



ELGI EQUIPMENTS LIMITED



Registered Office :
ELGI INDUSTRIAL COMPLEX,
SINGANALLUR, COIMBATORE - 641 005



COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS

Date : 29th July, 2010

Day : Thursday

Time : 04.00 P.M.

Venue : Ardra Hall,
North Huzur Road, (Near Codissia Building)
Coimbatore - 641 018

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

[Ordinary Original Civil Jurisdiction]

COMPANY APPLICATION NO. 1053 OF 2010

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

And

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

And

In the matter of Scheme of Amalgamation of Elgi Industrial Products Limited
(formerly known as Elgi Finance Limited) with Elgi Equipments Limited

Elgi Equipments Limited

a Company incorporated under the Companies

Act, 1956 and having its Registered Office

at Elgi Industrial Complex, Trichy Road,

Singanallur, Coimbatore – 641 005 represented

by Shri.S. Sriram, Chief Financial Officer

... APPLICANT / TRANSFEREE COMPANY

NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS

To,

All Equity Shareholders

Elgi Equipments Limited

TAKE NOTICE that by the Order made on 10th June 2010, the Hon'ble High Court of Judicature at Madras has directed that a meeting of Equity Shareholders of the Applicant Company be held on Thursday, the 29th July 2010 at 4.00 P.M. at Ardra Hall, North Huzur Road, (Near Codissia Building), Coimbatore – 641018 for the purpose of considering, and if thought fit, approving, with or without modification, the arrangement embodied in the Scheme of Amalgamation proposed to be made between Elgi Industrial Products Limited and Elgi Equipments Limited and their respective shareholders.

TAKE FURTHER NOTICE that in pursuance of the said Order, a meeting of the Equity Shareholders of the Applicant Company will be held on Thursday, the 29th July 2010 at 4.00 P.M. at Ardra Hall, North Huzur Road, (Near Codissia Building), Coimbatore – 641018 which you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of the Applicant Company at Elgi Industrial Complex, Trichy Road, Singanallur, Coimbatore – 641 005 not later than 48 hours before the meeting.

The quorum for the meeting shall be 5 members present in person or by proxy.

The Hon'ble High Court has appointed Dr. Jairam Varadaraj, Managing Director, or failing him, Dr. T. Balaji Naidu, Director of the Company, as the Chairman of the said meeting. A copy of the said Scheme of Amalgamation, the statement under Section 393 of the Companies Act, 1956, and a form of proxy is enclosed.

Dated at Coimbatore this 18th day of June 2010.

Dr. Jairam Varadaraj
Chairman appointed for the Meeting

6. The Transferee Company commenced its business activities soon after incorporation and is presently engaged in the business of manufacturing industrial compressors.
7. Elgi Industrial Products Limited, the Transferor Company, was incorporated under the Companies Act, 1956 on 17th March 1982 under the name “Elgi Finance Private Limited” in the State of Tamilnadu. The word “Private” was deleted from the name of the Transferor Company and it became a public company with effect from 21st May 1982. The name of the Transferor Company was, with due approvals, changed to “Elgi Industrial Products Limited” with effect from 20th January 2009.
8. The Registered Office of the Transferor Company is situated at “India House”, 1443/1, Trichy Road, Coimbatore – 641 018.
9. The Capital Structure of the Transferor Company as on 31st March 2010 is as under :

	Amount in Rs.
Authorised Share Capital	
1,15,00,000 Equity Shares of Rs. 10/- each	11,50,00,000
55,00,000 12% Cumulative Redeemable Preference Shares of Rs.10/- each	5,50,00,000
30,00,000 5% Redeemable Preference Shares of Rs.10/- each	3,00,00,000
	<u>20,00,00,000</u>
Issued, Subscribed and Paid up Share Capital	
77,52,000 Equity Shares of Rs.10/- each	7,75,20,000
55,00,000 12% Cumulative Redeemable Preference Shares of Rs.10/- each	5,50,00,000
20,00,000 5% Redeemable Preference Shares of Rs.10/- each	2,00,00,000
	<u>15,25,20,000</u>

10. The Transferor Company commenced its business activities soon after incorporation and is presently engaged in the business of manufacturing industrial products.
11. The amalgamation of the Transferor Company with the Transferee Company will be effected by a Scheme of Amalgamation (hereinafter referred to as “the Scheme”) under Sections 391 to 394 of the Companies Act, 1956 (hereinafter referred to as “the Act”).
12. The Board of Directors of the Transferor Company at its meetings held on 1st March 2010 and 29th May 2010 and the Board of Directors of the Transferee Company at its meeting held on 1st March 2010, approved and adopted the proposed Scheme of Amalgamation, a copy whereof is sent herewith. The proposed Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 is deemed to form part of this statement.
13. The salient features of the Scheme are as follows:
 - a) The Appointed Date for this Scheme is 1st April 2009 or if the Board of Directors of the Transferor Company and the Transferee Company require any other date prior or subsequent to 1st April 2009 and/or the Court modifies the Appointed Date to such other date, then the same shall be the Appointed Date.
 - b) With effect from the Appointed Date, the whole of the Undertaking of the Transferor Company comprising its business, all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date, the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.
 - c) All debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 391 read with Section 394 of the Act, without any further act

or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become, as from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company.

- d) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any shares, securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by the Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- e) All suits, actions and proceedings of whatsoever nature by or against the Transferor Company on the Appointed Date shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Company.
- f) All contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature, to which the Transferor Company is a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto.
- g) Upon the Scheme becoming effective, all the executives, staff, workmen and other employees in the service of the Transferor Company immediately before the Effective Date shall become the executives, staff, workmen and other employees of the Transferee Company without any break in their 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 immediately before the transfer.
- h) With effect from the Appointed Date and upto and including the Effective Date:
 - (a) The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
 - (b) Any income or profit accruing or arising to the Transferor Company and all costs, charges, expenses and losses or taxes (including but not limited to advance tax, tax deducted at source, Minimum Alternate Tax credit, taxes withheld/paid in a foreign country, etc), incurred by the Transferor Company shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.
 - (c) The Transferor Company shall carry on its business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of the business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date).
 - (d) The Transferee Company shall also be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require in relation to the Undertaking of the Transferor Company including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
 - (e) The Transferor Company and the Transferee Company shall be at liberty to declare and/or pay dividend including interim dividend on their respective paid up capital after obtaining requisite approvals under the Act.
 - (f) The Transferor Company shall not make any modification to its capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification,

sub-division or re-organisation or in any other manner, whatsoever, except by mutual consent of the Board of Directors of the Transferor Company and of the Transferee Company.

- (g) The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of its employees without the consent of the Board of Directors of the Transferee Company.
- i) The authorised share capital of the Transferor Company shall stand combined with the authorised share capital of the Transferee Company.
- j) Upon the Scheme becoming effective in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, each of the equity shareholders of the Transferor Company as on the record date shall be allotted 1 (One) Equity Share of Re. 1/- each credited as fully paid up in the Transferee Company for every 20 (Twenty) Equity Shares of Rs. 10/- each fully paid up held by the shareholders in the Transferor Company.
- k) Upon the Scheme becoming effective in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, each of the shareholders of the Transferor Company holding 12% Cumulative Redeemable Preference Shares as on the record date shall be allotted 1 (One) Equity Share of Re. 1/- each credited as fully paid up in the Transferee Company for every 20 (Twenty) 12% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up held by the shareholders in the Transferor Company.
- l) Upon the Scheme becoming effective in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, each of the shareholders of the Transferor Company holding 5% Redeemable Preference Shares as on the record date shall be allotted 1 (One) Equity Share of Re. 1/- each credited as fully paid up in the Transferee Company for every 20 (Twenty) 5% Redeemable Preference Shares of Rs. 10/- each fully paid up held by the shareholders in the Transferor Company.
- m) The Equity Shares issued by the Transferee Company shall be either in certificate form or in dematerialised form. Each member of the Transferor Company shall have the option, to be exercised by way of giving a notice to the Transferee Company on or before the Record Date, to receive the Equity Shares of the Transferee Company in dematerialised form. In the event that such notice has not been received by the Transferee Company in respect of any member, the Equity Shares of the Transferee Company shall be issued to such members in physical form.
- n) Upon the Equity Shares being issued and allotted, as aforesaid by the Transferee Company, the Equity and Preference Shares issued by the Transferor Company and held by its shareholders, whether in dematerialised or physical form, shall be deemed to have been automatically cancelled and of no effect.
- o) The New Equity Shares to be issued and allotted by the Transferee Company as aforesaid in terms of this Scheme shall rank pari passu in all respects with the existing Equity Shares of the Transferee Company but shall not rank for dividend for the period prior to the date of their allotment.
- p) The Board of Directors of the Transferee Company shall consolidate all fractional entitlements arising due to the issue of Equity Shares in terms of Clauses 10.1, 10.2 and 10.4 of the Scheme to Equity and Preference shareholders of the Transferor Company and thereupon issue and allot Equity Shares in lieu thereof to a separate Trust created for the purpose or to a Director or an Officer of the Transferee Company, which/who shall hold such shares in trust for, and on behalf of, the shareholders entitled to such fractional entitlements with the express understanding that such Trust/ Director/ Officer shall sell the same at such time or times and at such price or prices to such person or persons, as it deems fit. The said Trust/ Director/ Officer shall distribute such net sale proceeds to the shareholders in the same proportion as their respective fractional entitlements bear to the consolidated fractional entitlements.
- q) The New Equity Shares of the Transferee Company issued in terms of the Scheme shall, subject to payment of the appropriate fee and approval of the respective stock exchange(s), be listed on recognised stock exchange(s) in India, where the shares of the Transferee Company are already listed and / or admitted to trading.
- r) The issue and allotment of new equity shares in the Transferee Company to the members of the Transferor Company as provided in this Scheme shall be deemed to have been carried out in compliance with the procedure

laid down under Section 81(1A) and other applicable provisions, if any, of the Act and the Transferee Company shall not be required to obtain any further approvals in this regard.

