of the petition for amalgamation under Sections 391 to 394 of the Companies Act, 1956 and the High Court of Punjab and Haryana has dispensed with filing of the petition. In view of the judgement of this Court in **Mahaamba Investments Ltd. v/s. IDI Limited reported in [2001] 105 Comp Cas 16 (Bom)**, filing of independent petition by the transferee company is not necessary where the transferor companies are wholly owned subsidiaries of the transferee company.
6. There is no objection to the scheme and since all the requisite statutory compliances have been fulfilled, both the company petitions are made absolute in terms of prayer clauses (a) to (c) and (e).
7. The petitioners to lodge a copy of the order and the scheme with the concerned Superintendent of Stamps for the purpose of adjudication of stamps duty payable on the same, if any, within 30 days of obtaining a certified and/or an authenticated copy of the order.
8. The petitioners in both the petitions to pay costs of Rs. 2,500/- each to the Regional Director and to the Official Liquidator. The costs to be paid within four weeks from today.
9. Filing and issuance of drawn up order is dispensed with.
10. All authorities concerned to act on a copy of this order duly authenticated by the Registry.

**(D.B. Bhosale, J.)**

**SCHEME OF AMALGAMATION OF  
I. A. & I. C. CHEM PRIVATE LIMITED  
PAURAJ CHEMICALS PRIVATE LIMITED**

**with**

**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**

**and their respective shareholders and creditors**

**under Section 391 read with Section 394 of the Companies Act, 1956**

**1) PRELIMINARY**

- 1.1 This Scheme of Amalgamation is presented for amalgamation of I. A. & I. C. Chem Private Limited (hereinafter referred to as the "First Transferor Company" or "IAIC") a company incorporated under the Companies Act, 1956, having its registered office at Oberoi Chambers - II, 4<sup>th</sup> & 5<sup>th</sup> Floor, Plot No. 645/646, New Link Road, Andheri (West), Mumbai - 400 053 and Pauraj Chemicals Private Limited (hereinafter referred to as the "Second Transferor Company" or "Pauraj"), a company incorporated under the Companies Act, 1956, having its registered office at E-52, MIDC Industrial Area, Boisar, Tarapur, Thane - 401 506 (hereinafter collectively referred to as the "Transferor Companies") with Punjab Chemicals and Crop Protection Limited (hereinafter referred to as the "PCCPL" or the "Transferee Company"), a company incorporated under the Companies Act, 1956, having its registered office at SCO 417-418, Sector-35-C, Chandigarh -160 022, U.T. The Corporate office of the Transferor and Transferee Companies is situated at Plot No. 645/646, Oberoi Chamber II, 4<sup>th</sup> & 5<sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai 400 053.
- 1.2 Provisions of this Scheme, which are set out in relation to the Transferor Companies, shall, in absence of any indication to the contrary, be applicable to each of the Transferor Companies.
- 1.3 Business and other details:
- 1.3.1 IAIC was incorporated on 25<sup>th</sup> March 1997 and is mainly engaged in the business of manufacturing, pulverizing, compounding, packing, labeling, importing, exporting, dealing in and distributing all kinds of chemicals and minerals.
- 1.3.1.1 The manufacturing facilities of IAIC are located at Plot No. D-2, Phase - II MIDC, Lote Parshuram, Chiplun, Taluka - Khed, Dist: Ratnagiri – 415 722. As on 1<sup>st</sup> April 2006, the combined installed capacity of various products of IAIC is 23 tons per day (TPD).
- 1.3.1.2 Being a private limited company the shares of IAIC are not listed on any stock exchange in India.
- 1.3.2 Pauraj was incorporated as a private limited company under the Companies Act, 1956 on 14<sup>th</sup> June 1978. Pauraj is mainly engaged in the business of manufacturing, preparing and selling organic and basic chemicals used primarily as intermediates for paints, adhesives, printing ink, leather lacquer, Textile and other industries, and other chemical substances of any kind, basic intermediate, finished or otherwise.
- 1.3.2.1 The manufacturing facilities of Pauraj is located at E-52, M I D C, Indl. Area, Tarapur, Boisar, Dist.: Thane - 401 506.
- 1.3.2.2 Being a private limited company the shares of Pauraj are not listed on any stock exchange in India.
- 1.3.3 PCCPL was incorporated on 19<sup>th</sup> November 1975 under the name of "Punjab United Pesticides & Chemicals Limited". Its name was subsequently changed to "Punjab Chemicals and Pharmaceuticals Limited" w.e.f. 22<sup>nd</sup> August 1985 and thereafter to its present name viz. "Punjab Chemicals and Crop Protection Limited" w.e.f. 20 August 2004. PCCPL is mainly engaged in the business of manufacturing of chemicals and pharmaceuticals and is one of the major producers and exporters of Oxalic Acid, Di-ethyl Oxalate, Ethyl Oxalyl Chloride, Oxalates and other Agro based Chemicals, bulk drugs and formulations, phosphorous based and speciality chemicals both nationally and internationally.
- 1.3.3.1 The manufacturing facilities of PCCPL is located at Milestone 18, Ambala-Kalka Road, Bhankharpur (Derabassi), Distt. Patiala, Punjab. Village Kolimajra & Samalheri, P.O., Lalru, Distt. Mohali (Punjab), Industrial Chemical plants at Tarapur and Pimpri in Maharashtra. As on 1st April 2006 the installed capacity of various products of PCCPL is 130 tons per day (TPD).
- 1.3.3.2 The shares of PCCPL are listed on The Stock Exchanges, Mumbai, Ludhiana and Delhi.

**2) PURPOSES OF AMALGAMATION**

- 2.1 The Transferee Company and the Transferor Companies are part of "Shalil S. Shroff Group" companies in India. The objective of the Scheme is to consolidate the Shalil S. Shroff Group entities.
- 2.2 The amalgamation of the Companies will result in various benefits for the stakeholders. Some of these are as follows:

- 2.2.1 Achieve benefits arising out of economies of scale and lower operating costs.
  - 2.2.2 Diversifying business risk and expansion of operations.
  - 2.2.3 Pooling of the human talents in terms of manpower, management, administration and marketing to result in savings of costs.
  - 2.2.4 Combined capital resources to result into increasing the leveraging capacity of the merged entity i.e. its capacity to borrow funds for business purposes.
  - 2.2.5 Strengthening of financial position.
  - 2.2.6 Amalgamation of the three companies would eliminate duplication of work in many areas like Sales, Accounts, Company Law and Tax Assessments, common administrative services and will result in cost savings.
  - 2.2.7 Facilitate technological development and integration of research and development activities.
  - 2.2.8 Facilitate integrated marketing strategies.
  - 2.2.9 Uniform corporate policy.
  - 2.2.10 Facilitate inter transfer of resources and costs and optimum utilization of assets.
  - 2.2.11 To compete globally with consolidated strength and diversified product range.
  - 2.2.12 Mitigate the risks of varied business cycles for different products.
  - 2.2.13 Ease in decision making at the Group level.
  - 2.2.14 To reflect the consolidated net worth of these three Group companies in one balance sheet.
  - 2.2.15 Improve the servicing of equity capital and enhance the shareholder's value in the merged entity.
  - 2.2.16 To increase the liquidity and market capitalization.
- 2.3 The proposed amalgamation would be in the interest of the Transferee Company and the Transferor Companies and their respective shareholders and creditors, and will be in long-term in the interest and welfare of employees.

### 3) DEFINITIONS

In this Scheme, unless repugnant to the context or meaning thereof, the following expressions shall have the meanings respectively assigned to them:

- 3.1 **"Act"** means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof.
- 3.2 **"IAIC" or "First Transferor Company"** means I. A. & I. C. Chem Private Limited a company incorporated under the Act and having its registered offices at Oberoi Chambers - II, 4<sup>th</sup> & 5<sup>th</sup> Floor, Plot No. 645/646, New Link Road, Andheri (West), Mumbai - 400 053.
- 3.3 **"Appointed Date"** means 1<sup>st</sup> April 2006 or such other date as may be approved by the High Court of Judicature at Bombay.
- 3.4 **"Assets"** shall mean and include the undertakings and the entire businesses and all the properties, whether movable or immovable, tangible and intangible, corporeal or incorporeal, intellectual property, wherein possession or reversion present or contingent, fixed assets, capital work-in-progress including expenses incurred to be capitalized and advances for assets, inventories, stock in trade, debtors, current assets, investments, powers, authorities, allotments, approvals and consents, licenses, permits, quotas, subsidies and incentives, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies, including but without being limited to all patents, trade marks, trade names, copy rights and other commercial rights of any nature whatsoever and licenses in respect thereof, privileges, liberties, easements, advantages, benefits, leases, tenancy rights, ownership flats, authorizations, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and electronic and other services, reserves, provisions, funds, benefits of all agreements and all other interests belonging to or in the ownership, power or possession or in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies as on the Appointed date.
- 3.5 **"Effective Date"** means the later of the dates on which certified copies of the Order of the High Court of Judicature at Bombay sanctioning the Scheme have been filed with the Registrar of Companies, Maharashtra and Registrar of Companies, Punjab, HP and Chandigarh at Jalandhar.

- 3.6 "**Liabilities**" shall mean and include all debts, liabilities, borrowings, bills payable, public deposits, interest accrued, contingent liabilities and all other liabilities, duties, undertakings, contractual obligations, guarantees given and obligations of the Transferor Companies as on the Appointed Date.
- 3.7 "**PCCPL**" means Punjab Chemicals and Crop Protection Limited, a company incorporated under the Act, having its registered office at SCO 417-418, Sector-35-C, Chandigarh -160 022, U.T.
- 3.8 "**Scheme of Amalgamation**" or "**this Scheme**" or "**the Scheme**" means this Scheme of Amalgamation of the Transferor Companies with the Transferee Company in its present form or as may be modified from time to time or as may be approved or directed by the High Court of Judicature at Bombay.
- 3.9 "**Pauraj**" means Pauraj Chemicals Private Limited, a company incorporated under the Act, having its registered office at E-52, MIDC Industrial Area, Boisar, Tarapur, Thane - 401 506 (also referred to as "the Second Transferor Company").
- 3.10 "**Transferor Companies**" means "**IAIC**" and "**Pauraj**" collectively.
- 3.11 "**Transferor Company**" means the First Transferor Company or the Second Transferor Company as the context may require.
- 3.12 "**Transferee Company**" means PCCPL.
- 3.13 "**Undertaking**" means the respective businesses of the Transferor companies on a going concern basis and shall also include Assets and Liabilities and employees of the Transferor Companies.

The words importing the singular include the plural; words importing any gender include every gender.

**4) OPERATIVE DATE**

This Scheme, although effective from the Appointed Date, shall become operative from the Effective Date. Reference in this Scheme to the date of "coming into effect of this Scheme" or "Effectiveness of this Scheme" shall be Effective Date.

