SCHEME OF ARRANGEMENT
BETWEEN
MARSHALL SONS & COMPANY (INDIA) LIMITED
AND
AUROMAA MANUFACTURING INDUSTRIES LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS

PART – I
(PRELIMINARY)

1. DEFINITIONS

For the purpose of this Scheme, the following expressions shall, unless the context otherwise requires, have the meaning as defined herein:-

(i) **"The 1956 Act"** means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.

(ii) **"The 2013 Act"** means the Companies Act, 2013 read with the relevant rules or any statutory modification or re-enactment thereof for the time being in force.

(iii) **"Demerged Company"** means Marshall Sons & Company (India) Limited, a Company incorporated under the provisions of The Indian Companies Act, 1913 and having its registered office at 24, Rue Debassyns De Richmond, Puducherry – 605 001.

(iv) **"AMIL"** means Auromaa Manufacturing Industries Limited, a company incorporated under the provisions of the Companies Act, 2013, having its registered office at 24, Rue Desbassyns De Richmont, Pondicherry- 605001].

(v) **"Appointed Date"** means the 1st day of April, 2016 or such other date as the High Court may direct or approve.

(vi) **"Effective Date"** means the date on which the certified copy of the order of the Hon'ble High Court sanctioning the scheme is filed by the Demerged Company, AMIL, with the Registrar of Companies, TAMIL Nadu.

(vii) **"Chennai Division"** means the business comprised in the Chennai Division of Demerged Company including:

(a) all properties and assets, movable and immovable, real and personal, corporeal and incorporeal, in possession, or in reversion, present and contingent of whatsoever nature, wheresoever situate, as on the Appointed Date and all plant and machinery, computers, vehicles, equipment, furniture, sundry debtors, inventories, work in progress, finished goods, cash and bank balances, investments, bills of exchange, deposits and loans and advances and other assets as appearing in the books of accounts of Demerged Company and relating to the Chennai Division, a Balance Sheet whereof as on 31 March 2016, with details of assets is set out in Schedule "A" and all other interests

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or rights in or arising out of or relating to the Chennai Division together with all rights, powers, interests, charges, privileges, benefits, entitlements, industrial and other licenses, registrations, permits, quotas, patents, trademarks, liberties, easements and advantages, appertaining to the Chennai Division and/or to which Demerged Company is entitled to in respect of the Chennai Division of whatsoever kind, nature or description held, applied for or as may be obtained thereafter together with the benefit of all contracts and engagements and all books, papers, documents and records relating to the Chennai Division including agreements entered into by Demerged Company with other parties for purchase of properties; and

(b) secured loans, advances from customers, duties and taxes, sundry creditors and other liabilities of Demerged Company relating to and/or arising out of Chennai Division of Demerged Company, as specified in Schedule "A".

(viii) **"High Court"** means the High Court at Chennai. Any such application shall, upon Sections 230 to 240 of the 2013 Act becoming effective, shall be deemed to mean the National Company Law Tribunal. In such event references in this Scheme to the "High Court" shall be construed as references to the "National Company Law Tribunal" and/or appropriate Benches thereof as the context may require.

2. OBJECTS OF THE SCHEME

2.1 The Demerged Company is currently engaged in the business of real estate. The Demerged Company used to carry on manufacturing activity from its plant at Chennai. However, the same has been closed from 2 August 2003.

2.2 The Board of Directors of the Demerged Company have prepared a road map to revive the manufacturing plant at Chennai. In order to enable the Demerged Company to focus on its real estate business and for efficient and economical management, control and running of the said business and to explore the commencement of manufacturing operations from its plant at Chennai with undivided care and attention, it has considered it expedient to demerge the Chennai Division to AMIL.

2.3 AMIL has been incorporated for the purpose of undertaking manufacturing activities.

2.4 The proposed scheme will enable the Demerged Company to concentrate solely on its real estate business. The manufacturing activity from its Chennai Division, being a completely separate activity and requiring a complete different approach to business be carried on by AMIL under a separate umbrella of management having greater focus and attention towards the same. This would enable greater focus and attention to the different businesses leading to optimum growth and development thereof.