- s) The Transferee Company shall, upon the Scheme coming into effect, record the assets and liabilities of the Transferor Company vested in it pursuant to this Scheme at the respective book values thereof and in the same form as appearing in the books of the Transferor Company at the close of business of the day immediately preceding the Appointed Date.
- t) The excess of, or deficit in, the value of the assets over the value of the liabilities of the Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting the aggregate face value of the shares issued by the Transferee Company to the members of the Transferor Company pursuant to this Scheme and the amounts recorded in terms of Clause 11.2 of the Scheme, be adjusted in the Reserves in the books of the Transferee Company.
- u) To the extent there are inter-corporate loans, obligations or balances between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.
- v) Upon the Scheme coming into effect, all taxes/ cess/ duties payable by or on behalf of the Transferor Company from the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with the Revenue Authorities and including the right of carry forward of accumulated losses, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims and accumulated losses of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Sales tax returns, Excise & Cenvat returns, service tax returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. The Transferee Company is also expressly permitted to claim refunds / credits in respect of any transaction between or amongst the Transferor Company and the Transferee Company. *Provided further* that upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and related TDS Certificates, including TDS Certificates relating to transactions between or amongst the Transferor Company and the Transferee Company, and to claim refunds, advance tax and withholding tax credits, benefit of carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.
- w) In accordance with the Cenvat Credit Rules framed under the Central Excise Act, 1944, as are prevalent on the Effective Date, the unutilized credits relating to excise duties paid on inputs/capital goods/ input services lying in the accounts of the undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty/ service tax payable by it.
- x) In accordance with the Tamil Nadu Value Added Tax Act, 2006, as are prevalent on the Effective Date, the unutilized credits relating to VAT paid on inputs/capital goods lying in the accounts of the undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the VAT / CST payable by it.
- y) Upon the Scheme becoming effective, the Transferor Company shall, without any further act or deed, stand dissolved without winding up.
- z) The Scheme is conditional upon and subject to:
 - (i) The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.

- (ii) The approval of and agreement to the Scheme by the requisite majority of such classes of persons of the Transferor and the Transferee Companies as may be directed by the Court on the applications made for directions under Section 391 of the Act for calling meetings or for dispensing with their holding.
 - (iii) The sanction by the Court under Sections 391 and 394 and other applicable provisions of the Act being obtained by the Transferor Company and the Transferee Company.
 - (iv) The filing with the Registrar of Companies, Coimbatore, of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Company.
14. The directors of the companies have decided to amalgamate the Transferor Company with the Transferee Company in order to protect the brand "ELGI". The Transferor Company (which was formerly known as Elgi Finance Limited) was promoted by the Transferee Company as a wholly-owned subsidiary when it was listed. There is also a large overlap between the shareholders of the Transferor Company and the Transferee Company.
 15. The proposed share exchange ratio under the Scheme has been worked out by M/s.N. Subramanian, Chartered Accountant, Chennai. M/s. Keynote Corporate Services Limited, Mumbai have expressed their Fairness Opinion on the same which is available for inspection at the Registered Office of the Company. The Board of Directors of the Transferor Company and the Transferee Company have, based on, and relying upon, the aforesaid expert advice and on the basis of their independent evaluation and judgment, accepted the suggested ratio.
 16. The Scheme would not be prejudicial to the interests of the creditors (secured and unsecured) of any of the Companies. The latest audited accounts for the year ended 31st March 2010 of the companies indicate that they are in a solvent position and would be able to meet liabilities as they arise in the course of business. Hence, the amalgamation will not cast any additional burden on the shareholders of either Company, nor will it affect the interest of any of the shareholders or creditors.
 17. In compliance with the Listing requirements, the Applicant Company has duly submitted a copy of the proposed Scheme to the National Stock Exchange Ltd. and Bombay Stock Exchange Ltd. not less than one month before filing this application before this Hon'ble Court. The said stock exchanges have accorded their consent to the Scheme vide their letters dated 22/04/2010 and 26/04/2010 respectively. Though the shares of the Applicant Company are also listed on the Coimbatore Stock Exchange Ltd, no approval of the said stock exchange has been obtained since it is presently not in operation.
 18. Under Section 391 of the Companies Act, 1956, the proposed Scheme will have to be approved by a majority in number representing three-fourths in value of the Equity Shareholders present and voting either in person or by proxy at the meeting. A proxy form is enclosed. It is hoped that in view of the importance of the business to be transacted, you will personally attend the meeting. The signing of the form or forms of proxy will, however, not prevent you from attending and voting in person, if you so desire.
 19. The Resolution proposed to be considered in the above meeting, is given hereunder:

"RESOLVED that the Scheme of Amalgamation of Elgi Industrial Products Limited (formerly known as Elgi Finance Limited) with Elgi Equipments Limited, placed before the meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to make and / or consent to any modifications, alterations or amendments in the Scheme, which may be deemed to be necessary by them or which are desired, directed or imposed by the Hon'ble High Court of Judicature at Madras or any other authority and to take all such steps as may be necessary and desirable to implement the Scheme and to give effect to this resolution."
 20. No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956, in respect of the Applicant Company or the Transferor Company.
 21. The Scheme does not in any way violate or override or circumscribe the provisions of the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts and the provisions of the Listing Agreement or the requirements of the Stock Exchanges where the equity shares of the Applicant Company are listed.

Disclosure under Sections 391 to 394 of the Companies Act, 1956, as required by the Securities and Exchange Board of India is enclosed as an addendum to this statement and shall be deemed to form part of this explanatory statement.

- (a) The Directors of the Applicant Company have no interest in the Scheme except as shareholders in general, the extent of which will appear in the Register of Directors' Shareholding maintained by the Transferor Company and the Transferee Company, which are as follows:

The Directors of the companies concerned are:

Elgi Industrial Products Limited [Transferor Company]	Elgi Equipments Limited [Transferee Company]
1. Dr. Jairam Varadaraj - Managing Director	1. Dr. Jairam Varadaraj - Managing Director
2. Sri. B. Balakrishnan - Director	2. Sri. Dr. T. Balaji Naidu - Director
3. Sri. S.A. Subramanian - Director	3. Sri. N. Mohan Nambiar - Director
4. Sri. D. Ramaraj - Director	4. Sri. B. Vijayakumar - Director
	5. Sri. Sudarsan Varadaraj - Director
	6. Dr. Ganesh Devaraj - Director
	7. Sri. M. Ramprasad - Director

- (b) The shareholding of Directors of the Companies participating in this Scheme is as under:

Name of Directors	Elgi Industrial Products Limited [Transferor Company]	Elgi Equipments Limited [Transferee Company]
1. Dr. Jairam Varadaraj	65,424	73,09,468 *
2. Dr. T. Balaji Naidu	Nil	16,000
3. Sri. N. Mohan Nambiar	Nil	Nil
4. Sri. B. Vijayakumar	Nil	25,000
5. Sri. Sudarsan Varadaraj	73,074	17,240
6. Dr. Ganesh Devaraj	Nil	Nil
7. Sri. M. Ramprasad	Nil	4,000
8. Sri. B. Balakrishnan	Nil	12,500
9. Sri. S.A. Subramanian	Nil	Nil
10. Sri. D. Ramaraj	Nil	Nil
* 1081900 shares are held on behalf of Jairam Family Trust.		