**5) SHARE CAPITAL**

5.1 The authorized, issued, subscribed and paid-up share capital of IAIC as per the audited Balance Sheet as at 31<sup>st</sup> March, 2006 is as under:

	Rupees
<b><u>CAPITAL:</u></b>	
<b><u>Authorised:</u></b>	
10,00,000 Equity Shares of Rs. 10/- each	1,00,00,000
	-----
<b>Total</b>	<b>1,00,00,000</b>
	-----
<b><u>Issued, Subscribed and Paid -up:</u></b>	
7,90,000 Equity Shares of Rs. 10/- each fully paid-up	79,00,000
	-----
<b>Total</b>	<b>79,00,000</b>
	-----

{IAIC is wholly owned subsidiary of PCCPL. The entire 7,90,000 equity shares of Rs. 10/- each fully paid up being 100% of paid-up share capital of IAIC are held by PCCPL (by itself and through its nominee Mr. Shalil S Shroff) which is the Parent company of IAIC }.

5.2 The authorized, issued, subscribed and paid-up share capital of Pauraj as per the audited Balance Sheet as at 31<sup>st</sup> March, 2006 is as under:

	Rupees
<b><u>CAPITAL:</u></b>	
<b><u>Authorised:</u></b>	
1,500 Equity Shares of Rs. 1000 - each	15,00,000
	-----

<b>Total</b>	<b>15,00,000</b>
--------------	------------------

**Issued, Subscribed and Paid -up:**

1250 Equity Shares of Rs. 1000 - each fully paid-up	12,50,000
---	-----------

<b>Total</b>	<b>12,50,000</b>
--------------	------------------

{on 31<sup>st</sup> day of July, 2006 PCCPL has acquired the entire paid-up share capital of Pauraj being 1250 equity shares of Rs. 1000/- each fully paid up. As a result Pauraj is now a wholly owned subsidiary of PCCPL. The entire 1250 equity shares of Rs. 1000/- each fully paid up being 100% of paid-up share capital of Pauraj are held by PCCPL (by itself and through its nominee Mr. Shalil S Shroff) which is now the Parent company of Pauraj}.

5.3 The authorized, issued, subscribed and paid-up share capital of PCCPL as per the audited Balance Sheet as at 31<sup>st</sup> March, 2006 are as under:

Rupees

**CAPITAL:**

**Authorised:**

1,48,00,000 (prev.year 48,00,000) Equity Shares of Rs. 10/- each	14,80,00,000
--	--------------

20,000 (9.8% Redeemable Cumulative Preference Shares of Rs. 100 each)	20,00,000
---	-----------

<b>Total</b>	<b>15,00,00,000</b>
--------------	---------------------

**Issued, Subscribed and Paid -up:**

43,26,357 (prev.year 43,26,357)Equity Shares of Rs.10/- each fully paid -up	4,32,63,570
---	-------------

**Subscribed and Called Up**

43,11,324 (previous year) Equity Shares of Rs. 10/- each fully paid up.	4,31,13,240
---	-------------

**Share Capital Suspense Account**

16,31,250 Equity Shares of Rs.10/- each to be issued as fully paid up to the Shareholders of erstwhile STS Chemicals Limited	1,63,12,500
--	-------------

6,50,318 Equity Shares of Rs. 10/- each to be issued as fully paid up to the Shareholders of erstwhile Alpha Drug India Limited	65,03,180
---	-----------

**6) TRANSFER AND VESTING OF UNDERTAKINGS.**

6.1 Upon this Scheme coming into effect on and from the Appointed Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the Undertakings of the Transferor Companies as a going concern 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 businesses and the Undertakings of the Transferor Companies and all the Assets of the Transferor Companies, except for the portions specified in Clause 6.1 (b) below of whatsoever nature and wheresoever situated, shall, under the provisions of Sections 391 and 394 and all other applicable provisions, if any of the Act, without any further act or deed be transferred to and vested in and 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 assets and liabilities of the Transferee Company and to vest all the right, title and interest therein to the Transferee Company.

(b) With effect from the Appointed Date, all the investments of the Transferor Companies, whether held as Long Term or Short Term or Stock-in-trade shall, without any further act or deed, be and stand transferred to the Transferee Company and also all the moveable assets including cash in hand, if any, of the Transferor

Companies, capable of transfer by manual delivery or by endorsement and delivery and shall be so delivered or endorsed and delivered as the case may be to the Transferee Company to the end and intent that the property therein passes to the Transferee Company, on such delivery or endorsement and delivery in pursuance of the provisions of Section 391-394 and other applicable provisions of the said Act.

- (c) In respect of the movable properties of the Transferor Companies [other than those specified in Clause 6.1 (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, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, give notice in such form as it may deem fit and proper, to each person, debtor or depositors, as the case may be, that pursuant to the High Court having sanctioned the Scheme, the said debt, loan, advance, bank balance, or deposit 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 Companies to recover or realize all such debts (including the debts payable by such person or depositor to the Transferor Companies) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in its books to record the aforesaid change.
- (d) The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation / notice in favour of any other party to any contract or arrangement to which the Transferor Companies are party of 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 authorized to execute any such writings on behalf of the Transferor Companies and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Companies to be carried out or performed.
- (e) With effect from the Appointed Date, all debts, Liabilities, duties, obligations of every kind, nature and description of the Transferor Companies shall, under the provisions of sections 391 and 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, duties, obligations of the Transferee Company and further that 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, duties and obligations have arisen, in order to give effect to the provisions of this clause.

It is clarified that the provision of this Scheme shall not extend to the personal guarantees provided by the directors of the Transferor Companies, which have been subsequent to the Appointed Date either released or waived by the parties. It is further clarified that the personal guarantees issued for and on behalf of the Transferor Companies if not waived or released will continue to bind the Guarantors.

- (f) The Transferor Companies shall also give notices in such form as it may deem, fit and proper to each person, debtor or depositor that pursuant to the Hon'ble Court having sanctioned the Scheme, the said debt, loan, advance or deposit shall be paid or made good or held on account of the Transferee Company and that thereafter the right of the Transferor Companies to recover or realize the same stands extinguished.

6.2 If and to the extent there are inter - corporate loans, deposits or balances between the Transferor Companies inter-se and / or the Transferor Companies and the Transferee Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect shall be given in the books of accounts and records of the Transferee company if required, for such adjustments of debts or liabilities, as the case may be. For removal of doubts, it is hereby clarified that from the Appointed Date, there would be no accrual of interest or other charges in respect of any such inter-corporate loans, deposits or balances inter-se between the Transferor Companies and / or the Transferee Company.

6.3 The transfer and or vesting of the properties as aforesaid shall be subject to the existing charges, hypothecation and mortgages, if any, in respect of all the aforesaid assets or any part thereof of the Transferor Companies.

Provided however, that any reference in any security documents or arrangements, to which the Transferor Companies are a party, to the respective assets of the Transferor Companies which it has offered or agreed to be offered as security for any financial assistance or obligations, to the secured creditors of the Transferor Companies, shall be construed as reference only to the assets pertaining to the assets of the Transferor Companies as are vested in the Transferee Company by virtue of the aforesaid clause, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend, to any of the assets or to any of the other units or divisions of the Transferee Company, unless specifically agreed to by the Transferee Company with such secured creditors.

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to the Transferor Companies which shall vest in the Transferee Company by virtue of the Scheme and the Transferee

Company shall not be obliged to create any further or additional security thereof after the Scheme has become effective or otherwise.

It is clarified that the provision of this Scheme shall not extend to the personal guarantees provided by the directors of the Transferor Companies, which have been subsequent to the Appointed Date released or waived by the parties. It is further clarified that the personal guarantees issued for and on behalf of the Transferor Companies if not waived or released will continue to bind the Guarantors.

- 6.4 With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the business carried on by the Transferor Companies in addition to the business of the Transferee Company.
- 6.5 The Transferor Companies are going concerns. The balance sheet of each of the Transferor Companies and the Transferee Company indicate that all the companies are in solvent position. The Scheme is not likely to impose any additional burden/hardship on the members of Transferor Companies or the Transferee Company nor will it affect the interests of any of classes of members/creditors of the Transferor Companies and the Transferee Company.
- 6.6 IAIC and Pauraj are wholly owned subsidiaries of PCCPL. All the shares of IAIC and Pauraj are held by PCCPL and its nominees. Equity shares held by PCCPL in the share capital of IAIC and Pauraj as on the Appointed Date will be extinguished and cancelled upon the Scheme becoming effective. The Transferee Company shall adjust its reserves available for this purpose in accordance with the provisions of the Scheme.
- 6.7 The transfer and/or vesting of all the properties, Assets and Liabilities of the Transferor Companies to the Transferee Company and the continuance of all the contracts or proceedings by or against the Transferee Company shall not affect any contract or proceedings relating to the Assets or the Liabilities already concluded by the Transferor Companies on or after the Appointed Date.

## **7) CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

The Transfer and vesting of the properties" and liabilities and the continuance of the proceedings mentioned in Clauses 6 and 8 shall not in any manner effect the transaction or proceedings already concluded by or against the Transferor Companies: -

- (i) On or before the Appointed Date; and that the Transferee Company accepts on behalf of itself all acts, deeds, bonds, agreements and other instruments of whatever nature done and executed by the Transferor Companies.
- (ii) After the Appointed Date but before the Effective Date; and that the Transferee Company accepts on behalf of itself all acts, deeds, bonds, agreements and other instruments of whatever nature done and executed by the Transferor Companies.

Upon the coming into effect of this Scheme and subject to the provisions of this Scheme all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any multipartite agreements, arrangements, confirmations or novations to which the Transferor Companies will, if necessary, also be a party in order to give formal effect to the provisions of this Clause, if so required or becomes necessary.

## **8) LEGAL PROCEEDINGS**

All suits, actions and proceedings of whatever nature by or against the Transferor Companies pending and/or arising on or before the Effective Date shall not abate, or be discontinued or be in any way prejudicially affected by reason of the transfer of the businesses of the Transferor Companies pursuant to this Scheme but be continued, prosecuted and enforced by or against the Transferee Company as effectually as if the same had been pending and/or arising against the Transferee Company.

## **9) STAFF, WORKMEN AND EMPLOYEE OF THE TRANSFEROR COMPANIES**

- 9.1 All staff, workmen and employees of the Transferor Companies in permanent service on the Effective Date shall become the staff, workmen and employees of the Transferee Company on such date without any break or interruption in their service and on the terms and conditions not less favourable than those subsisting with reference to the Transferor Companies as on the said date.
- 9.2 It is expressly provided that as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Schemes created or existing for the benefit of the staff, workmen and employees of the Transferor Companies are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Companies 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 provisions of such schemes and Funds as per the terms provided in the respective Trust Deeds/other documents. It is the end and intent that all the rights, duties,

powers and obligations of the Transferor Companies in relation to such Funds/schemes shall become those of the Transferee Company. It is clarified that the services of the staff, workman and employees of the Transferor Companies will be treated as having been continuous for the purpose of the aforesaid Funds or provisions.