2.5 The proposed Demerger will enable AMIL to effectively raise financial resources through equity and debt capital on the basis of independent financials of the Chennai Division for better operation and greater realization of the potential of the Chennai Division.

2.6 In view of the aforesaid and in order to develop / restructure the businesses carried on through the Chennai Division of the Demerged Company on a stand-alone basis without encumbering

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the remaining business of the Demerged Company, it is considered desirable and expedient to reorganize and reconstruct the Demerged Company by transferring the Chennai Division to AMIL.

2.6 The scheme will have beneficial results for the two companies, their shareholders and all concerned.

3. SHARE CAPITAL

The Authorised, Issued, Subscribed and Paid up Share Capital of Demerged Company and AMIL are as follows:

(i) **Demerged Company**

A.	**Authorised Share Capital**	**Amount (Rs.)**
	25,000 Cumulative Redeemable Preference Shares of Rs 100 each and 17,50,000 Equity Shares of Rs. 10/- each	20,000,000/-
B.	**Issued, Subscribed and Paid-up share capital**	
	9,07,310 Equity Shares of Rs.10/- each fully paid-up	90,73,100/-

(ii) **AMIL**

A.	**Authorised Share Capital**	**Amount (Rs.))**
	10,00,000 Equity Shares of Rs.10/- each	1,00,00,000/-
B.	**Issued, Subscribed and Paid-up share capital**	
	5,10,000 Equity Shares of Rs.10/- each fully paid-up	51,00,000/-

PART – II

(DEMERGER OF CHENNAI DIVISION)

4. DEMERGER OF THE CHENNAI DIVISION

4.1 With effect from the Appointed Date, the Chennai Division of Demerged Company shall, pursuant to Section 394 of the 1956 Act, be transferred to AMIL for all the estate and interest of Demerged Company therein, subject however, to all charges, liens, lispendens, mortgages and encumbrances, if any, affecting the same or any part thereof specific to the Chennai Division. The transfer of the movable assets comprised therein shall be effected by Demerged Company by delivering possession of the same to AMIL and no vesting order under Section 394 of the 1956 Act shall be required to be obtained for transfer of movable assets. Alternatively, Demerged Company and/or AMIL shall be at liberty to execute such deed or instrument of transfer as may be necessary for effectively conveying such assets to AMIL.

4.2 All debts, liabilities, duties and obligations of Demerged Company specifically relating to the Chennai Division, as detailed in the statement of account to be prepared in terms of this Scheme, shall be transferred, without recourse, to and become the debts, liabilities, duties and obligations of AMIL pursuant to the provisions of Section 394(2) of the 1956 Act. AMIL undertakes to meet, discharge and satisfy the same to the exclusion of Demerged Company and to keep Demerged Company indemnified at all times from and against all such debts, liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereof.

5. EMPLOYEES

On and from the Effective Date, all the employees of the Demerged Company relating to the

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Chennai Division in service on the Effective Date shall become the employees of MIFPL on the same terms and conditions on which they are engaged by the Demerged Company without any break, discontinuance or interruption in service.

6. **LEGAL PROCEEDINGS**

All legal or other proceedings by or against Demerged Company in relation to the Chennai Division shall be continued and enforced by or against AMIL. If proceedings or actions are taken against Demerged Company, Demerged Company will defend on notice or as per advice of AMIL at the cost of AMIL. AMIL will indemnify and keep indemnified Demerged Company from and against all liabilities, obligations, actions, claims and demands in respect thereof.

7. **CONDUCT OF BUSINESS**

7.1 With effect from the Appointed Date and upto and including the Date on which this Scheme becomes operative:

(a) The Demerged Company undertakes to carry on the business of the Chennai Division in the ordinary course of business and Demerged Company shall be deemed to have carried on and to be carrying on all business and activities relating to the Chennai Division for and on account of and in trust for AMIL.

(b) All profits accruing to Demerged Company or losses arising or incurred by it relating to the Chennai Division for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits or losses, as the case may be, of AMIL.