22. The following documents will be open for inspection at the Registered Office of the Applicant Company between 10.00 a.m. and 12 Noon on any working day of the Applicant Company except Saturday upto the date of the meeting:

1. The Memorandum and Articles of Association of Transferor Company and the Transferee Company.
2. The Balance Sheet and Profit and Loss Account of Transferor Company and the Transferee Company for the year ended 31st March 2010.
3. Copies of the Board Resolutions dated 1st March 2010 and 29th May 2010 passed by Transferor Company and Board Resolution dated 1st March 2010 passed by the Transferee Company approving the Scheme of Amalgamation.
4. Proposed Scheme of Amalgamation.
5. Register of Directors' shareholdings of the Applicant Company.
6. The Valuation Report from M/s. N. Subramanian, Chartered Accountant, Chennai

7. Fairness Opinion provided by M/s. Keynote Corporate Services Limited, Mumbai, Category-1 Merchant Bankers, on the valuation of shares done by M/s. N. Subramanian, Chartered Accountants, Chennai.
8. Certified copy of the Order dated 10th June 2010 passed by the Hon'ble High Court of Judicature at Madras in Company Application No. 1053 of 2010.
9. Copies of the consent letters received from Bombay Stock Exchange Ltd and National Stock Exchange Ltd.

Dated at Coimbatore this 18th day of June 2010.

Dr. Jairam Varadaraj
Chairman appointed for the Meeting

**SCHEME OF AMALGAMATION
OF
ELGI INDUSTRIAL PRODUCTS LIMITED
(formerly known as Elgi Finance Limited)
WITH
ELGI EQUIPMENTS LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**
(Under Sections 391 to 394 of the Companies Act, 1956)

PART I - GENERAL

1. DEFINITIONS

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

- 1.1 **“Act”** means the Companies Act, 1956 or any statutory modification or re-enactment thereof.
- 1.2 **“Appointed Date”** means the date from which this Scheme shall become operative viz., 1st April 2009 or if the Boards of Directors of the Transferor Company and the Transferee Company require any other date prior or subsequent to 1st April 2009 and/or the Court modifies the Appointed Date to such other date, then the same shall be the Appointed Date.
- 1.3 **“Court”** means the Hon'ble High Court of Judicature at Madras or such other Court / Tribunal empowered to sanction the Scheme as per the provisions of the Act.
- 1.4 **“Effective Date”** means the date or last of the dates on which the certified copy of the order of the Court sanctioning this Scheme is filed with the Registrar of Companies, Coimbatore, Tamil Nadu, by the Transferor and the Transferee Companies.
- 1.5 **“Record Date”** shall mean the date to be fixed by the Board of Directors of the Transferee Company, for the purpose of determining the members of the Transferor Company to whom shares will be allotted pursuant to this Scheme, in the Transferee Company.
- 1.6 **“Scheme of Amalgamation”** or **“Scheme”** or **“The Scheme”** or **“This Scheme”** means this Scheme of Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the Court.
- 1.7 **“Transferee Company”** means Elgi Equipments Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Elgi Industrial Complex, Trichy Road, Singanallur, Coimbatore – 641 005.
- 1.8 **“Transferor Company”** means Elgi Industrial Products Limited (formerly known as Elgi Finance Limited), a company registered under the Companies Act, 1956, and having its Registered Office at “India House”, 1443/1, Trichy Road, Coimbatore – 641 018.
- 1.9 **“Undertaking”** shall mean and include the whole of the undertaking of the Transferor Company, as a going concern, including its business, all secured and unsecured debts, liabilities, duties and obligations and all the

assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licences (including drug licences), formulations, registrations, copyrights, patents, trade names, trade marks and other rights and licences in respect thereof, copyrights, patents, trade names, trade marks (applications for copyrights, patents, trade names, trade marks), leases, licences, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, etc), Software Licence, Domain / Websites etc., in connection / relating to the Transferor Company and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

- 1.10 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modifications or re-enactments thereof from time to time.

2. SHARE CAPITAL

- 2.1 The Share Capital of the Transferor and Transferee Companies as on 31st March 2009 is as under:

A. Elgi Industrial Products Limited (EIPL)	
(formerly known as Elgi Finance Limited)	
Authorised Share Capital	Amount in Rs.
1,15,00,000 Equity Shares of Rs. 10/- each	11,50,00,000
55,00,000 12% Cumulative Redeemable Preference Shares of Rs.10/- each	5,50,00,000
30,00,000 5% Redeemable Preference Shares of Rs.10/- each	3,00,00,000
	<u>20,00,00,000</u>
Issued, Subscribed and Paid up Share Capital	
77,52,000 Equity Shares of Rs.10/- each	7,75,20,000
55,00,000 12% Cumulative Redeemable Preference Shares of Rs.10/- each	5,50,00,000
20,00,000 5% Redeemable Preference Shares of Rs.10/- each	2,00,00,000
	<u>15,25,20,000</u>
B. Elgi Equipments Limited (EEL)	
Authorised Share Capital	
10,00,00,000 Equity Shares of Re. 1/- each	10,00,00,000
Issued, Subscribed and Paid up Share Capital	
7,81,74,240 Equity Shares of Re.1/- each	7,81,74,240
Less: Calls in Arrears	12,917
	<u>7,81,61,323</u>

There is no change in the Authorized & the Paid up Share Capital of the Transferor/Transferee Company as on date of Presentation of this Scheme

PART II – TRANSFER AND VESTING

3. TRANSFER OF UNDERTAKING

3.1 The Undertaking shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

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

Provided that for the purpose of giving effect to the vesting order passed under Sections 391 to 394 in respect of this Scheme, the Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Sections 391 to 394 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

- (b) All movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of the Transferor Company and the Transferee Company.
- (c) In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi for intimating to third parties shall, to the extent possible, be followed:
 - (i) The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or depositor as the case may be, that pursuant to the Court having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that, the right of the Transferor Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;
 - (ii) The Transferor Company shall also give notice in such form as they may deem fit and proper to each person, debtor, loanee or depositor that pursuant to the Court having sanctioned the Scheme, the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.
- (d) In relation to the assets, if any, belonging to the Transferor Company, which require separate documents of transfer, the Transferor Company and the Transferee Company will execute necessary documents, as and when required.
- (e) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 391 read with Section 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain

the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

However, the Transferee Company may, at any time, after the coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company is a party or any writing, as may be necessary, in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliances referred to above.

- (f) Upon the coming into effect of this Scheme, the borrowing limits of the Transferee Company in terms of Section 293(1)(d) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate liabilities / authorised borrowing limit of the Transferor Company which are being transferred to the Transferee Company pursuant to the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date. These limits, as enhanced, may be increased, from time to time, by the Transferee Company by obtaining sanction of its shareholders in accordance with the provisions of the Act.
- (g) Upon the coming into effect of this Scheme, the limits of the Transferee Company to invest and grant loans in terms of Section 372A(1) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate limits of the Transferor Company to invest or grant loans, which are being transferred to the Transferee Company pursuant to the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date. These limits, as enhanced, may be increased, from time to time, by the Transferee Company by obtaining sanction of its shareholders in accordance with the provisions of the Act.
- (h) Upon the Scheme coming into effect, all taxes/ cess/ duties payable by or on behalf of the Transferor Company from the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with the revenue authorities and including the right of carry forward of accumulated losses, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims and accumulated losses of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Sales tax returns, Excise & Cenvat returns, service tax returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. The Transferee Company is also expressly permitted to claim refunds / credits in respect of any transaction between or amongst the Transferor Company and the Transferee Company.

Provided further that upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and related TDS Certificates, including TDS Certificates relating to transactions between or amongst the Transferor Company and the Transferee Company, and to claim refunds, advance tax and withholding tax credits, benefit of carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.

- (i) In accordance with the Cenvat Credit Rules framed under the Central Excise Act, 1944, as are prevalent on the Effective Date, the unutilized credits relating to excise duties paid on inputs/capital goods/ input services lying in the accounts of the undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty/ service tax payable by it.

- (j) In accordance with the Tamil Nadu Value Added Tax Act, 2006, as are prevalent on the Effective Date, the unutilized credits relating to VAT paid on inputs/capital goods lying in the accounts of the undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the VAT/ CST payable by it.
- (k) Upon the Scheme coming into effect, the resolutions, if any, of the Transferor Company which are valid and subsisting on the Effective Date shall continue to be valid and subsisting and be considered as the resolutions of the Transferee Company and if any such resolutions have upper monetary limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.
- (l) The transfer and vesting of the Undertaking of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Company.

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

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

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

- (m) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person and availed of by the Transferor Company are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions.
- (n) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any shares, securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by the Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- (o) The Transferor Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Transferee Company.
- (p) Where any of the liabilities and obligations/assets attributed to the Transferor Company on the Appointed Date has been discharged / sold by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge/sale shall be deemed to have been for and on behalf of the Transferee Company.