#### 10) CONDUCT OF BUSINESS BY THE TRANSFEROR COMPANIES TILL EFFECTIVE DATE

For the period beginning on and from the Appointed Date and ending on the Effective Date: -

- 10.1 The Transferor Companies shall carry on and be deemed to have carried on all its business and activities and shall be deemed to have held and possessed of and shall continue to hold and stand possessed of all the assets, properties and Liabilities for and on account of and in trust for the Transferee Company. The Transferor Companies hereby undertake to hold the assets, properties and liabilities with utmost prudence until the Effective Date.
- 10.2 All the profits or income accruing or arising to the Transferor Companies and all costs, charges, expenditure, taxes or losses arising or incurred by the Transferor Companies shall, for all purposes, be treated and be deemed to be and accrue as the profits, income, costs, charges, expenditure, taxes or losses of the Transferee Company, as the case may be.
- 10.3 The Transferor Companies shall carry on its business and activities until the Effective Date with reasonable diligence, and business prudence and shall not, without the prior consent of the Transferee Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose off the Assets or any part thereof, except in the ordinary course of business or otherwise expressly stated in the Scheme, or pursuant to any pre-existing obligation undertaken by the Transferor Companies.
- Provided however, the Transferor Companies shall in the ordinary course of business be entitled to borrow in the form of loans if deemed necessary by it and further consent for this purpose will not be required of the Transferee Company in that behalf.
- 10.4 The Transferor Companies shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business.
- 10.5 The Transferor Companies shall not, without the prior written consent of the Board of Directors of the Transferee Company, undertake any new business or a substantial expansion of their existing business.
- 10.6 It is hereby clarified that the restrictions mentioned in Clauses 10.3, 10.4, and 10.5 shall be applicable from the date of acceptance of the present Scheme by the respective Board of Directors of the Transferor Companies and the Transferee Company and not from the Appointed Date.

#### 11) ACCOUNTING

- 11.1 The audited balance sheet of the Transferor Companies and the Transferee Company as on 31<sup>st</sup> March 2006

##### Summarized Audited balance sheet of PCCPL as on 31<sup>st</sup> March 2006

<i>Liabilities</i>	<i>Rs. in lakhs</i>	<i>Assets</i>	<i>Rs. in lakhs</i>
Share Capital	431.13	Fixed Assets (Net Block)	7801.32
Share Capital Suspense Account	228.16		
Reserves & Surplus	6899.99	Capital W-I-P	1842.60
Loan funds	11956.98	Investments	439.48
Deferred Tax liability	1183.73	Current Assets, Loans & Adv.	16234.31
Current Liabilities & Provisions	5582.72	Deferred Revenue Expenditure / Misc. Exps.	
Govt. grant	35.00		
<b>Total</b>	<b>26317.71</b>	<b>Total</b>	<b>26317.71</b>

**Summarized Audited balance sheet of IAIC as on 31<sup>st</sup> March 2006**

<b>Liabilities</b>	<b>Rs. in lakhs</b>	<b>Assets</b>	<b>Rs. in lakhs</b>
Share Capital	79.00	Fixed Assets (Net)	332.91
Reserves & Surplus	20.00	Current Assets, Loans & Adv.	210.91
		Investments	0.55
Loan funds	393.51	Profit & Loss account	342.17
		Misc. Exps.	0.05
Current Liabilities & Provisions	394.08		
<b>Total</b>	<b>886.59</b>	<b>Total</b>	<b>886.59</b>

**Summarized Audited balance sheet of Pauraj as on 31<sup>st</sup> March 2006**

<b>Liabilities</b>	<b>Rs. in lakhs</b>	<b>Assets</b>	<b>Rs. in lakhs</b>
Share Capital	12.50	Fixed Assets (Net Block)	22.69
Reserves & Surplus	1.81	Capital W-I-P	—
Loan funds	79.28	Profit & Loss account	128.35
Deferred Tax liability	—	Investments	—
Current Liabilities & Provisions	61.18	Current Assets, Loans & Adv.	3.73
<b>Total</b>	<b>154.77</b>	<b>Total</b>	<b>154.77</b>

- 11.2 The Transferee Company shall follow pooling of interest method for accounting for the amalgamation as per Accounting Standard - 14 issued by the Institute of Chartered Accountants of India, subject to the following: -
- 11.2.1 With effect from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company be required and except to the extent required by the law, all the assets and liabilities including reserves, if any, of the Transferor Companies shall be recorded in the books of the Transferee Company at the book values as recorded in the books of the Transferor Companies.
- 11.2.2 The balance in reserves and surplus account of the Transferor Companies as on the Appointed Date shall be transferred to the corresponding reserves in the Transferee Company. In other words, identity of reserves of the Transferor Companies shall be preserved.
- 11.2.3 The book value on the Appointed Date of the equity shares held by PCCPL in IAIC and Pauraj shall be adjusted against the reserves available for this purpose in PCCPL after amalgamation.
- 11.2.4 In case of any difference in the accounting policy between the Transferor Companies and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Reserves to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 11.2.5 Upon coming into effect of this Scheme, to the extent that there are intercompany loans, advances, deposits balances or other obligations as between the Transferor Companies and/or between the Transferor Companies 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. For the removal of doubt, it is clarified that in view of

the above there would be no accrual of interest or other charges in respect of any such inter-company loans, advances, deposits, balances or other obligations.

**12) TREATMENT OF INTER-SE HOLDING OF EQUITY SHARES AMONGST TRANSFEROR COMPANIES AND THE TRANSFEREE COMPANY**

Upon the Scheme becoming finally effective in consideration of the transfer and vesting of Assets and Liabilities of the Transferor Companies in the Transferee Company in terms of this Scheme, the inter se holding of equity shares will be settled as follows: -

- (a) 7,90,000 Equity shares of Rs.10/- each held by PCCPL and its nominees in IAIC shall be cancelled upon the Scheme coming to effect.
- (b) 1250 Equity Shares of Rs.1000/- each fully paid -up held by PCCPL and its nominees in Pauraj shall be cancelled upon the Scheme coming to effect.

**13) TREATMENT OF TAXES**

- (a) Any tax liabilities under the Income-tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, state sales tax laws, Central Sales Tax Act, 1956 or other applicable laws/regulations dealing with taxes/duties/levies [hereinafter in this Clause referred to as Tax Laws] allocable or related to the business of the Transferor Companies to the extent not provided for or covered by tax provision in the Accounts made as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company. Any surplus in the provision for taxation/duties/levies account including advance tax and TDS as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- (b) Any refund under the Tax Laws due to Transferor Companies consequent to the assessments made on Transferor Companies and for which no credit is taken in the Accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

14) The shareholding pattern of the Transferor Companies and the Transferee Company as on 31<sup>st</sup> July, 2006 is as under:

Category	IAIC		Pauraj		PCCPL	
	No. of shares	% of shareholding	No. of shares	% of shareholding	No. of shares	% of shareholding
<u>Promoters</u>						
Excel Industries Ltd.					584977	8.87
Hem-Sil Trading & Mfg. P Ltd.					1409364	21.38
<i>Shri Shalil Shroff Group</i>					1037561	15.74
Shri A C Shroff Group					12466	0.19
Shri A G Shroff Group					6666	0.10
Shri K C Shroff Group					4152	0.06
Punjab Chemicals And Crop Protection Limited			1245	99.60		
Mr. Shalil S Shroff, Nominee of Punjab Chemicals and Crop Protection Limited			5	0.40		
Punjab Chemicals and Crop Protection Limited	789900	99.99				
Shalil S Shroff, nominee of Punjab Chemicals and Crop Protection Limited	100	0.01				

<b>Sub total (A)</b>	<b>790000</b>	<b>100</b>	<b>1250</b>	<b>100</b>	<b>3055186</b>	<b>46.34</b>
<i>Non -Promoters</i>						
Mutual Funds and UTI					259304	3.94
Banks, Financial Inst., Insurance Company					179532	2.72
Foreign Institutional Investors					4098	0.06
Private Corporate Bodies					341534	5.18
Indian Public					2719437	41.25
NRI/OCBs					33801	0.51
<b>Sub total (B)</b>	0.00	0	0.00	0	3537706	53.66
<b>Grand Total</b>	<b>790000</b>	<b>100</b>	<b>1250</b>	<b>100</b>	<b>6592892</b>	<b>100.00</b>

#### 15) APPLICATIONS TO HIGH COURT

IAIC and Pauraj shall, with all reasonable dispatch, make applications/ petitions under Sections 391 -394 and other applicable provisions of the Act to the High Court of Judicature at Bombay for sanctioning of this Scheme and for dissolution of the Transferor Companies without winding up under the provisions of law, and obtain all approvals as may be required under law.

#### 16) CONSIDERATION FOR AMALGAMATION

IAIC and Pauraj being 100 % subsidiaries of PCCPL, upon amalgamation no shares will be issued to the shareholders of IAIC and Pauraj nor would any other consideration be paid.

#### 17. MODIFICATION/ AMENDMENT TO THE SCHEME

- 17.1 The Transferor Companies and the Transferee Company through its respective Board of Directors/ its authorized officers are hereby empowered and authorized to assent from time to time to any modifications or amendments or substitution of this Scheme or to any conditions or limitations which the High Court of Judicature at Bombay or Securities and Exchange Board of India or Stock exchanges where they are listed or any other statutory authorities may impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things as may be necessary for putting the Scheme into effect.
- 17.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof, the Directors of the Transferee Company or such other person who are so authorised may give and are authorized to give all such directions as are necessary including directions for settling any question of doubt or difficulty that may arise after the dissolution of the Transferor Companies.

#### 18) SCHEME CONDITIONAL ON APPROVAL/SANCTIONS

This Scheme is specifically conditional upon and subject to:

- 18.1 The sanction or approval under any law or of the Central Government, Reserve Bank of India 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.
- 18.2 The approval of and agreement to the Scheme by the requisite majorities of such classes of persons of the Transferor Companies as may be directed by the High Court of Judicature at Bombay and on the applications made for directions under Section 391 to 394 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose.
- 18.3 The sanctions of the High Court of Judicature at Bombay being obtained under Sections 391 and 394 and other applicable provisions of the Act if so required on behalf of the Transferor Companies.
- 18.4 The certified copies of the Court orders referred to in this Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai and Registrar of Companies, Punjab, HP and Chandigarh at Jalandhar by the respective Transferor Companies and the Transferee Company.

**19) EFFECT OF NON-RECIEPT OF APPROVAL/SANCTION**

In the event of any of the aforesaid sanctions and approvals referred to in the preceding Clause 18 above, not being obtained and/ or the Scheme not being sanctioned by the High Court of Judicature at Bombay or within 12 months of passing of resolution by the Board of Directors of the Transferor Companies and the Transferee Company approving this Scheme or within such further period or periods as the Board of Directors of the Transferor Companies and Transferee Company may agree, the Scheme shall stand revoked, cancelled and become null and void and no rights and liabilities whatsoever shall accrue to or be incurred *inter se* by the parties or their shareholders or creditors or employees or any other person. In such event, each party shall bear its respective costs, charges and expenses in connection with the Scheme.

**20) BOARD OF DIRECTORS OF THE TRANSFEROR COMPANIES**

The Board of Directors (or any committee/ sub-committee thereof) of the Transferor Companies, upon the Scheme becoming effective, shall without any further act, instrument and deed stand dissolved. All the Directors of the Transferor Companies shall cease to be Directors of the Transferor Companies on coming into effect of this Scheme without affecting their rights as shareholders, if any, in the Transferor Companies, however, if any such Director is a Director of the Transferee Company he would continue to hold his office in the Transferee Company.

**21) TRANSFEROR COMPANIES DISSOLVED WITHOUT WINDING UP**

On the Scheme becoming effective, the Transferor Companies shall be dissolved without winding up under Section 394 of the Act.