(c) The Demerged Company shall be deemed to have held and stood possessed of the properties so to be transferred to AMIL under this Scheme for and on account of and in trust for AMIL and, accordingly, Demerged Company shall not (except with the prior written consent of AMIL) alienate, charge or otherwise deal with or dispose of the Chennai Division or any part thereof except in the usual course of business.

7.2 The transfer of the properties and liabilities of the Chennai Division and the continuance of the proceedings by or against AMIL shall not affect any transaction or proceeding already completed by the Demerged Company on and after the Appointed Date and prior to this Scheme becoming operative to the end and intent that AMIL accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company in relation to Chennai Division respectively as acts, deeds and things done and executed by and on behalf of AMIL.

8. **CONTRACTS, LICENSES, APPROVALS**

On the Effective Date:

8.1 all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to the Chennai Division to which Demerged Company is a party subsisting or having effect immediately before this Scheme becomes operative shall remain in full force and effect against or in favour of AMIL, as the case may be and may be enforced as fully and effectually as if instead of Demerged Company, AMIL had been a party thereto.

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8.2 all licenses, permissions, approvals consents etc. issued directly to Demerged Company under any notification or government order or order of any competent authority or local body in respect of the Chennai Division shall stand transferred in the name of AMIL or become applicable to it and AMIL shall accordingly be entitled to avail benefits of and act upon the said licenses, consents and approvals, permissions, etc, as if the said licenses, consents approvals, permissions etc, were originally granted to AMIL.

9. CONSIDERATION – ISSUE OF SHARES

9.1 Upon the Scheme becoming operative AMIL shall, in consideration of the transfer of the Chennai Division, without further application, issue and allot to the shareholders of Demerged Company 1 (one) Equity Share of Rs. 10/- each, credited as fully paid up ("New AMIL Shares") for every 2 (Two) Equity Shares of Rs. 10/- each credited as fully paid up held by them in Demerged Company.

9.2 The New AMIL Shares to be issued by AMIL under Clause 9.1 shall, in all respects, rank pari passu with the existing shares of AMIL respectively and shall rank for dividends from the date of their allotment.

9.3 Fractional shares, if any, arising on allotment of New AMIL Shares by AMIL shall be rounded of to the next nearest integer and issued and allotted to the shareholders of Demerged Company by AMIL.

9.4 Notwithstanding anything contained in Clause 9.1, AMIL shall be entitled to discharge the consideration in respect of the Equity Shareholders of the Demerged Company who hold less than 500 equity shares in the Demerged Company, by payment in cash to the extent of their entitlements in AMIL at a value to be determined by Chartered Accountants. . AMIL shall send notice to such shareholders of the Demerged Company in this regard entitling them to exercise their option to receive cash in lieu of their entitlements to shares. Payment in cash shall be made only to those shareholders of the Demerged Company, who agree to receive cash in discharge of obligation of AMIL to issue shares under Clause 9.1 of this Scheme. In the event no notice is received by AMIL, AMIL shall discharge the consideration by sending cheques in discharge of their obligation under Clause 9.1.

10. ACCOUNTING TREATMENT

10.1. In the books of Demerged Company:

(a) Upon the coming into effect of this Scheme, with effect from the Appointed Date, all assets and liabilities relating to the Chennai Division of the Demerged Company shall stand transferred to AMIL.

(b) The difference between the assets and liabilities as reduced by the amount of Reserves & Surplus relating to the Chennai Division shall be adjusted against the Reserves of the Demerged Company.

10.2. In the books of AMIL:

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(a) Upon the coming into effect of this Scheme, AMIL shall record all the assets and liabilities transferred to it in pursuance of this Scheme at their respective book values as appearing in the books of accounts of the Demerged Company immediately before the Appointed Date.

(b) Pursuant to the proposed Demerger in accordance with the Scheme, the difference, if any, arising in the books of AMIL between:

i. the aggregate of the face value of the equity share capital issued by AMIL, in terms of sub-clause 9.1(a) above; and

ii. the amount representing the surplus of assets over liabilities of the Chennai Division (net assets of the Chennai Division) of the Demerged Company recorded in its books of accounts as per provisions of sub- clause 10.2.(a).

shall be credited to Reserves of AMIL.