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

4. LEGAL PROCEEDINGS

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

5. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 5.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which the Transferor Company is a party subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if, instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations to which the Transferor Company as the case may be will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.
- 5.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company as the case may be to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 5.3 The Transferee Company may, at any time, after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of the Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.
- 5.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

6. EMPLOYEES

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

- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;
- b) The terms and conditions of service applicable to the said executives, staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
- c) In the event of retrenchment of such executives, staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the executives, staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
- d) In so far as the existing provident fund trusts, gratuity fund and pension and / or super-annuation fund trusts created by the Transferor Company for its employees are concerned, the part of the funds referable to the employees who are being transferred shall be continued for the benefit of the employees who are being transferred to the Transferee Company pursuant to the Scheme in the manner provided hereinafter. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, the amounts in such funds in respect of contributions pertaining to the employees of the Transferor Company, shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own fund, in respect of any of the aforesaid matters, the Transferee Company may, subject to necessary approvals and permissions, continue to contribute to the relevant funds of the Transferor Company, as the case may be, until such time that the Transferee Company creates its own fund, at which time the contributions pertaining to the employees of the Transferor Company shall be transferred to such funds created by the Transferee Company.

7. SAVING OF CONCLUDED TRANSACTIONS

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

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

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

- 8.1 The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- 8.2 Any income or profit accruing or arising to the Transferor Company and all costs, charges, expenses and losses or taxes (including but not limited to advance tax, tax deducted at source, Minimum Alternate Tax credit, taxes withheld/paid in a foreign country, etc), incurred by the Transferor Company shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.
- 8.3 The Transferor Company shall carry on their business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of the business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the Appointed Date).
- 8.4 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the

registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.

- 8.5 The Transferor Company shall continue to comply with the provisions of the Act including those relating to preparation, presentation, circulation and filing of accounts as and when they become due for compliance.
- 8.6 The Transferor Company and the Transferee Company shall be at liberty to declare and/or pay dividend including interim dividend on their respective paid up capital after obtaining requisite approvals under the Act.
- 8.7 The Transferor Company shall not make any modification to their capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassify, sub-divide or re-organise or in any other manner, whatsoever, except by mutual consent of the Board of Directors of the Transferor Company and of the Transferee Company.
- 8.8 The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.

9. AUTHORISED SHARE CAPITAL

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

- 9.2 Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 94 and 394 and other applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

“The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores only) divided into 21,50,00,000 (Twenty One Crores Fifty Lakhs) Equity Shares of Re.1/- each and Rs.5,50,00,000/- (Rupees Five Crores & Fifty lacs) divided into 55,00,000 (Fifty Five Lakhs) 12% Cumulative Redeemable Preference Shares of Rs.10/- each and Rs.3,00,00,000/- (Rupees Three Crores) divided into 30,00,000 (Thirty Lakhs) 5% Redeemable Preference Shares of Rs.10/- each and the Company shall have the power to increase or reduce the Capital and will be at liberty to issue any shares with special rights or privileges as to voting, dividend, capital or otherwise or to subject the same to any restrictions, limitations or conditions as the Company deems fit and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 (including any amendment or re-enactment thereof) and as the Company deems fit and necessary.”

- 9.3 Article 2 of the Articles of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended by deleting the existing Article and replacing it by the following:

“The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores only) divided into 21,50,00,000 (Twenty One Crores Fifty Lakhs) Equity Shares of Re.1/- each and Rs.5,50,00,000/- (Rupees Five Crores & Fifty lacs) divided into 55,00,000 (Fifty Five Lakhs) 12% Cumulative Redeemable Preference Shares of Rs.10/- each and Rs.3,00,00,000/- (Rupees Three Crores) divided into 30,00,000 (Thirty Lakhs) 5% Redeemable Preference Shares of Rs.10/- each and the Company shall have the power to increase or reduce the Capital and will be at liberty to issue any shares with special rights or privileges as to voting, dividend, capital or otherwise or to subject the same to any restrictions, limitations or conditions in such manner as may be permitted by the Companies Act, 1956 (including any amendment or re-enactment thereof) and as the Company deems fit and necessary.”

- 9.4 The approval of this Scheme under Sections 391 to 394 of the Act shall be deemed to have the approval under Sections 16, 31, 94, 97 and other applicable provisions of the Act and any other consents and approvals required in this regard.

10. ISSUE AND ALLOTMENT OF SHARES BY THE TRANSFeree COMPANY

- 10.1 Upon this Scheme coming into effect, in consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act or deed, issue and allot to every member of the Transferor Company, holding fully paid-up Equity Share(s) in the Transferor Company and whose names appear in the Register of Members of the Transferor Company on the Record Date, his/ her heirs, executors, administrators or the successors-in-title, as the case may be, one Equity Share of the face value of Re. 1/- each of the Transferee Company credited as fully paid-up in respect of every twenty Equity Shares of face value of Rs. 10/- each fully paid up held by him/ her/ it in the Transferor Company.
- 10.2 Upon this Scheme coming into effect, in consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act or deed, issue and allot to every member of the Transferor Company, holding fully paid-up 12% Cumulative Redeemable Preference Share(s) in the Transferor Company and whose names appear in the Register of Members of the Transferor Company on the Record Date, his/ her heirs, executors, administrators or the successors-in-title, as the case may be, one Equity Share of the face value of Re. 1/- each of the Transferee Company credited as fully paid-up in respect of every twenty 12% Cumulative Redeemable Preference Shares of face value of Rs. 10/- each fully paid up held by him/ her/ it in the Transferor Company.
- 10.3 Upon this Scheme coming into effect, the dividends due/payable on the 12% Cumulative Redeemable Preference share holders of the transferor company shall be waived and no claim on dividend exist thereafter.
- 10.4 Upon this Scheme coming into effect, in consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act or deed, issue and allot to every member of the Transferor Company, holding fully paid-up 5% Redeemable Preference Share(s) in the Transferor Company and whose names appear in the Register of Members of the Transferor Company on the Record Date, his/ her heirs, executors, administrators or the successors-in-title, as the case may be, one Equity Share of the face value of Re. 1/- each of the Transferee Company credited as fully paid-up in respect of every twenty 5% Redeemable Preference Shares of face value of Rs. 10/- each fully paid up held by him/ her/ it in the Transferor Company.
- 10.5 Upon this Scheme coming into effect, the dividends due/payable on the 5% Redeemable Preference share holders of the transferor company shall be waived and no claim on dividend exist thereafter
- 10.6 The Equity Shares issued by the Transferee Company shall be either in certificate form or in dematerialised form. Each member of the Transferor Company shall have the option, to be exercised by way of giving a notice to the Transferee Company on or before the Record Date, to receive the Equity Shares of the Transferee Company in dematerialised form. In the event that such notice has not been received by the Transferee Company in respect of any member, the Equity Shares of the Transferee Company shall be issued to such members in physical form.
- 10.7 Upon the Equity Shares being issued and allotted, as aforesaid by the Transferee Company, the Equity and Preference Shares issued by the Transferor Company and held by its shareholders, whether in dematerialised or physical form, shall be deemed to have been automatically cancelled and of no effect.
- 10.8 The Equity Shares to be issued and allotted by the Transferee Company as aforesaid in terms of this Scheme shall rank pari passu in all respects with the existing Equity Shares of the Transferee Company but shall not rank for dividend for the period prior to the date of their allotment.
- 10.9 For the purpose aforesaid, the Transferee Company shall, if and to the extent required, apply for and obtain any approvals including that of Reserve Bank of India and other concerned regulatory authorities for the issue and allotment by the Transferee Company of Equity Shares to the members of the Transferor Company.
- 10.10 The Equity Shares to be issued by the Transferee Company pursuant to Clauses 10.1, 10.2 and 10.4 above in respect of any Equity and/or Preference Shares of the Transferor Company which are held in abeyance under the

provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by the Transferee Company.

10.11 The Board of Directors of the Transferee Company shall consolidate all fractional entitlements arising due to the issue of Equity Shares in terms of Clauses 10.1, 10.2 and 10.4 above to Equity and Preference shareholders of the Transferor Company and thereupon issue and allot Equity Shares in lieu of such fractional entitlements to a separate Trust created for the purpose or to a Director or an Officer of the Transferee Company, which/who shall hold such Shares in trust for and on behalf of the shareholders entitled to such fractional entitlements with the express understanding that such Trust/ Director/ Officer shall sell the same at such time or times and at such price or prices to such person or persons, as it deems fit. The said Trust/ Director/ Officer shall distribute such net sale proceeds to the shareholders in the same proportion as their respective fractional entitlements bear to the consolidated fractional entitlements.

10.12 The issue and allotment of Equity Shares in the Transferee Company to the members of the Transferor Company as provided in this Scheme shall be deemed to have been carried out in compliance with the procedure laid down under Section 81(1A) and other applicable provisions, if any, of the Act.

10.13 The Equity Shares of the Transferee Company issued in terms of Clauses 10.1, 10.2 and 10.4 above shall, subject to applicable regulations and payment of the appropriate fee and approval of the respective stock exchange(s), be listed and / or admitted to trading on the relevant stock exchanges in India, where the equity shares of the Transferee Company were listed and / or admitted to trading.