**22) EXPENSES CONNECTED WITH THE SCHEME**

Except for the event mentioned in clause 19 above, all costs, charges and expenses of the Transferor Companies and the Transferee Company in relation to or in connection with this Scheme and for carrying out and implementing/ completing the terms and provision of the Scheme and/ or incidental to the completion of the amalgamation of the Undertaking of the Transferor Companies in pursuance of this Scheme shall, except as specifically provided herein, be borne and paid solely by the Transferee Company.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORDINARY ORIGINAL CIVIL JURISDICTION COMPANY PETITION  
NOS. 330 & 331 OF 2007  
CONNECTED WITH  
COMPANY APPLICATION NOS. 71 & 72 OF 2007

In the matter of section 391-394 of the Companies Act, 1956 (1 of 1956)

And

In the matter of the Scheme of Amalgamation of I.A.&I.C. Chem Private Limited

And

Pauraj Chemicals Private Limited

With

Punjab Chemicals and Crop Protection Limited

IA&IC Chem Private Limited ... Petitioner / First Transferor Company

Pauraj Chemicals Private Limited ... Petitioner / Second Transferor Company

**AUTHENTICATED ORDER DATED 21<sup>st</sup> SEPTEMBER 2007 SANCTIONING THE SCHEME OF AMALGAMATION**

Filed this        day of        , 2007

**DAVE & GIRISH & CO.,**

Advocates for the Petitioners

1<sup>st</sup> Floor, Sethna Building, 55, Maharshi Karve Road, Marine Lines, Mumbai -400 002.

**IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDHIGARH**  
**ORIGINAL COMPANY JURISDICTION**  
**COMPANY PETITION NO. 128 OF 2010**  
**IN**  
**COMPANY PETITION NO. 35 OF 2010**

**IN THE MATTER OF :**

In the matter of Petition under Section 391(2) & 394 and other provisions of the Companies Act, 1956

And

**IN THE MATTER OF :**

SCHEME OF ARRANGEMENT BETWEEN **PARUL CHEMICALS LIMITED** (TRANSFEROR COMPANY) AND **PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**, (TRANSFEEE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**IN THE MATTER OF :**

**M/S PARUL CHEMICALS LIMITED**

A COMPANY INCORPORATED UNDER THE PROVISIONS OF INDIAN COMPANIES ACT, 1956 HAVING ITS REGISTERED OFFICE AT 801-B, ALKAPURI ARCADE, C-DUTT ROAD. VADODARA, GUJRAT-390 005

THROUGH Mr. RAKESH J. SARAIYA

... **TRANSFEROR COMPANY**

WITH

**M/S PUNJAB CHEMICALS AND CROP PROTECTION LIMITED,**

AN EXISTING COMPANY UNDER THE ACT AND HAVING ITS REGISTERED OFFICE AT SCO : 417-418. SECTOR-35-C, CHANDIGARH-160 022.

THROUGH MR. PUNIT ABROL

...**PETITIONER/TRANSFEEE COMPANY**

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH**

**C.P.No.128 of 2010**

**Date of decision : 25.01.2011**

**M/s Parul Chemicals Limited**

... **Transferor Company**

**With**

**M/s Punjab Chemicals and Crop Protection Limited**

...**Petitioner/Transferee Company**

**CORAM : HON'BLE MR. JUSTICE RAJIVE BHALLA**

**Present : Mr. Rohit Khanna, Advocate for the petitioner.**

**Mr. D.P. Ojha, Official Liquidator.**

**RAJIVE BHALLA. J.**

The Company namely M/s Punjab Chemicals and Crop Protection Limited (hereinafter referred to as the Transferee Company) has filed this petition under Sections 391(2) and 394 of the Companies Act, 1956 read with Rules 6, 9, 67 and 69 of the Companies (Court) Rules, 1959, for sanction of a scheme of arrangement between M/s Parul Chemicals Limited (hereinafter referred to as the Transferor Company).

Vide orders dated 12.03.2010 and 15.07.2010, this court directed the Transferee Company to convene meetings of equity shareholders, secured and unsecured creditors for the purpose of considering and, if thought fit, for approving with or without modification the scheme of arrangement. Ms. Jaishree Thakur and Ms. Divya Sharma, Advocates were appointed as Chairperson and Alternative Chairperson, for the meetings of equity shareholders and secured creditors whereas Mr. Aman Chaudharv and Mr. Manoj Kumar Sood, Advocates were appointed as Chairman and alternative Chairman for the meeting of unsecured creditors. The meetings of the equity shareholders and secured creditors was held on 21.08.2010 at PHD Chambers of Commerce, Sector 31, Chandigarh after following the procedure with respect to service of notice and publication in the newspaper. The meeting of

unsecured creditors was held on 22.08.2010 at PHD Chambers of Commerce, Sector 31, Chandigarh. The equity shareholders and the secured creditors have approved the scheme of arrangement without any modification as recorded in the report submitted by the Chairperson dated 27.08.2010. The unsecured creditors have also approved the scheme of arrangement without any modification, as is apparent from the report submitted by the Chairman of the meeting of unsecured creditors.

The Transferee Company prays that in view of the approval of the scheme of arrangement/amalgamation by its Board of Directors, by equity shareholders, secured and unsecured creditors, the present petition may be allowed.

The Transferee Company was incorporated in 1975, in the name of Punjab United Pesticides and Chemicals Limited. On 22.08.1985, its name was changed to Punjab Chemicals and Pharmaceuticals Limited-and was further changed to its present name w.e.f. 20<sup>th</sup> August, 2004.

Upon filing of the present petition, notice was issued to the Regional Director, Ministry of Corporate Affairs, Noida and the Official Liquidator. It was also ordered that notice of the petition be published in the newspapers namely : Indian Express (Chandigarh Edition), the Punjabi Tribune (Chandigarh Edition) and the Official Gazette of the Union Territory, Chandigarh. As per the affidavit filed on behalf of the Transferee Company, publication has been effected as directed. Sh. B.K. Bansal, Regional Director, Northern Region, Ministry of Corporate Affairs, has filed an affidavit, operative part whereof reads as follows : -

**3.** *That the deponent craves leave to submit that as per Clause 5.1 of Part-C of the Scheme of Amalgamation, all the employees of both the Transferor Company shall become the employees of the Transferee Company without any break or interruption in their services upon sanctioning of the Scheme of Amalgamation by the Hon'ble Court.*

**4.** *That the deponent further craves leave to submit that the shares of the Transferee Company viz., M/s Punjab Chemicals & Crop Protection Ltd. are listed with Bombay Stock Exchange and National Stock Exchanges. The Bombay Stock Exchange vide its letter dated 06.01.2010 has given their "No Objection" with condition that the "The Company vide its letter dated November 18, 2009, has undertaken to lock-in 25% of the new equity shares to be pursuant to the aforesaid Scheme of Amalgamation for a period of three years from the date of listing of the new equity shares at BSE.*

**4.1.** *It is submitted that the petitioner Transferee Company may be advised to comply with the conditions raised by the Bombay Stock Exchange."*

The Official Liquidator has filed an affidavit deposing therein that the books of accounts and the statutory records of the Transferee Company have been verified alongwith the minutes of meetings of secured creditors, shareholders and unsecured creditors. The Official Liquidator has pointed out that M/s Parul Chemicals Limited (Transferor Company) has filed a similar petition before the Gujarat High Court.

In response to the objections raised by the Regional Director, Sh. Puneet Abrol, Company Secretary and the authorised signatory of the Transferee Company has filed an affidavit dated 25.01.2011, relevant part whereof reads as follows :-

**3.** *I say that, transferee company, undertakes and remain bound to comply with condition that the undertaking, commitment and assurance given by the present Transferee company, to the Bombay Stock Exchange, as per its letter dated 18.11.2009, filed with the said stock exchange, so referred to the Ld. Regional Director, in its said affidavit.*

**4.** *I say that, the Transferee Company would remain bound, committed and hereby undertake to keep in lock-in 25% of the new equity shares to be issued pursuant to the present scheme of Amalgamation for a period of three years from the date of listing of the New Equity Shares at the Bombay Stock Exchange."*

In addition, counsel for the Transferee Company states on instructions, that the Transferee Company shall comply with matters pointed out by the Regional Director with respect to the condition imposed by the Bombay Stock Exchange.

Having gone through the scheme of arrangement/ amalgamation, taking into consideration the views of the Regional Director, the statement made by counsel for the petitioner-Transferee Company, the resolutions passed by the Board of Directors, the reports submitted by the Chairpersons of the meetings of the equity shareholders, secured and unsecured creditors, I find no reason to decline the prayer for approval/sanction of the Scheme of arrangement/amalgamation subject to the Transferee Company honouring in letter and spirit the objections raised by the Bombay-Stock Exchange as recorded in the affidavit dated 29.12.2010, filed by Sh.B.K. Bansal, Regional Director, Northern Region, Ministry of Corporate Affairs. The petition is consequently allowed as prayed for subject to sanctioning of scheme by the Hon'ble High Court of Gujarat, Ahmedabad. The Transferee Company shall issue the shares to the members of the Transferor Company in terms of para 7.2 of the scheme.

The Scheme shall be binding on the Transferor and Transferee Companies, their respective shareholders, creditors and all concerned.

A certified copy of this order shall be filed with the Registrar of Companies within 30 days in form No. 41.

A public notice shall also be published in the daily newspapers, namely "The Times of India" (English) and "Punjabi Tribune" (vernacular). Similarly, a notice be also published in the Official Gazette of the State of Punjab.

Any person interested shall be at liberty to approach this Court in the above matter for any directions that may be necessary.

**Sd/- Rajiv Bhalla**  
Judge

25.01.2011

**IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH**  
**ORIGINAL COMPANY JURISDICTION**  
**COMPANY PETITION NO. 128 OF 2010**  
**IN**  
**COMPANY PETITION NO. 35 OF 2010**

**IN THE MATTER OF :**

In the matter of Petition under Section 391 (2) & 394 and other provisions of the Companies Act, 1956

And

**IN THE MATTER OF :**

SCHEME OF ARRANGEMENT BETWEEN **PARUL CHEMICALS LIMITED** (TRANSFEROR COMPANY) AND **PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**, (TRANSFEEE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**IN THE MATTER OF :**

**M/S PARUL CHEMICALS LIMITED**

A COMPANY INCORPORATED UNDER THE PROVISIONS OF INDIAN COMPANIES ACT, 1956 HAVING ITS REGISTERED OFFICE AT 801-B. ALKAPURI ARCADE. C-DUTT ROAD, VADODARA, GUJRAT - 390 005 THROUGH Mr. RAKESH J. SARAIYA

... TRANSFEROR COMPANY

WITH

**M/S PUNJAB CHEMICALS AND CROP PROTECTION LIMITED,**

AN EXISTING COMPANY UNDER THE ACT AND HAVING ITS REGISTERED OFFICE AT SCO : 417-418. SECTOR-35C, CHANDIGARH - 160 022. THROUGH MR. PUNIT ABROL

...PETITIONER TRANSFEEE COMPANY

**APPLICATION/PETITION UNDER SECTION 391(2) AND 394 OF THE COMPANIES ACT, 1956 READ WITH RULE 6, 9, 67 & 69 OF THE COMPANIES (COURT) RULES, 1959, ON BEHALF OF PUNJAB CHEMICALS AND CROP PROTECTION LIMITED, APPLICANT-TRANSFEEE COMPANY FOR SANCTION OF SCHEME OF ARRANGMENT BETWEEN M/S PARUL CHEMICALS LIMITED BEING THE TRANSFEROR COMPANY AND PUNJAB CHEMICALS AND CROP PROTECTION LIMITED, APPLICANT-TRANSFEEE COMPANY AND FOR ANCILLARY AND CONSEQUENTIAL RELIEFS.**