(c) It is hereby clarified that pursuant to this Scheme, all transactions during the period between the Appointed Date and the Effective Date relating to the Chennai Division of the Demerged Company would be duly reflected in the financial statements of AMIL, upon the Scheme coming into effect.

11. INCREASE OF AUTHORISED SHARE CAPITAL OF AMIL

Upon this scheme becoming effective, AMIL shall take steps to increase its Authorised Share Capital suitably to enable it to issue and allot shares to the shareholders of Demerged Company pursuant to clause 9.1.

12. STATUTORY APPROVALS

On the approval of the Scheme by the Equity Shareholders of the Demerged Company and AMIL, it shall be deemed that the said shareholders have also accorded all relevant consents under Sections 61 and 62 of the 2013 Act or any other provisions of the said Act to the extent the same may be considered applicable.

13. OPERATION OF BANK ACCOUNT

After this Scheme becomes operative, AMIL shall be entitled to operate Bank Accounts relating to the Chennai Division and realize all monies and complete and enforce all pending contracts and transactions in respect of the Chennai Division in the name of Demerged Company in so far as may be necessary until the transfer of rights and obligations of Demerged Company to AMIL under this Scheme is formally accepted by the parties concerned.

PART – III
(MISCELLANEOUS)

14. APPLICATION TO HIGH COURT

The Demerged Company and AMIL shall, with all reasonable dispatch, make necessary application to the High Court pursuant to Sections 391 and 394 of the 1956 Act, for obtaining sanction of this Scheme and shall apply for and obtain such other approvals, as required by law.

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15. **REMAINING BUSINESS**

Save and except the Chennai Division of Demerged Company and the assets and liabilities forming the Chennai Division, as specified in the statement of account, and as expressly provided in this Scheme of Arrangement, nothing contained in this Scheme of Arrangement shall affect the rest of the assets, liabilities and businesses (including any contingent liability and/or any other claim or liability, which may arise in the future) of Demerged Company which shall continue to belong to and be vested in and be managed by Demerged Company and Demerged Company agrees and undertakes to keep AMIL indemnified in respect thereof.

16. **MODIFICATIONS TO THE SCHEME**

The Board of Directors of Demerged Company and AMIL or any person authorised by them may assent to any alteration or modification to this Scheme which the Court and/or any other Authority may deem fit to approve or impose or which the said Board of Directors may, in their sole discretion, think fit and the Board of Directors may do all such acts, things and deeds as may be necessary, desirable, expedient and/or appropriate for the purpose of implementing this Scheme and/or to settle any question, doubt or difficulty regarding the implementation of this Scheme or otherwise arising under this Scheme or in any manner connected therewith.

17. **CONDITIONALITY OF SCHEME**

This Scheme is conditional upon and subject to:

17.1 approval of this Scheme by the requisite majority of the members, as may be required, of Demerged Company and AMIL;

17.2 sanction of the Scheme by the High Court under Sections 391 and 394 and other applicable provisions of the 1956 Act;

17.3 such other sanctions and approvals, including sanctions of any governmental or regulatory authority, as may be required; and

17.4 the certified copies of the order of the High Court sanctioning this Scheme being filed with the Registrar of Companies, Tamil Nadu.

Accordingly, this Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the last of the dates on which the conditions referred to above have been fulfilled.

18. **COSTS, CHARGES AND EXPENSES**

All costs, charges and expenses incurred in carrying out and implementing the terms and provisions of this Scheme and incidentals thereto including those incurred during negotiations leading to the Scheme to be borne by the Demerged Company.

19. **RESIDUAL PROVISIONS**

19.1 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights or liabilities whatsoever shall accrue to or be incurred *inter se* by the parties or their shareholders or creditors or employees or any other person.

19.2 If any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employees and/or any other person as to the construction hereof or as

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to any account, valuation or apportionment to be taken or made of any asset or liability transferred under this Scheme or as to the accounting treatment thereof or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to Trivikram Khaitan of 1B, Old Post Office Street, Kolkata – 700 001 whose decision shall be final and binding on all concerned.

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Director