11. ACCOUNTING TREATMENT

11.1 The Transferee Company shall, upon the Scheme coming into effect, record the assets and liabilities of the Transferor Company vested in it pursuant to this Scheme at the respective book values thereof and in the same form as appearing in the books of the Transferor Company at the close of business of the day immediately preceding the Appointed Date.

11.2 The Transferee Company shall record the Reserves of the Transferor Company in the same form and at the same values as they appear in the financial statements of the Transferor Company at the close of business of the day immediately preceding the Appointed Date. Balances in the Profit and Loss Account of the Transferor Company shall be similarly aggregated with the balances in Profit and Loss Account of the Transferee Company. Balances shown as Miscellaneous Expenditure (to the extent not written off or adjusted) in the balance sheet of the Transferor Company shall be similarly aggregated with balances of the Transferee Company.

11.3 The excess of, or deficit in, the value of the assets over the value of the liabilities of the Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting the aggregate face value of the shares issued by the Transferee Company to the members of the Transferor Company pursuant to this Scheme and the amounts recorded in terms of Clause 11.2 above, be adjusted in the Reserves in the books of the Transferee Company.

11.4 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the General Reserve of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy. *Provided however that* insofar as the depreciation policy relating to the assets of the Transferor Company are concerned, the Board of Directors of the Transferee Company may either follow the policy adopted by the Transferor Company or the Transferee Company and make appropriate disclosure of the same in the financial statements.

11.5 To the extent there are inter-corporate loans or balances between the transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.

PART III – GENERAL TERMS AND CONDITIONS

12. APPLICATION TO COURT

- 12.1 The Transferor Company and the Transferee Company shall, with reasonable despatch, apply to the Court for necessary orders or directions for holding meetings of the members and/or creditors (where applicable) of the Transferor Company and the Transferee Company for sanctioning this Scheme of Amalgamation under Section 391 of the Act or for dispensing the holding of such meetings and orders under Section 394 of the Act for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

13. DISSOLUTION OF TRANSFEROR COMPANY

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

14. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 14.1 The Transferor Company and the Transferee Company through their respective Boards of Directors including Committees of Directors or other persons, duly authorised by the respective Boards in this regard, may make or assent to any alteration or modification to this Scheme or to any conditions or limitations, which the Court or any other Competent Authority may deem fit to direct, approve or impose and may give such directions including an order of dissolution of the Transferor Company without process of winding up as they may consider necessary, to settle any doubt, question or difficulty, arising under the Scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this Scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this Scheme into effect.
- 14.2 If any Part or provision of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such Part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part or provision, as the case may be, shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such Part or provision.

15. DATE OF TAKING EFFECT

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

16. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

This Scheme is conditional on and subject to -

- 16.1 The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- 16.2 The approval of and agreement to the Scheme by the requisite majority of such classes of persons of the Transferor Company and the Transferee Company as may be directed by the Court on the applications made for directions under Section 391 of the Act for calling meetings.
- 16.3 The sanction by the Court under Sections 391 and 394 and other applicable provisions of the Act being obtained by the Transferor Company and the Transferee Company.
- 16.4 The filing with the Registrar of Companies, Coimbatore, of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Company.

17. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

17.1 In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, 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. In such event, each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme.

18. EXPENSES CONNECTED WITH THE SCHEME

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

Disclosures to the Shareholders for mergers and demerger through Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 as prescribed by Securities and Exchange Board of India.

Details of the Companies	ELGI EQUIPMENTS LIMITED [Transferee Company]	ELGI INDUSTRIAL PRODUCTS LIMITED [Transferor Company]
1. Names and Registered Office of the Companies	ELGI EQUIPMENTS LIMITED Elgi Industrial Complex III Trichy Road, Singanallur, Coimbatore – 641005.	ELGI INDUSTRIAL PRODUCTS LIMITED (formerly Elgil Finance Limited) 1443/1 India House, Trichy Road, Coimbatore-641 018
2. The extent to / manner in which the companies are related to each other	ELGI EQUIPMENTS LIMITED was promoted by Sri. L.G. Varadarajulu & Sri. L.G. Ramamurthi.	ELGI INDUSTRIAL PRODUCTS LIMITED was promoted by the promoters of ELGI EQUIPMENTS LIMITED
3. Capital Structure of the Companies	Authorised Share Capital (As on 31/03/2010) (Rs. in Lakhs) 10,00,00,000 Equity Shares of Re. 1/- each 1000.00 Total 1000.00 Issued and Subscribed Capital (As on 31/03/2010) 7,81,74,240 Equity Shares of Re.1/- each 781.74 Paid up Capital 7,81,74,240 Equity Shares of Re.1/- each 781.74 Less: Calls in arrears 0.13 Total 781.61	Authorised Share Capital (As on 31/03/2010) (Rs. in Lakhs) 1,15,00,000 equity shares of Rs.10/- each aggregating 1150.00 55,00,000 12% 12% Cumulative Redeemable Preference Shares of Rs.10/- each aggregating 550.00 30,00,000 5% Redeemable Preference Shares of Rs.10/-each aggregating 300.00 Total 2000.00 Issued, Subscribed and Paid-up Share Capital (As on 31/03/2010) 77,52,000 equity shares of Rs.10/- each aggregating 775.20 55,00,000 12% 12% Cumulative Redeemable Preference Shares of Rs.10/- each aggregating 550.00 20,00,000 5% Redeemable Preference Shares of Rs.10/-each aggregating 200.00 Total 1525.20