**PRAYER :**

- A. Notice of the Petition is directed to be served on the Central Government through Regional Director, Northern Region at Noida, Dist. Gautam Budh Nagar (U.P.) as required under Section 394-A of the Companies Act, 1956 for their representation before this Hon'ble High Court, if any.
- B. Notice of this Petition may also be directed to be advertised in any daily news paper and the official gazette of Union Territory of Chandigarh as this Hon'ble Court may deem fit.
- C. Pass an order sanctioning the Scheme of Arrangement as contained in Annexure P-13 so as to be binding on all the Equity Shareholders. Secured Creditors and unsecured Creditors of the Transferee Company, and
- D. That all properties, right and interests of the Transferor Company shall pursuant to Section 394(2) of the Companies Act, 1956 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the Transferee Company as per the terms of the Scheme of Amalgamation and

- E. That all the assets, properties and receivables of the Transferor Company shall pursuant to Section 394(2) of the Companies Act, 1956 without further act or deed be transferred to the transferee Company and accordingly the same become the liabilities and duties of the Transferee Company, unless specifically excluded in the said scheme of the arrangement and
- F. That all the Liabilities, Power, engagement, obligations and duties of the Transferor Company shall pursuant to Section 394(2) of the Companies Act, 1956 without further act or deed be transferred to the transferee Company and accordingly the same become the liabilities and duties of the Transferee Company, unless specifically excluded in the said scheme of the arrangement and
- G. That the Transferee Company do within 30 days after the date of Order cause a Certified copy of this Order to be delivered to the Registrar of Companies NCT of Delhi & Haryana at New Delhi, Chandigarh for registration and on such certified copies being so delivered and
- H. That Registrar of Companies of Union Territory of Chandigarh shall place all documents relating to Transferee Company, in the file kept by him in relation to the Transferee Company and the files relating to the said the Petitioner Company will be consolidated accordingly.
- I. That all proceedings pending, if any, against the Transferor Company be continued against the Transferee Company, unless specifically excluded in the said scheme of the arrangement.
- J. Pass such other Order(s) as this Hon'ble Court may deem fit and proper in the facts and circumstances of the case.

**COMPANY PETITION NO. 35 OF 2010**

**IN THE MATTER OF :**

Petition under Section 391(1) to 394 read with Section 78 and 100 to 103 and other provisions of the Companies Act, 1956

And

**IN THE MATTER OF :**

SCHEME OF ARRANGEMENT BETWEEN **PARUL CHEMICALS LIMITED** (TRANSFEROR COMPANY) AND **PUNJAB CHEMICALS AND CROP PROTECTION LIMITED** (TRANSFEREE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**IN THE MATTER OF :**

**M/S PARUL CHEMICALS LIMITED**

A COMPANY INCORPORATED UNDER THE PROVISIONS OF INDIAN COMPANIES ACT, 1956 HAVING ITS REGISTERED OFFICE AT 801-B. ALKAPURI ARCADE, C-DUTT ROAD, VADODARA, GUJRAT - 390 005

THROUGH MR. RAKESH J. SARAIYA

...TRANSFEROR COMPANY

**WITH**

**M/S PUNJAB CHEMICALS AND CROP PROTECTION LIMITED,**

AN EXISTING COMPANY UNDER THE ACT AND HAVING ITS REGISTERED OFFICE AT SCO : 417-418, SECTOR - 35C, CHANDIGARH - 160 022 THROUGH MR. PUNIT ABROL

... PETITIONER TRANSFEREE COMPANY

**APPLICATION/PETITION UNDER SECTION 391(1), 392 AND 393 OF THE COMPANIES ACT, 1956 READ WITH SECTION 78 AND 100 TO 103 AND RULE 6, 9, 67 & 69 OF THE COMPANIES (COURT) RULES, 1959. ON BEHALF OF PUNJAB CHEMICALS AND CROP PROTECTION LIMITED, APPLICANT-TRANSFEREE COMPANY SEEKING DIRECTIONS FOR CONVENING AND HOLDING OF THE MEETING OF THE EQUITY SHAREHOLDERS AS WELL AS FOR HOLDING THE MEETING OF SECURED CREDITORS AND UNSECURED CREDITORS OF THE APPLICANT COMPANY AND FOR ANCILLARY AND CONSEQUENTIAL RELIEFS.**

**PRAYER :**

In the circumstances, it is most respectfully prayed that this Hon'ble High Court may be pleased to :-

- i. Pass appropriate Orders directions directing the Petitioner-Transferee Company to issue and publish notices and to convene, hold and conduct meeting of Equity Shareholders, Secured Creditors and Unsecured Creditors.

- ii. The Petitioner Company be permitted to file the petition under section 391/ 394 (IInd Motion) and or any other section of the companies Act and rules framed therein for sanctioning the Scheme of Arrangement.
- iii. Direct the publications of the notice convening meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner Company, in the "The Indian Express" (English Edition), The Punjabi Tribune and the official gazette published by the government of Punjab.
- iv. Pass Orders directions appointing Chairperson and alternate Chairperson to conduct the Meeting of Equity Shareholders, Secured Creditors and Unsecured Creditors of the Transferee Company.
- v. Pass any other or such other orders, as this Hon'ble may deem fit and appropriate in the facts and circumstances of the present matter.

**Before Hon'ble Mr. Justice Rajive Bhalla**

Dated 25<sup>th</sup> January, 2011

**Order on Petition**

That the above Company Petition No. 35 of 2010 came up for hearing on 12.03.2010 and 15.07.2010; upon reading the said petition, the order dated 12.03.2010 and 15.07.2010, whereby meetings of the Equity Shareholders and Secured Creditors of the Petitioner Transferee Company was directed to be held on 21.08.2010 and that of Unsecured Creditors was directed to be held on 22.08.2010 for purpose of considering and, if thought fit, approving with or without modification the Scheme of Arrangement proposed to be made between transferor and transferee companies and their respective shareholders and secured & unsecured creditors and annexed to the affidavit dated 10.03.2010 of Sh. Punit Abrol, Authorised signatory of the Petitioner Transferee Company; also upon perusing the "Indian Express (Chandigarh Edition) dated 31.07.2010. 'Punjabi Tribune (Chandigarh Edition)' dated 03.08.2010 & and Official Gazette of the Chandigarh Administration dated 01.08.2010, each containing the advertisement of the notice of the meetings directed to be held vide order dated 12.03.2010 and 15.07.2010 and the affidavits of Ms. Jai Shree Thakur, Advocate and Sh. Aman Chaudhaiy, Advocate dated 19.08.2010 showing publication and despatch of the notices convening the said meetings, the reports of the Chairmen of the said meetings dated 21.08.2010 and 22.08.2010 as to the result of the said meetings and upon hearing Mr. Rohit Khanna, Advocate for the petitioner-transferee company and it appearing, from the reports of the Chairmen that the proposed scheme of Arrangement has been approved unanimously by the Equity Shareholders, Secured and Unsecured creditors of the Petitioner Transferee Company, as the case may be present and voting in person or by proxy.

This Court doth hereby sanction the Scheme of Arrangement set forth in the Company Petition(s) and in the Schedule hereto subject to sanctioning of the Scheme by the Hon'ble High Court of Gujrat on the petition filed by the Transferor Company and doth hereby declare the same to be binding on the Shareholders and Creditors of the transferor and transferee companies and all concerned :

And

This Court doth further order that a notice of the order sanctioning the Scheme shall be duly notified by public notice in the Times of India (English)', 'Punjabi Tribune' and Official Gazette of Chandigarh Administration.

That the said companies do file with the Registrar of Companies a certified copy of this order within 30 days from the date of this order.

Any person interested shall be at liberty to approach this Court in the above matter for any directions that may be necessary.

**SCHEDULE**

Scheme of Arrangement as sanctioned by the Court.

**SCHEME OF ARRANGEMENT  
BETWEEN  
PUNJAB CHEMICALS AND CROP PROTECTION LIMITED  
AND  
PARUL CHEMICALS LIMITED  
AND  
THEIR RESPECTIVE SHAREHOLDERS**

This Scheme of Arrangement ("Scheme") is being presented for amalgamation of Parul Chemicals Ltd. with Punjab Chemicals and Crop Protection Limited and for various other matters consequential, supplemental and/or otherwise integrally connected therewith pursuant to Section 391 to 394 read with Sections 78 and 100 to 103 and other relevant provisions of the Companies Act, 1956.

The Scheme is divided into following parts :

- I. **Part A** - dealing with Background and Objectives;
- II. **Part B** - dealing with Definitions and Share Capital;
- III. **Part C**- dealing with the amalgamation of Parul Chemicals Limited with Punjab Chemicals and Crop Protection Limited;
- IV. **Part D** - dealing with General Terms and Conditions

#### **Part A**

### **BACKGROUND AND OBJECTIVES**

#### **Punjab Chemicals and Crop Protection Limited (PCCPL)**

Incorporated in 1975, the erstwhile Punjab Chemicals and Pharmaceuticals Limited has now evolved as Punjab Chemicals and Crop Protection Limited, bringing all its divisions - Agrotechnicals, Agroformulations, Pharmaceuticals, Intermediates, Chemicals and International Trading, all under one umbrella, by a merger of all companies into itself in March 2006.

At present, PCCPL has seven state-of-the-art manufacturing sites complying with international standards, strategically located in different parts of India and commands support from its Research and Development strengths and unparalleled Pilot Plant facilities. PCCPL manufactures various Agrotechnicals, Agroformulations, API's, Pharmaceutical Intermediates, Phosphorous Derivatives and Specialty Chemicals.

#### **Parul Chemicals Limited (PCL)**

PCL is one of the leading pesticides formulations company in India. It has been involved in the important area of agri-inputs for the last 3 decades and has created and sustained an image of a formulator of high quality pesticides.

PCL is a 70 percent subsidiary company of PCCPL.

#### **Rationale for the Scheme of Arrangement**

In order to achieve business synergies, it is proposed to merge PCL with PCCPL. The rationale for the proposed Scheme of Arrangement is as under :

#### **Merger**

1. In line with PCCPL's focused commitment to crop protection business, the merger would help integrate PCL's business with the former's formulations business division and further strengthen it's presence into the domestic market.
2. The proposed merger will enable pooling of financial, managerial and technical resources of both the companies to their best advantage. The amalgamation will provide both the companies with the resources to appropriately invest in capital intensive industries such as food processing and allied industries which will provide long-term profitable growth to the shareholders.
3. The proposed merger shall be in the larger interests of the companies, their shareholders, creditors and employees. With the enhanced capabilities and resources at its disposal, the amalgamated Company will have greater flexibility to market and meet customer needs, and will be able to compete more effectively thus further strengthening its market position in domestic and export markets

#### **Reorganization of reserves**

4. PCCPL has been successful in enhancing its presence in the international markets. PCCPL has undertaken leveraged buyouts overseas by raising debts in those markets. In course of these acquisitions PCCPL also acquired certain Product Registrations.
5. As a result of these past events the consolidated financial statements of the group are negatively impacted to the extent of debt finance costs, amortisation of goodwill on consolidation, impairment of product registration, etc. It has also resulted in various other costs relating to organic as well as inorganic growth projects. In its endeavour to grow further, PCCPL would continue to incur these costs in the future.
6. Further, capital assets such as Land, Building, and Plant & Machinery continue to appear at their historic value and/or depreciated value, further skewing the consolidated financial statements.
7. Since these expenses/costs are inevitable for the growth of the Company and its shareholders, the management of the Company proposes to undertake the Financial Restructuring Exercise as detailed hereinafter in this Scheme.