Details of the Companies	ELGI EQUIPMENTS LIMITED [Transferee Company]	ELGI INDUSTRIAL PRODUCTS LIMITED [Transferor Company]																																																																																																																																				
4. Shareholding pattern clearly indicating the shares held by the promoters and by persons other than promoters (As on 31/03/2010)	Pre-Scheme Shareholding Pattern (Equity) <table> <tr> <th>Category</th><th>No. of shares</th><th>%</th></tr> <tr> <td colspan="3">Promoters' Holding</td></tr> <tr> <td colspan="3">Indian Promoters</td></tr> <tr> <td>Individuals</td><td>98,50,485</td><td>12.60</td></tr> <tr> <td>Bodies Corporate</td><td>1,51,93,712</td><td>19.44</td></tr> <tr> <td>Any others (Trust)</td><td>6,26,600</td><td>0.80</td></tr> <tr> <td>Foreign Promoters</td><td>-</td><td>-</td></tr> <tr> <td>Sub-total</td><td>2,56,70,797</td><td>32.84</td></tr> <tr> <td colspan="3">Public Shareholding</td></tr> <tr> <td colspan="3">Institutions</td></tr> <tr> <td>Mutual Funds/UTI</td><td>54,53,836</td><td>6.97</td></tr> <tr> <td>FIs/Banks</td><td>66,490</td><td>0.09</td></tr> <tr> <td>Insurance Cos.</td><td>-</td><td>-</td></tr> <tr> <td>FII's</td><td>21,45,446</td><td>2.74</td></tr> <tr> <td>Central/State Govts.</td><td>-</td><td>-</td></tr> <tr> <td>Sub-total</td><td>76,65,772</td><td>9.80</td></tr> <tr> <td colspan="3">Non Institutions</td></tr> <tr> <td>Bodies Corporate</td><td>1,09,91,491</td><td>14.06</td></tr> <tr> <td>Individuals</td><td>3,22,79,117</td><td>41.29</td></tr> <tr> <td>Other Director</td><td>29,000</td><td>0.04</td></tr> <tr> <td>NRIs</td><td>3,42,846</td><td>0.43</td></tr> <tr> <td>Others (Clearing Members / HUF / Market makers)</td><td>11,95,217</td><td>1.54</td></tr> <tr> <td>Sub-total</td><td>4,48,37,671</td><td>57.36</td></tr> <tr> <td>Grand Total</td><td>7,81,74,240</td><td>100.00</td></tr> </table>	Category	No. of shares	%	Promoters' Holding			Indian Promoters			Individuals	98,50,485	12.60	Bodies Corporate	1,51,93,712	19.44	Any others (Trust)	6,26,600	0.80	Foreign Promoters	-	-	Sub-total	2,56,70,797	32.84	Public Shareholding			Institutions			Mutual Funds/UTI	54,53,836	6.97	FIs/Banks	66,490	0.09	Insurance Cos.	-	-	FII's	21,45,446	2.74	Central/State Govts.	-	-	Sub-total	76,65,772	9.80	Non Institutions			Bodies Corporate	1,09,91,491	14.06	Individuals	3,22,79,117	41.29	Other Director	29,000	0.04	NRIs	3,42,846	0.43	Others (Clearing Members / HUF / Market makers)	11,95,217	1.54	Sub-total	4,48,37,671	57.36	Grand Total	7,81,74,240	100.00	Pre-Scheme Shareholding Pattern (Equity) <table> <tr> <th>Category</th><th>No. of shares</th><th>%</th></tr> <tr> <td colspan="3">Promoters' Holding</td></tr> <tr> <td colspan="3">Indian Promoters</td></tr> <tr> <td>Individuals</td><td>2,31,748</td><td>2.99</td></tr> <tr> <td>Bodies Corporate</td><td>35,99,100</td><td>46.43</td></tr> <tr> <td>Any others</td><td>-</td><td>-</td></tr> <tr> <td>Foreign Promoters</td><td>-</td><td>-</td></tr> <tr> <td>Sub-total</td><td>38,30,848</td><td>49.42</td></tr> <tr> <td colspan="3">Public Shareholding</td></tr> <tr> <td colspan="3">Institutions</td></tr> <tr> <td>FIs/Banks</td><td>500</td><td>0.01</td></tr> <tr> <td>Sub-total</td><td>500</td><td>0.01</td></tr> <tr> <td colspan="3">Non Institutions</td></tr> <tr> <td>Bodies Corporate</td><td>2,04,313</td><td>2.64</td></tr> <tr> <td>Individuals</td><td>36,84,260</td><td>47.52</td></tr> <tr> <td>Other Director</td><td>-</td><td>-</td></tr> <tr> <td>NRIs</td><td>2,518</td><td>0.03</td></tr> <tr> <td>Others (Clearing Member / HUF)</td><td>29,561</td><td>0.38</td></tr> <tr> <td>Sub-total</td><td>39,20,652</td><td>50.57</td></tr> <tr> <td>Grand Total</td><td>77,52,000</td><td>100.00</td></tr> </table>	Category	No. of shares	%	Promoters' Holding			Indian Promoters			Individuals	2,31,748	2.99	Bodies Corporate	35,99,100	46.43	Any others	-	-	Foreign Promoters	-	-	Sub-total	38,30,848	49.42	Public Shareholding			Institutions			FIs/Banks	500	0.01	Sub-total	500	0.01	Non Institutions			Bodies Corporate	2,04,313	2.64	Individuals	36,84,260	47.52	Other Director	-	-	NRIs	2,518	0.03	Others (Clearing Member / HUF)	29,561	0.38	Sub-total	39,20,652	50.57	Grand Total	77,52,000	100.00
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5. Line of Business	Manufacturing of Compressors like Industrial, Screw and Marine Compressors and Automotive Equipment Business.	Manufacturing of Industrial Products.																																																																																																																																				
6. Dates of Agreement, if any, with the other companies, which are parties to the Scheme of arrangement.	No agreement was entered with respect to the Scheme of Amalgamation	No agreement was entered with respect to the Scheme of Amalgamation																																																																																																																																				
7. Names and profile of the promoters and Directors viz., age, educational qualifications, experience, personal addresses etc. of the companies.	ELGI EQUIPMENTS LIMITED was incorporated as a Private Limited 14/03/1960 and converted into a Public Limited on 15/01/1975. Brief Profile of the Directors as per Annexure I	ELGI INDUSTRIAL PRODUCTS LIMITED (FORMERLY ELGI FINANCE LIMITED) was incorporated on 17.03.1982 Brief Profile of the Directors as per Annexure I																																																																																																																																				
8. Names of Subsidiary/ Group Companies and Companies with which the promoters of the resultant company are associated	1. Adisons Precision Instruments Mfg. Co. Ltd Coimbatore. 2. ATS Elgi Ltd. - Coimbatore. 3. Elgi Equipments (Zhejiang Ltd.- China. 4. Elgi Compressors Trading (Shanghai) Co. Ltd. China 5. Elgi Gulf (FZE) - Sharjha 6. Belair S.A. - France	Not applicable																																																																																																																																				

Details of the Companies	ELGI EQUIPMENTS LIMITED [Transferee Company]	ELGI INDUSTRIAL PRODUCTS LIMITED [Transferor Company]																																																																								
9 Indicate whether there would be a change in control in the resultant company vis-à-vis the issuing company.	No change will result in the control or management of the resultant company.	Not applicable																																																																								
10 Capital structure and shareholding pattern, after (of issuing company) the proposed Scheme of arrangement, and the management's views on the change in the public holding on how it would affect the shareholders at large.	Post-Scheme Shareholding Pattern <table> <tr> <th>Category</th><th>No. of shares</th><th>%</th></tr> <tr> <td colspan="3">Promoters' Holding</td></tr> <tr> <td colspan="3">Indian Promoters</td></tr> <tr> <td>Individuals</td><td>98,62,072</td><td>12.49</td></tr> <tr> <td>Bodies Corporate</td><td>1,57,48,667</td><td>19.95</td></tr> <tr> <td>Any others (Trust)</td><td>6,26,600</td><td>0.80</td></tr> <tr> <td>Foreign Promoters</td><td>-</td><td>-</td></tr> <tr> <td>Sub-total</td><td>2,62,37,339</td><td>33.24</td></tr> <tr> <td colspan="3">Public Shareholding</td></tr> <tr> <td colspan="3">Institutions</td></tr> <tr> <td>Mutual Funds/UTI</td><td>54,53,836</td><td>6.91</td></tr> <tr> <td>FIs/Banks</td><td>66,515</td><td>0.08</td></tr> <tr> <td>Insurance Cos.</td><td>-</td><td>-</td></tr> <tr> <td>FII's</td><td>21,45,446</td><td>2.72</td></tr> <tr> <td>Central/State Govts.</td><td>-</td><td>-</td></tr> <tr> <td>Sub-total</td><td>76,65,797</td><td>9.71</td></tr> <tr> <td colspan="3">Non Institutions</td></tr> <tr> <td>Bodies Corporate</td><td>1,10,01,707</td><td>13.94</td></tr> <tr> <td>Individuals</td><td>3,24,63,330</td><td>41.12</td></tr> <tr> <td>Other Director</td><td>29,000</td><td>0.04</td></tr> <tr> <td>NRIs</td><td>3,42,972</td><td>0.43</td></tr> <tr> <td>Others (Clearing Members / HUF / Market makers)</td><td>11,96,695</td><td>1.52</td></tr> <tr> <td>Sub-total</td><td>4,50,33,704</td><td>57.05</td></tr> <tr> <td>Grand Total</td><td>7,89,36,840</td><td>100.00</td></tr> </table>	Category	No. of shares	%	Promoters' Holding			Indian Promoters			Individuals	98,62,072	12.49	Bodies Corporate	1,57,48,667	19.95	Any others (Trust)	6,26,600	0.80	Foreign Promoters	-	-	Sub-total	2,62,37,339	33.24	Public Shareholding			Institutions			Mutual Funds/UTI	54,53,836	6.91	FIs/Banks	66,515	0.08	Insurance Cos.	-	-	FII's	21,45,446	2.72	Central/State Govts.	-	-	Sub-total	76,65,797	9.71	Non Institutions			Bodies Corporate	1,10,01,707	13.94	Individuals	3,24,63,330	41.12	Other Director	29,000	0.04	NRIs	3,42,972	0.43	Others (Clearing Members / HUF / Market makers)	11,96,695	1.52	Sub-total	4,50,33,704	57.05	Grand Total	7,89,36,840	100.00	Post Scheme the said company would stand dissolved and hence the question of Capital Structure does not arise.
Category	No. of shares	%																																																																								
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Grand Total	7,89,36,840	100.00																																																																								
11 Audited financial statement of the companies for the last three years including the latest audited financial statement (not more than six months old) and material development after balance sheet date (as per the format given in clause 41 of Listing Agreement)	As per Annexure II There is no material development after the balance sheet date i.e. 31st March, 2010.	As per Annexure II There is no material development after the balance sheet date i.e. 31st March, 2010.																																																																								
12 Basis of valuation	Valuation done on the basis of weighted average of Net Asset Value, Profit Earning Capacity Value and Market Value of equity shares.	Valuation done on the basis of weighted average of Net Asset Value, Profit Earning Capacity Value and Market Value of equity shares.																																																																								
13 Nature of Consideration if any, payable/ receivable under the Scheme	One fully paid-up equity share of Re.1/- each of Elgi Equipments Limited will be offered for every Twenty fully paid-up equity share of Rs.10/- each of Elgi Industrial Products Ltd.	One fully paid-up equity share of Re.1/- each of Elgi Equipments Limited will be offered for every Twenty fully paid-up equity share of Rs.10/- each of Elgi Industrial Products Ltd.																																																																								

Details of the Companies	ELGI EQUIPMENTS LIMITED [Transferee Company]	ELGI INDUSTRIAL PRODUCTS LIMITED [Transferor Company]
	One fully paid-up equity share of Re.1/- each of Elgi Equipments Limited will be offered for every Twenty 12% Cumulative Redeemable Preference Shares of Rs.10/- each of Elgi Industrial Products Ltd.	One fully paid-up equity share of Re.1/- each of Elgi Equipments Limited will be offered for every Twenty 12% Cumulative Redeemable Preference Shares of Rs.10/- each of Elgi Industrial Products Ltd.
	One fully paid-up equity share of Re.1/- each of Elgi Equipments Limited will be offered for every Twenty 5% Redeemable Preference Shares of Rs.10/- each of Elgi Industrial Products Ltd.	One fully paid-up equity share of Re.1/- each of Elgi Equipments Limited will be offered for every Twenty 5% Redeemable Preference Shares of Rs.10/- each of Elgi Industrial Products Ltd.
14 Mode of payment / receipt	Not Applicable	Not Applicable
15 Manner of surrender/ receipt of shares or securities	Not Applicable	Not Applicable
16 The time schedule within which the shares / securities are to be surrendered / received and payments to be made / received.	Not Applicable	Not Applicable
17 Tentative date by which the Scheme would become effective under the provisions of the Companies Act etc.	The Scheme would be effective after obtaining all statutory approvals which are tentatively expected to be received before 31 st December 2010.	The Scheme would be effective after obtaining all statutory approvals which are tentatively expected to be received before 31 st December 2010.
18 Details of approvals obtained/to be obtained/ sought from creditors, authorities like stock exchanges /authorities under the Companies Act etc.	a. Approval of the equity shareholders of the Company to be obtained. b. Approval of the Hon'ble High Court of Judicature at Madras to be obtained for the Scheme. c. Prior in-principle approval has been obtained from Bombay Stock Exchange Limited and National Stock Exchange of India Limited under clause 24(f) of the listing agreement.	1. Approval of the equity shareholders of the company to be obtained. 2. Consent affidavits of all Preference shareholders according to their approval for the Scheme have been obtained and the Hon'ble High Court of Judicature at Madras has dispensed with the convening and holding of a meeting of Preference Shareholders. 3. Approval of the Hon'ble High Court of Judicature at Madras to be obtained for the Scheme. 4. Prior in-principle approval has been obtained from Bombay Stock Exchange Limited under clause 24(f) of the listing agreement.
19 Details of Board Meeting when the proposal was considered/ approved.	The Board of Directors of the Company at the Meeting held on 1 st March, 2010, approved the proposed Scheme of amalgamation	The Board of Directors of the Company at the Meetings held on 1 st March, 2010 and 29 th May 2010 approved the proposed Scheme of amalgamation.
20. Any other details which deemed necessary for information to shareholders enabling them to make an informed decision about the proposed scheme, including those required under Section 393 of the Companies Act, 1956.	Nil	Nil

ANNEXURE I
Brief Profile of the Directors of ELGI EQUIPMENTS LIMITED
[Transferee Company]

S. No.	NAME AND DESIGNATION	DATE OF BIRTH / QUALIFICATION / EXPERIENCES	ADDRESS	DIRECTORSHIPS	No. of Equity Shares & % of Holding
1.	Jairam Varadaraj Managing Director DIN: 00058056	08/04/1961 B.Com., MBA., Marketing Ph.D., International Business USA More than 21 Years experience as an Industrialist	5-1, Ward No.13, Ruckmani Nagar, Ramanathapuram, Coimbatore-641045.	1. Elgi Equipments Ltd 2. Elgi Industrial Products Ltd 3. Elgi Ultra Industries Ltd 4. Elgi Rubber Company Ltd 5. Adisons Precision Instruments Mfg. Co. Ltd. 6. Precot Meridian Ltd 7. Thermax Ltd 8. Magna Electro Castings Ltd 9. Executive and Business Coaching Foundation (I) Ltd 10. ATS Elgi Ltd 11. Elgi Sauer Compressors Ltd	73,09,468 Shares 9.35 %
2.	T. Balaji Naidu Director DIN: 00002755	22/01/1947 M.B.B.S., D.L.O., More than 26 Years expe- rience in Medical Profession	1996/ 1 Krishna Colony, Trichy road, Coimbatore-641005.	1. Elgi Equipments Ltd 2. Adisons Precision Instruments Mfg. Co. Ltd. 3. Lakshmi Apparels & Woven Ltd.	16,000 Shares 0.02 %
3.	N. Mohan Nambiar Director DIN: 00003660	11/04/1949 B.A., Economics More than 37 Years experience as an Industrialist	737A, Puliakulam Road, Coimbatore-641045.	1. Elgi Equipments Ltd 2. Lakshmi Apparels & Woven Ltd. 3. The Palaniandavar Mills Ltd. 4. Adwaith Steels Ltd.	-
4.	B. Vijayakumar Director DIN:00015583	22/01/1953 B.Sc., More than 23 Years experience as an Industrialist	28, Kamaraj Road, Race Course, Coimbatore-641018.	1. Elgi Equipments Ltd. 2. L.G. Balakrishnan & Bros. Ltd. 3. Super Spinning Mills Ltd. 4. LGB Forge Ltd. 5. Elgi Automotive Services Ltd. 6. LGB Auto Products Ltd. 7. South Western Engineering India Ltd. 8. LG Farm Products Ltd. 9. Rolon Fine Blank Ltd. 10. LGB Rolon Chain Ltd. 11. LG Sports Ltd.	25000 Shares 0.03 %

ANNEXURE I (Contd)

S. No.	NAME AND DESIGNATION	DATE OF BIRTH / QUALIFICATION / EXPERIENCES	ADDRESS	DIRECTORSHIPS	No. of Equity Shares & % of Holding
5.	Sudarsan Varadaraj Director DIN: 00133533	22/01/1958 B.E., (Hons.)-Mechanical M.S., STANFORD More than 24 Years experience as an Industrialist	"RASASAYANG" 166, Tea Estate Compound, Race Course Coimbatore - 641 018	1. Elgi Equipments Ltd 2. Elgi Rubber Company Ltd 3. Treadsdirect Ltd 4. Elgi Electric & Industries Ltd. 5. Super Spinning Mills Ltd. 6. Elgi Aviation Tyres Ltd 7. Elgi Ultra Industries Ltd. 8. K L R F Ltd. 9. LRG Technologies Ltd.	17,240 Shares 0.02 %
6.	Ganesh Devaraj Director DIN: 00005238	17/03/1968 B.E., Electrical & Communications MS., Electrical Engineering Ph.D., USA. More than 14 Years experience as an Industrialist	638, 14 th Cross, 8 th Main, J.P.Nagar, 3 rd Phase, Bangalore- 560078.	1. Elgi Equipments Ltd	-
7.	M.Ramprasad Director DIN: 00004275	12/07/1966 B.Sc., MBA., More than 21 Years experience as a Financial Consultant	Old No.4/ New No.7, Karpagam Garden, 3 rd Cross Street, Adyar, Chennai- 600020.	1. Elgi Equipments Ltd 2. ATS Elgi Limited	4,000 Shares 0.00%

ANNEXURE I

**Brief Profile of the Directors of ELGI INDUSTRIAL PRODUCTS LIMITED
[Transferor Company]**

S. No.	NAME AND DESIGNATION	DATE OF BIRTH / QUALIFICATION / EXPERIENCES	ADDRESS	DIRECTORSHIPS	No. of Equity Shares & % of Holding
1.	Jairam Varadaraj Managing Director DIN: 00058056	08/04/1961 B.Com., MBA., Marketing Ph.D., International Business USA. More than 21 Years experience as an Industrialist	5-1, Ward No.13, Ruckmani Nagar, Ramanathapuram, Coimbatore-641045.	1. Elgi Equipments Ltd 2. Elgi Industrial Products Ltd 3. Elgi Ultra Industries Ltd 4. Elgi Rubber Company Ltd 5. Adisons Precision Instruments Mfg. Co. Ltd. 6. Precot Meridian Ltd 7. Thermax Ltd 8. Magna Electro Castings Ltd 9. Executive and Business Coaching Foundation (I) Ltd 10. ATS Elgi Ltd 11. Elgi Sauer Compressors Ltd	65,424 Shares 0.84 %

ANNEXURE I
Brief Profile of the Directors of ELGI INDUSTRIAL PRODUCTS LIMITED
[Transferor Company]

S. No.	NAME AND DESIGNATION	DATE OF BIRTH / QUALIFICATION / EXPERIENCES	ADDRESS	DIRECTORSHIPS	No. of Equity Shares & % of Holding
2.	B. Balakrisnan Director DIN: 00005278	14/06/1964 B.Com., FCA., More than 24 Years experience in Finance and Accounts & Administration	Guha Priya, 14/127, Jothi Nagar Podanur Coimbatore - 641 023	1. Elgi Industrial Products Ltd 2. Elgi Securities Ltd 3. Dark Horse Portfolio Investments Ltd	Nil
3.	S.A. Subramanian Director DIN: 00005268	28/07/1938 B.A., FICWA., FCS., MIMA., More than 45 Years experience in Finance, Accounts and Secretarial Functions.	No. 15, Rajiv Gandhi Nagar, Sowripalayam, Coimbatore - 641 028	1. Elgi Industrial Products Ltd	Nil
4.	D. Ramaraj Director DIN: 00005336	02/01/1953 B.Sc., More than 21 Years experience in Manufacturing Industry	New No. 58/1, Kannapiran Mill Road, Sowripalayam, Coimbatore - 641 028	1. Elgi Industrial Products Ltd	Nil

ANNEXURE II
ELGI EQUIPMENTS LIMITED [TRANSFEREE COMPANY]

AUDITED FINANCIAL RESULTS.