## Part B

### DEFINITIONS AND SHARE CAPITAL

#### DEFINITIONS

In this Scheme unless inconsistent with the subject or context, the following expressions shall have the following meanings :

- 1.1. **“Act”** or **“the Act”** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force.
- 1.2. **“Appointed Date”** means April 1, 2009 or such other date as may be fixed or approved by the Hon'ble High Court of Judicature at Punjab and Haryana and the Hon'ble High Court of Judicature at Gujarat or National Company Law Tribunal, as the case may be, under Section 391 to Section 394 of the Act.
- 1.3. **“Amalgamation”** means amalgamation of Parul Chemicals Limited with Punjab Chemicals and Crop Protection Limited as set out in Part C hereof.
- 1.4. **“Board”** means the respective Board of Directors of PCCPL or PCL or any Committee thereof duly constituted or appointed by the Board for this purpose.
- 1.5. **“Effective Date”** means the latest of the date on which the certified copies of Order of the High Court sanctioning the Scheme is filed with the Registrar of Companies at Punjab and Haryana and Gujarat.  
References in this Scheme to the date of **“coming into effect of this Scheme”** or **“upon the Scheme being effective”** shall mean the Effective Date.
- 1.6. **“Expenses”** means and without limiting the generality of the foregoing, includes, inter-alia, the following items accounted for in the financial statements of PCCPL :
  - 1.6.1. Impairment, amortization and / or write off of goodwill and other intangible assets, if any, as appearing in the standalone and consolidated financial statements of PCCPL;
  - 1.6.2. Interest and other financial charges paid / payable on borrowings for acquisitions or any other cost | associated with the acquisitions by PCCPL and / or any of its subsidiaries and interest and other financial charges paid / payable upon refinancing of such borrowings;
  - 1.6.3. Impairment of assets / investments / intangibles including product registrations in the Financial statements of PCCPL and / or any of its subsidiaries;
  - 1.6.4. Diminution in the value of investments in companies, including subsidiary companies, as appearing in the Financial Statements of PCCPL and / or any of its subsidiaries;
  - 1.6.5. Costs associated with existing projects / divisions in part and / or whole by PCCPL and / or any of its subsidiaries and financial costs associated with delay in projects;
  - 1.6.6. Any additional depreciation, arising on account of reinstatement of identified fixed assets;
  - 1.6.7. Any other expenses in relation to the business PCCPL as appearing in the Financial Statements of PCCPL, as the Board may deem appropriate;
  - 1.6.8. Any other cost or expenses e.g. lawyer / consultant's fees and/or any fees payable towards professional services etc. in relation to the implementation of this Scheme
- 1.7. **“Financial Statements”** would include standalone and consolidated quarterly / annual accounts of PCCPL (including cash flow statements, profit and loss account) and other financials published along with annual accounts, and quarterly/public reported financial statements of PCCPL.
- 1.8. **“High Court”** means the High Court of Punjab & Haryana, at Chandigarh or the High Court of Gujarat at Ahmedabad as the case may be and shall include the National Company Law Tribunal, if applicable.
- 1.9. **“PCCPL”** or **“the Transferee Company”** means Punjab Chemicals and Crop Protection Limited, an existing company under the Act and having its registered office at SCO : 417-418, Sector-35C, Chandigarh-160 022.
- 1.10. **“PCL”** or the **“Transferor Company”** means Parul Chemicals Limited an existing company under the Act and having its registered office at 801- B, Alkapuri Arcader, R.C. Dutt Road, Vadodara, Gujarat - 390 005.
- 1.11. **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of .Arrangement in its present form filed with the High Court or with any modification(s) approved or imposed or directed by the High Court.
- 1.12. **“Undertaking of PCL”** means and includes :

- a) all the businesses, properties, manufacturing facilities, assets including investments in other Companies whether in India or abroad and liabilities of whatsoever kind and wherever situated of PCL as on the date preceding the Appointed Date;
- b) without prejudice to the generality of the foregoing clause, the Undertaking of PCL shall include all rights, powers, authorities, privileges, liberties and all other rights including sales tax deferrals, title, interests, other benefits (including tax benefits and privileges under the Income-tax Act, 1961 and entitlements) and all properties and assets whether movable or immovable, freehold, leasehold, real or personal, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wherever situated including all its manufacturing facilities, office equipments, inventories, investment in shares, sundry debtors, cash and bank balances, loans and advances, deferred tax assets, telephones, facsimile, email, internet, leased lying connections and other communication facilities and equipment, rights and benefits of all agreements, all records, files, papers, computer programmes, manuals, data, distribution network, and all other interests and rights in or arising out of such property together with all licenses, trade marks, patents, copyrights entitlements and other quotas, if any, held, applied for or as may be obtained hereafter by PCL or to which PCL is entitled to including but not limited to CIB Registrations for various agro formulations and all debts, liabilities (contingent or otherwise) including deferred tax liabilities, responsibilities, duties and obligations of PCL of whatsoever kind.

## 2. CAPITAL STRUCTURE

2.1 The share capital structure of Transferee Company as on 31<sup>st</sup> March, 2009, being the latest audited balance sheet date is as follows :

Particulars	Amount (in Rs.)
<b>Authorised Capital</b>	
14,800,000 Equity Shares of Rs. 10 each	148,000,000
20,000, 9.8% Redeemable Cumulative Preference Shares of Rs. 100 each	2,000,000
<b>Total</b>	<b>150,000,000</b>
<b>Issued Capital :</b>	
6,607,925 Equity Shares of Rs.10/- each.	66,079,250
<b>Subscribed and Called Up Capital :</b>	
6,592,892 Equity Shares of Rs. 10/- each	65,928,920
	<b>65,928,920</b>

On 11<sup>th</sup> August, 2009, the Company allotted 600,000 Equity Shares of Rs.10/- each at a premium of Rs. 126/- in view of the options exercised for conversion of Preferential Convertible Warrants.

Thus, as on the date of filing this Scheme, the authorised issued, subscribed and paid up share capital of the Transferee Company is as follows :

Particulars	Amount (in Rs.)
<b>Authorised Capital</b>	
14,800,000 Equity Shares of Rs. 10 each	148,000,000
20,000, 9.8% Redeemable Cumulative Preference Shares of Rs. 100 each	2,000,000
<b>Total</b>	<b>150,000,000</b>
<b>Issued Capital :</b>	
7,207,925 Equity Shares of Rs.10/- each.	7,207,925
<b>Subscribed and Called Up Capital :</b>	
7,192,892 Equity Shares of Rs. 10/- each	71,928,920

	<b>71,928,920</b>
--	-------------------

- 2.2 The share capital structure of the Transferor Company as on 31<sup>st</sup> March, 2009, being the latest audited Balance Sheet date is as follows :

<b>Particulars</b>	<b>Amount (in Rs.)</b>
<b>Authorised Capital</b>	
30,00,000 Equity Shares of Rs. 10 each	30,000,000
<b>Total</b>	<b>30,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
16,49,830 Equity Shares of Rs. 10/- each	164,98,300
	<b>164,98,300</b>

As on the date of filing this Scheme, there is no change in the authorized, issued, subscribed and paid up share capital of the Transferor Company.

### 3. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

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

#### **Part C**

### **AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEEE COMPANY**

#### 4. **TRANSFER AND VESTING OF UNDERTAKING**

- 4.1 Upon the coming into effect of the Scheme and with effect from the Appointed, Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the Undertaking of PCL shall, pursuant to the provisions of Section 394(2) and other applicable provisions of the Act without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, title, interest and authorities of the Transferee Company, subject however, to all existing securities, charges, liens, mortgages, encumbrances if any, then affecting the same or any part thereof.
- 4.2 The Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is / are inconsistent with the provisions of Section 2 (1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modifications will however not affect the other parts of the Scheme.
- 4.3 All assets, estate, rights, title, interest and authorities acquired by Transferor Company after the Appointed Date and prior to the Effective Date for operation of Transferor Company or pertaining to or relating to Transferor Company shall also stand transferred to and vested in Transferee Company upon the coming into effect of this Scheme, at their book values.
- 4.4 All the movable assets of the Transferor Company or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand shall be physically handed over by manual delivery' or by endorsement and delivery to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or endorsement and delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly.
- 4.5 In respect of movable assets, other than those specified in sub-clause 4.3 and 4.4 above, the same shall, without further act, instrument or deed, be transferred and / or deemed to be transferred to and vested in the Transferee Company pursuant to the provisions of Section 394 of the Act.
- 4.6 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions, approvals, registrations or consents required to carry on business or operations whether in India or abroad, shall stand vested in or transferred to the Transferee Company without any further act or deed, and shall appropriately mutate, to

the extent necessary, by the statutory authorities concerned therewith in favour of the Transferee Company. The benefit of all statutory and regulatory permissions, approvals, registrations and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Company shall vest in and become available to the Transferee Company pursuant to the Scheme.

4.7 All the assets acquired by or belonging to the Transferor Company and all liabilities incurred by the Transferor Company after the Appointed date and before the Effective Date shall also, stand transferred to and vested to the Transferee Company in the same manner as specified under clause 4.1 above upon the coming into effect of the Scheme.

4.8 Subject to the provisions of this scheme, all debts, liabilities, duties and obligations, including Income Tax liabilities if any, including past or future, of the Transferor Company (hereinafter referred to as the said liabilities) shall stand transferred or be deemed to be transferred, without any further act, instrument or deed to the Transferee Company pursuant to the provisions of Section 394 (2) of the said Act so as to become as and from the Appointed date, the debts, liabilities, duties and obligations of the Transferee Company and further that it shall not be necessary to obtain the consent of any third party or other person who is party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause. The Transferee Company further undertakes to pay all liabilities, dues and duties etc. of the Transferor Company, in full as and when the same becomes due and payable, in accordance with law and books of accounts of the company.

## **5. STAFF, WORKMEN & EMPLOYEES**

5.1 On the Scheme becoming operative, all staff, workmen and employees of the Transferor Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date without any break, discontinuance 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 Company on the Effective Date.

5.2 In so far as the existing provident fund, gratuity fund, pension and / or superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the employees of the Transferor Company shall become the trusts / funds of the Transferee Company, respectively, for all purposes whatsoever in relation to the administration or operation of such funds or trusts or in relation to the obligation to make contributions to the said funds or trusts in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such funds or trusts shall become those of Transferee Company.

5.3 It is clarified that services of the employees of the Transferor Company will be treated as having been continuing for the purpose of said fund or funds.

## **6. CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

6.1 Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, understandings, incentives, benefits, exemptions, entitlements, arrangements, whether written or oral and other instruments, if any, of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect on the Effective Date without any further act, instrument or deed, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectively as it, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

6.2 The Transferee Company may, at any time after the coming into 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 be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all formalities or compliances required for the purposes referred to above on the part of the Transferor Company.