(Rs.in lakhs)

S. No.	Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010
	Gross Sales	49832.44	51788.37	61,404.26
	Less:Excise duty	4691.37	3,669.80	3,288.76
1	(a) Net Sales/Income from Operations	45141.07	48,118.57	58,115.50
	(b) Other Operating Income	100.27	129.44	138.83
	Total Income	45241.34	48,248.01	58,254.33
2	Expenditure			
	a. (Increase) / Decrease in stock in trade and work in progress	(240.28)	825.20	(329.81)
	b. Consumption of raw materials	24268.54	24,786.40	30,437.33
	c. Purchase of traded goods	4651.30	4129.25	5,034.13
	d. Employees cost	3129.80	3585.61	4,077.22
	- Employees Profit Share	250.00	282.00	221.00
	- Performance pay	430.00	484.00	705.00
	e. Depreciation	683.08	795.17	919.40
	f. Other expenditure	7128.23	7,604.23	8,321.22
	g. Total	40300.67	42,491.86	49,385.49
3	Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	4940.67	5756.15	8,868.84
4	Other Income	465.66	455.93	158.84
5	Profit before Interest and Exceptional Items (3+4)	5406.33	6212.08	9,027.68
6	Interest	(120.16)	(114.35)	(402.01)
7	Profit after Interest but before Exceptional Items (5-6)	5526.49	6326.43	9,429.69
8	Exceptional items	-	-	600.69
9	Profit (+)/ Loss (-) from Ordinary Activities before tax (7- 8)	5526.49	6326.43	8,829.00
10	Tax expense	1574.22	2352.00	3,304.00
11	Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)	3952.27	3974.43	5,525.00
12	Extraordinary Item	-	-	-
13	Net Profit(+)/ Loss(-) for the period (11-12)	3952.27	3974.43	5,525.00
14	Paid-up equity share capital			
	- Fully paid shares (Re.1.00 paid up)	600.00	600.00	781.59
	- Partly paid shares (Re.0.15 paid up)	27.26	27.26	0.02
15	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	15764.80	18757.76	25899.38
16	Earnings Per Share (EPS)			
	- Basic EPS (in Rupees)	6.30	6.34	7.07
	- Diluted EPS (in Rupees)	5.06	5.08	7.07
17	Public Shareholding			
	- No. of shares	51,965,281	52,658,175	52,503,443
	- Percentage of shareholding	66.47	67.36	67.16
18	Promoters and promoter Group Shareholding			
	a. Pledged / Encumbered			
	- No. of shares	-	15,000	15,000
	- Percentage of shareholding of Promoter & Promoter Group	-	0.06	0.06
	- Percentage of sharecapital of the company	-	0.02	0.02
	b. Non-Encumbered			
	- No. of shares	-	25,501,065	25,655,797
	- Percentage of shareholding of Promoter & Promoter Group	-	99.94	99.94
	- Percentage of share capital of the company	-	32.62	32.82

ANNEXURE II
ELGI INDUSTRIAL PRODUCTS LIMITED [TRANSFEROR COMPANY]
AUDITED FINANCIAL RESULTS

(Rs.in lakhs)

Sl. No.	Particulars	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2010
1	(a) Income from Operations	3.00	3.00	3.00
	(b) Other operating Income	1.27	-	1.75
	Total Income	4.27	3.00	4.75
2	Expenditure			
	a) Employee Cost	-	-	-
	b) Administrative and Other Expenses	2.96	4.32	12.68
	c) Depreciation	0.16	0.16	0.16
	Total Expenditure	3.12	4.48	12.84
3	Profit / (Loss) from Operations before Other Income Interest and Exceptional Items (1-2)	1.15	-1.48	-8.09
4	Other Income	-	-	0.24
5	Profit / (Loss) before Interest and Exceptional Items(3+4)	1.15	-1.48	-7.84
6	Interest	-	0.00	0.03
7	Profit / (Loss) after Interest but before Exceptional Items(5+6)	1.15	-1.48	-7.88
8	Exceptional Items	0.00	0.00	0.00
9	Profit / (Loss) from ordinary activities before tax (7-8)	1.15	-1.48	-7.88
10	Tax Expenses	-	0.00	0.11
11	Profit / (Loss) from ordinary activities after tax (9-10)	1.15	-1.48	-7.99
12	Extra-ordinary Items	0.00	0.00	0.00
13	Net Profit/Loss for the period (11-12)	1.15	-1.48	-7.99
14	Paidup Equity Share Capital (Face Value of Rs.10/- each)	775.20	775.20	775.20
15	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year	-1525.87	-1524.71	-1534.19
16	Basic and diluted EPS Before and after Extraordinary items for the period	(0.001)	(0.02)	(0.10)
17	Aggregate of Public Shareholding: Number of Shares	3883902	3883902	3921152
	Percentage of Share Holding	50.12%	50.12%	50.58%
18	Promoters and promoter Group Shareholding			
	Pledged/Encumbered	-	-	-
	%of shares(as a %of total shareholding of promoter and promoter group)	-	-	-
	%of shares(as a %of total share capital of the company)	-	-	-
	Non-Encumbered			
	No of shares	3868098	3868098	3830848
	%of shares(as a %of total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%
	%of shares(as a %of total share capital of the company)	49.88%	49.88%	49.42%

ELGI EQUIPMENTS LIMITED

Registered Office : Elgi Industrial Complex, Trichy Road, Singanallur, Coimbatore – 641 005

ATTENDANCE SLIP

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS ON 29TH DAY OF JULY 2010 AT 04.00 P.M.

Name of the Shareholder(s)	Folio No. / D.P. ID / Client ID
Name of the Proxy, if any	No. of Shares

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the Court Convened Meeting of the Equity Shareholders on Thursday, the 29th day of July 2010 at 04.00 P.M. at Ardra Hall, North Huzur Road, (Near Codissia Building), Coimbatore – 641018.

Signature of Member / Proxy

IN THE HIGH COURT OF JUDICATURE AT MADRAS

[Ordinary Original Civil Jurisdiction]

COMPANY APPLICATION NO. 1053 OF 2010

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

And

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

And

In the matter of Scheme of Amalgamation of Elgi Industrial Products Limited
(formerly known as Elgi Finance Limited) with Elgi Equipments Limited

Elgi Equipments Limited

a Company incorporated under the Companies
Act, 1956, and having its Registered Office
at Elgi Industrial Complex, Trichy Road,
Singanallur, Coimbatore – 641 005 represented
by Shri.S. Sriram, Chief Financial Officer

APPLICANT / TRANSFEREE COMPANY

FORM OF PROXY

I/We, the undersigned Equity Shareholder(s) of Elgi Equipments Limited hereby appoint _____ of _____ and failing him/her _____ of _____ as my/our proxy to act for me / us on my /our behalf at the Court Convened Meeting of the Equity Shareholders of Elgi Equipments Limited to be held at Ardra Hall, North Huzur Road, (Near Codissia Building), Coimbatore – 641018 on Thursday, the 29th day of July 2010 at 4.00 P.M. for the purpose of considering and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of Elgi Industrial Products Limited (formerly known as Elgi Finance Limited) [“the Transferor Company”] with Elgi Equipments Limited, [“the Applicant Company”], at such meeting and at any adjournment or adjournments thereof to vote for me/us and in my/our name _____, (here, if ‘for’, insert ‘for’, if ‘against’ insert ‘against’, and in the latter case, strike out the words below after “Scheme of Amalgamation”) the said arrangement embodied in the Scheme of Amalgamation and the resolution, either with or without modification, as my/our proxy may approve.

[Strike out what is not necessary]

Dated this _____ day of _____ 2010

Name:

Address:

Folio No./Client Id

D.P. Id

No. of Shares

SIGNATURE

Affix Re.1
Revenue
Stamp

Note: 1. All alterations made in the Form of Proxy should be initialed.

2. Proxy, in order to be effective, to be deposited at the registered office of the Company at Elgi Industrial Complex, Trichy Road, Singanallur, Coimbatore – 641 005, Tamil Nadu not later than 48 hours before the meeting.

Book - Post

Under Certificate of Posting

To

If undelivered please return to
ELGI EQUIPMENTS LIMITED
Elgi Industrial Complex
Singanallur, Coimbatore - 641 005