## **7. CONSIDERATION**

7.1 As the Transferor Company is a 70 percent owned subsidiary of the Transferee Company, to that extent no shares shall be issued to the Transferee Company pursuant to the merger of Transferor Company into the Transferee Company. Any increase of shares held by Transferor Company in Transferee Company between the Appointed Date and Effective Date will also be considered. Further, all such Investments of Transferor Company in Transferee Company as on the Effective Date would stand cancelled.

7.2 As consideration for the merger, 14 equity shares of Transferee Company will be issued for every 100 equity shares held by all other equity shareholders in Transferor Company as on the Effective date. Fractions, if any, shall be rounded off to

the nearest integer. In the event that Transferor Company holds the entire share capital of Transferee Company as on the Effective Date, no shares would be issued by Transferor Company, as consideration for the merger.

- 7.3 New Equity Shares to be issued to the shareholders of the Transferor Company shall be subject to the Memorandum and Articles of Association of the Transferee Company and the shares shall rank pari passu in all respects with the existing equity shares of the Transferee Company.
- 7.4 The shareholders of the Transferor company shall be entitled to dividend, whether interim or final, if any, which may be declared by the Transferee Company on any date after they have been allotted Equity Shares in the Transferee Company in terms of Clause 7.2 above and they would not be eligible for dividends, whether interim or final, if any, that may be declared by the Transferee Company prior to the Effective Date.
- 7.5 The New Equity Shares of the Transferee Company issued in terms of Clause 7.2 of this Scheme will be listed and / or admitted to trading on the Stock Exchange, Bombay and the National Stock Exchange, where the shares of the Transferee Company are listed and / or admitted for trading. The Transferee Company to enter into such arrangements and give such confirmations and / or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges.
- 7.6 The New Equity Shares to be issued to the shareholders of the Transferor Company shall be issued in dematerialized form, provided all details relating to the account of those shareholders with the Depository Participant are available to the Transferee Company.
- 7.7 The issue and allotment of Equity Shares by the Transferee Company to the shareholders of the Transferor Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Section 81(1A), and any other applicable provisions of the Act were duly complied with.

## **8. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY**

- 8.1 On the Scheme becoming effective, the accounting for merger will be done in accordance with the pooling of interest method referred to in Accounting Standard 14 - Accounting for Amalgamation (AS-14) as the conditions specified in Para 29 of AS-14 are fully complied with for this transfer. Accordingly :
  - 8.1.1 Transferee Company shall record all the assets, liabilities and reserves of the Transferor Company, transferred to and vested in the Transferee Company, at the respective book values as appearing in the books of Transferor Company;
  - 8.1.2 The General Reserve, Capital Reduction Reserve, Share Premium Account, Amalgamation Reserve and the Capital Redemption Reserve of the Transferor Company shall become the General Reserve, Capital Reduction Reserve, Share Premium Account, Amalgamation Reserve and the Capital Redemption Reserve respectively of the Transferee Company;
  - 8.1.3 The inter-corporate deposits / loans / share application money and advances outstanding between the Transferee Company and the Transferor Company inter-se shall stand cancelled and there shall be no further obligation / outstanding in that behalf;
  - 8.1.4 Any other inter company balances, if any, between the Transferee Company and the Transferor Company shall be cancelled;
  - 8.1.5 The investment in the equity share capital of the Transferor Company as appearing in the books of the Transferee Company shall stand cancelled and consequently a similar amount shall be reduced from the General Reserve Account of the Transferee Company;
  - 8.1.6 The difference between the amount recorded as share capital issued by the Transferee Company as consideration for the merger and the amount of share capital (excluding the share capital held by the Transferee Company) of the Transferor Company shall be adjusted in the General Reserve Account of the Transferee Company;
  - 8.1.7 With effect from the Appointed Date, the accounting methods and policies of the Transferee Company shall be adopted by both the Transferor Company and the Transferee Company. If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Company and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in the General Reserve Account of the Transferee Company. Suitable disclosures to this effect shall be made in the Financial Statement of Transferee Company;

- 8.1.8. Any debit / credit to the General Reserve Account of the Transferee Company, pursuant to Clauses 8.1.2, 8.1.5, 8.1.6, and / or 8.1.7 above, shall also be reflected in the consolidated financial statements of the Transferee Company.
- 8.2. Upon the Scheme becoming effective, Fixed Assets of the Transferee Company may be reinstated at their respective fair values as on 1<sup>st</sup> April, 2009 as may be determined by the Board of Directors of the Transferee Company. Such a reinstatement shall be carried out on the basis of the report of competent valuer appointed by the Company. Any such reinstatement adjustment in full or in part as may be determined by the Board, shall be credited to the Business Reconstruction Reserve Account.
- 8.3. With effect from the Appointed Date, the identified proportion of balance standing in the Reserves and Surplus Account as on 31<sup>st</sup> March, 2009 shall be in part or full, without any further act, instrument or deed, credited and transferred to the Business Reconstruction Reserve Account, as may be considered appropriate and determined by the Board in both standalone and consolidated financials of the Transferee Company. Further, any additions / accretions to the Securities Premium Account and / or Capital Reserve of PCCPL with effect from the Appointed Date and up to the Effective Date shall be available for credit to the Business Reconstruction Reserve Account, to such extent as may be considered appropriate by the Board.
- 8.4. The amount so credited to the Business Reconstruction Reserve Account as mentioned in Clause 8.2 and Cause 8.3 above shall be utilised by the Transferee Company towards the 'Expenses' as may be considered appropriate and determined by the Board from time to time.
- 8.5. The effect of the above stated treatment may be given in the standalone and consolidated accounts of the Transferee Company, as the Board may deem fit, by giving suitable disclosures and after making appropriate adjustments.
- 8.6. To the extent the amount is transferred to the Business Reconstruction Reserve Account as mentioned in Clauses 8.3 above, there shall be reduction of the Securities Premium Account which shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 78 and Sections 100-103 of the Act, as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of paid-up share capital and the order of the Hon'ble High Court sanctioning the Scheme, shall be deemed to be an order under Section 102 of the Act confirming reduction of Securities Premium Account. The provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction as mentioned above, the Transferee Company shall not be required to add "and reduced" as a suffix to its name and the Transferee Company shall continue in its existing name.

## **9. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

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

- 9.1. The Transferor Company shall be deemed to have been carrying on all business and activities and shall be deemed to have held and stood possessed of all its assets, properties, rights, title, interest, authorities, contracts, investments and strategic decisions for and on account of, and in trust for the Transferee Company and shall account for the same to the Transferee Company.
- 9.2. All the profits or income accruing or arising to the Transferor Company or expenditure or losses (including tax deducted at source, tax losses, taxes paid in any foreign country, if any) arising or incurred by the Transferor Company or taxes paid or tax refunds / tax benefits received or to be received (including the benefit of carry forward and set off of tax losses of the previous years, minimum alternate tax credit, if any) by the Transferor Company shall for all purposes be treated and deemed to be the profits or income or expenditure or losses (as the case may be) or taxes paid of the Transferee Company.
- 9.3. The Transferor Company hereby undertakes that it will from the Appointed Date up to and including the Effective Date preserve and carry on its business with diligence and utmost business prudence and agrees that it will not without the prior written consent of Transferee Company, alienate, charge, mortgage or encumber or otherwise deal with or dispose off any of its properties except in the ordinary course of business.

## **10. SAVING OF CONCLUDED TRANSACTIONS**

The transfer of Undertaking of PCL pursuant to this Scheme shall not affect any transaction or proceedings already concluded or liabilities incurred, or any liabilities discharged by the Transferor Company, on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company shall accept and adopt all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

## **11. LEGAL PROCEEDINGS**

- 11.1. All legal proceedings of whatever nature by or against the Transferor Company pending and / or arising at or after the Appointed Date as and from the Effective Date shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the

Transferee Company in the manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

- 11.2 The Transferee Company undertakes to have all legal and other proceedings initiated by or against the Transferor Company referred to in Clause 11.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company.

## **12. TREATMENT FOR TAXES**

- 12.1 Any tax liability under the Income-tax Act, 1961, Customs Act 1963, Central Excise Act, 1944, State Sales Tax Laws, Central Sales Tax Act, 1956 or other applicable laws / regulations dealing with taxes / duties / levies (herein referred to as 'Tax Laws') allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company. Any surplus in the provision for taxation / duties / levies account including advance income tax and tax deducted at source (TDS) as on the appointed date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- 12.2 Further any tax holiday / deduction / exemption enjoyed by the Transferor Company under Income-tax Act, 1961 would be transferred to the Transferee Company.
- 12.3 Any refund under Tax Laws due to the Transferor Companies consequent to the assessments made Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 12.4 All taxes (including income tax, sales tax, excise duty, service tax, VAT etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date shall be on account of the Transferor Company and in so far as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operations of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall in all proceedings be dealt with accordingly.
- 12.5 The deferred tax asset or deferred tax liability as appearing in the books or as explained in the notes to accounts of the financial statements of the Transferor Company as on 31<sup>st</sup> March, 2009 shall be recognized by the Transferee Company in its financial statements in such manner and at such time as may be prescribed or as may be considered appropriate in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (the ICAI) in this regard.

## **13. DISSOLUTION OF THE TRANSFEROR COMPANY**

Upon the Scheme being effective, the Transferor Company shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act.

## **14. COMBINATION OF AUTHORISED SHARE CAPITAL**

Upon sanction of this scheme, the authorised share capital of the Transferee Company shall automatically stand increased by the authorised share capital of Transferor Company without any further act or deed on the part of the Transferee Company and also without payment of stamp duty and registration fees, and Clause V of Memorandum of Association read with Articles of Association of the Transferee Company shall stand corrected to that extent. Approval of the Scheme shall be deemed to be due compliance of provisions of Section 97 of the Companies Act, 1956. The Transferee Company shall just file requisite forms with the concerned Registrar of Companies.

### **Part D**

## **GENERAL TERMS AND CONDITIONS**

### **15. MODIFICATION OR AMENDMENTS TO THE SCHEME**

- 15.1 The Transferee Company shall by its Board may assent to any modifications / amendments to the Scheme or agree to any terms and / or conditions 'that the High Court or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them.
- 15.2 The Transferee Company shall, by its Board may give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to any of the meaning or interpretation of the Scheme or implementation hereof or in any matter whatsoever connected therewith.
- 15.3 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board or any committees thereof, affect the adoption or validity or interpretation of the other parts and / or provisions of this Scheme.

15.4 In the event of any of the conditions that may be imposed by the High Court or other authorities which the Transferor or the Transferee Company may find unacceptable for any reason, then the Transferor and the Transferee Company is at liberty to withdraw the Scheme.

**16. APPLICATION TO THE HIGH COURT**

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary application / petition to the Hon'ble High Court of Gujarat at Ahmedabad and Hon'ble High Court of Punjab & Haryana at Chandigarh, respectively, under Section 391 and 394 of the Act and other applicable provisions of the Act for seeking sanction to this Scheme.

**17. CONDITIONALITY OF THE SCHEME**

This Scheme is conditional upon and subject to :

17.1 Approval of the Board;

17.2 Approval by requisite majority of the shareholders of the Transferor and the Transferee Company as required under the Act and the requisite orders of the Hon'ble High Court referred to in clause. 16 above hereof being obtained;

17.3 Certified copy of the High Court order sanctioning the Scheme being filed with the Registrar of Companies of Punjab and Chandigarh and Gujarat, as the case may be, and;

17.4 Such other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

**18. EFFECT OF NON RECEIPT OF APPROVALS**

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the Hon'ble High Court of Punjab & Haryana at Chandigarh or Hon'ble High Court of Gujarat at Ahmedabad or such other competent authority, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.

**19. BINDING EFFECT**

Upon the Scheme becoming effective, the same shall be binding on the Company and all concerned parties without any further act, deed, matter or thing.

**20. COSTS**

All costs, charges and expenses, in relation to or in connection with this Scheme and matters incidental thereto shall be paid and borne by the Transferee Company.

Dated this 25<sup>th</sup> January, 2011

**COMPANY PETITION NO. 128 OF 2010**

**IN**

**COMPANY PETITION NO. 35 OF 2010**

**IN THE MATTER OF :**

In the matter of Petition under Section 391(2) & 394 and other provisions of the Companies Act, 1956

And

**IN THE MATTER OF :**

SCHEME OF ARRANGEMENT BETWEEN **PARUL CHEMICALS LIMITED** (TRANSFEROR COMPANY) AND **PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**, (TRANSFEE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**IN THE MATTER OF :**

**M/S PARUL CHEMICALS LIMITED**

A COMPANY INCORPORATED UNDER THE PROMSIONS OF INDIAN COMPANIES ACT, 1956 HAVING ITS REGISTERED OFFICE AT 801-B, ALKAPURI ARCADER. C-DUTT ROAD, VADODARA, GUJRAT-390 005 THROUGH Mr. RAKESH J. SARAIYA

**... TRANSFEROR COMPANY**

**WITH**

**M/S PUNJAB CHEMICALS AND CROP PROTECTION LIMITED,**

AN EXISTING COMPANY UNDER THE ACT AND HAVING ITS REGISTERED OFFICE AT SCO : 417-418, SECTOR-35C, CHANDIGARH - 160 022. THROUGH MR. PUNIT ABROL

**... PETITIONER TRANSFEREE COMPANY**

**APPLICATION/PETITION UNDER SECTION 391(2) AND 394 OF THE COMPANIES ACT, 1956 READ WITH RULE 6, 9, 67 & 69 OF THE COMPANIES (COURT) RULES, 1959, ON BEHALF OF PUNJAB CHEMICALS AND CROP PROTECTION LIMITED, APPLICANT-TRANSFEREE COMPANY FOR SANCTION OF SCHEME OF ARRANGEMENT BETWEEN M/S PARUL CHEMICALS LIMITED BEING THE TRANSFEROR COMPANY AND PUNJAB CHEMICALS AND CROP PROTECTION LIMITED, APPLICANT-TRANSFEREE COMPANY AND FOR ANCILLARY AND CONSEQUENTIAL RELIEFS.**

**PRAYER:**

- A. Notice of the Petition is directed to be served on the Central Government through Regional Director, Northern Region at Noida, Dist. Gautam Dudh Nagar (U.P.) as required under Section 394-A of the Companies Act, 1956 for their representation before this Hon'ble High Court, if any.
- B. Notice of this Petition may also be directed to be advertised in any daily news paper and the official gazette of Union Territory of Chandigarh as this Hon'ble Court may deem fit.
- C. Pass an order sanctioning the Scheme of Arrangement as contained in Annexure P-13 so as to be binding on all the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Transferee Company, And
- D. That all properties, right and interests of the Transferor Company shall pursuant to Section 394(2) of the Companies Act, 1956 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the Transferee Company as per the terms of the Scheme of Amalgamation and
- E. That all the assets, properties and receivables of the Transferor Company shall pursuant to Section 394 (2) of the Companies Act, 1956 without further act or deed be transferred to the transferee Company and accordingly the same become the liabilities and duties of the Transferee Company, unless specifically excluded in the said scheme of the arrangement and
- F. That all the Liabilities, Power, engagement, obligations and duties of the Transferor Company shall pursuant to Section 394(2) of the Companies Act, 1956 without further act or deed be transferred to the transferee Company and accordingly the same become the liabilities and duties of the Transferee Company, unless specifically excluded in the said scheme of the arrangement and
- G. That the Transferee Company do within 30 days after the date of Order cause a Certified copy of this Order to be delivered to the Registrar of Companies NCT of Delhi & Haryana at New Delhi, Chandigarh for registration and on such certified copies being so delivered and
- H. That Registrar of Companies, of Union Territory of Chandigarh shall place all document relating to Transferee Company, in the file kept by him in relation to the Transferee Company and the files relating to the said the Petitioner Company will be consolidated accordingly.
- I. That all proceedings pending, if any, against the Transferor Company be continued against the Transferee Company, unless specifically excluded in the said scheme of the arrangement.
- J. Pass such other Order(s) as this Hon'ble Court may deem Fit and proper in the facts and circumstances of the case.

**Before Hon'ble Mr. Justice Rajive Bhalla**

Dated 25<sup>th</sup> January, 2011

**Order on Petition**

The above noted Company Petition No. 128 of 2010 coming up for further hearing on 28.10.2010; upon perusing the said petition duly supported by affidavit dated 13.10.2010 of Sh. Punit Abrol, Authorised signatory of the Petitioner Transferee Company; upon perusing the order dated 28.10.2010 whereby notice of the petition was issued to the Regional Director, Ministry of Corporate Affairs, Noida and the Official Liquidator and also a notice of the petition was directed to be published in "Indian Express (Chandigarh Edition), 'Punjabi Tribune (Chandigarh Edition)' and Official Gazette of the Chandigarh Administration; upon perusing affidavit dated 14.12.2010 of Sh. Punit Abrol, Authorised signatory of the Petitioner Transferee Company, "Indian Express (Chandigarh Edition)" & 'Punjabi Tribune' both dated 23.11.2010 and official Gazette of Chandigarh Administration dated 01.12.2010 showing publication of notice of the petition under Section 394 of the Companies Act. 1956; and upon reading the affidavit dated 29.12.2010 of Shri B.K. Bansal, Regional Director, Northern Region, Ministry of Corporate Affairs, Noida; and upon

perusing the affidavit dated 25.01.2011 of Sh. Punit Abrol, Authorised signatory of the Petitioner Transferee Company, and the report of Official Liquidator dated nil; and after hearing Mr. Rohit Khanna, Advocate for the Petitioner company and Sh. D.P. Ojha, Official Liquidator and perusing all other materials placed on record :-

**THIS COURT DOTH ORDER :**

- 1)(a) That all the property, rights and powers of the Transferor Company namely **PARUL CHEMICALS LIMITED** specified in the first, second and third parts of the Schedule hereto and all other property, rights and powers of the said Transferor Company be transferred without further act or deed to the **M/S PUNJAB CHEMICALS AND CROP PROTECTION LIMITED** Petitioner-Transferee Company and accordingly the same shall pursuant to Section 394(2) of the Companies Act, 1956, be transferred to and vest in the Transferee Company for all the estate and interest of the said Transferor Company therein but subject nevertheless to all charges now affecting the same; and
- b) That all the liabilities and duties of the said Transferor Company be transferred without further act or deed to the Transferee Company and accordingly the same shall, pursuant to Section 394(2) of the Companies Act, 1956, be transferred to and become the liabilities and duties of the Transferee Company; and
- c) That all proceedings now pending by or against the aforesaid Transferor Company be continued by or against the Transferee Company; and
- d) That the transferee Company do without further application allot to the members of the aforesaid Transferor company, the shares in the Transferee Company to which they are entitled as per the Scheme as sanctioned by the Court.
- e) That the aforesaid Transferee Company do within 30 days cause certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Transferor Company shall stand dissolved without being wound up and the Registrar of Companies shall place all documents of the aforesaid Transferor company and registered with him on the file kept by him in relation to the Transferee company and the titles relating to the Transferor and Transferee Companies shall be consolidated accordingly.
- f) That any person interested shall be at liberty to apply to this Court in the above matter for any direction as may be necessary.

**Schedule**

(As supplied by the counsel)

FOLLOWING PROPERTIES OF M/S PARUL CHEMICALS LIMITED (TRANSFEROR COMPANY) ARE BEING MERGED WITH PUNJAB CHEMICALS AND CROP PROTECTION LIMITED, (TRANSFEREE COMPANY.)

**SCHEDULE**

**Part-I**

Short description of freehold properties of Parul Chemicals Limited, the Transferor Company are as follows :

- 1. Office Building - 8th floor, 801, 802 and 803, B-Tower, Alkapuri Arcade, R.C. Dutt Road, Vadodara.
- 2. Factory Building -A-1/96 & 94-B, GIDC Nandesari, Vadodara

**Part -II**

Short description of leasehold property of Parul Chemicals Limited, the Transferor Company is as follows :

The Company hold a land at Nandesari on lease basis at A-1/96 & 94-B, GIDC Nandesari, Vadodara

**Part-III**

Short description of all stocks, shares, debentures and other charges in action of Parul Chemicals Limited, the Transferor Company are as follows :

**Stocks :**

<b>Inventories</b>	<b>AS AT 31/12/2010</b>
At cost or net relisable value, whichever is lower, except otherwise stated (Taken, valued and certified by the Management)	

Raw Materials	2,880,301
Work in Process	64,680
Finished goods	6,955,298
Packing Materials and Containers	4,993,479
<b>Total</b>	<b>14,893,758</b>

**Shares and Debentures :**

<b>INVESTMENTS (AT COST)</b>		<b>AS ON 31.12.2010</b>
<b>Long Term Investments</b>		
<b>Government Securities :</b>		
<b>Unquoted :</b>		
National Savings Certificates		8,000
	<b>A</b>	<b>8,000</b>
<b>Investments in Equity Shares :</b>		
<b>Quoted :</b>		
Fully paid up shares of :                      Face Value (Rs.)	Nos	
Investments in Bonds		
6.75% Tax free US-64 Bonds                      100	3,875	387,500
Less : Provision for diminution in value of Investment		387,500
	<b>B</b>	<b>387,500</b>
(Aggregate market value of quoted investments as on 31-03-2010 Rs. 23.87 lacs; Previous year Rs. 14.06 lacs)		
<b>Unquoted :</b>		
Fully paid up shares of :                      Face Value (Rs.)	Nos	
Alkapuri Arcade Co-op Society                      50	30	1,500
Pragati Sahakari Bank Ltd.                      10	2,535	25,350
Baroda Dist. Ind Co-op Bank Ltd.                      10	1,050	10,500
(Aggregate value of unquoted investments as on 31-03-2010 Rs. 0.37 lacs, Previous year Rs. 0.37 lacs)	<b>C</b>	
	<b>C</b>	<b>37,350</b>
<b>Total</b>	<b>A+B+C</b>	<b>432,850</b>

**Details of Charge :**

<b>Working Capital Facilities from Indian Overseas Bank</b> (The above, loans from IOB are secured against hypothecation of Plant and Machineries, Stock of Raw Materials, Work in Process, Finished Goods, Packing Materials, Stores and Book debts and pledge Factory Building, Office Premises and Corporate Guarantee by Punjab Chemicals and Crop Protection Limited).	INR	<b>INR</b>	<b>32,494,917</b>
---	-----	------------	-------------------

Dated this 25<sup>th</sup> January, 2011