

Brief note on the Scheme of Arrangement

Harrisons Malayalam Limited (HML) has four wholly owned subsidiaries namely Harrisons Malayalam Financial Services Limited (HMFSL), Harrisons Rubber Products Limited (HRPL), Harrisons Agro Products Limited (HAPL) and Sentinel Tea & Exports Limited (STEL).

1. The Scheme, *inter-alia*, provides for

- (a) Merger of HMFSL, HRPL and HAPL into HML. On merger, there will be no issue of equity shares by HML since HMFSL, HRPL and HAPL are its wholly owned subsidiaries. Further, as a part of the same Scheme, Investment Undertaking of HML will be demerged into STEL. Upon the Scheme becoming effective and on demerger of Investment Undertaking, existing equity share capital of STEL, which is held by HML, will be cancelled and STEL will issue its 1 (One) fully paid up equity shares of Rs. 10 each to the shareholders of HML on Record Date for every 1(One) equity shares of Rs. 10 each held in HML. The objective of cancellation of exiting share capital of STEL is to have mirror image of shareholding in STEL and HML.
- (b) The Board of directors has approved the aforesaid Scheme with a view to minimize the cost and have focused management activities.

2. HMFSL, HRPL, HAPL and STEL are wholly owned subsidiaries of HML.

3. Listing status of HMFSL, HRPL, HAPL, HML and STEL in India is as under:

Sr. No	Company Name	Status
1.	HML	Listed with BSE, NSE and Cochin Stock Exchange
2.	HMFSL, HRPL, HAPL and STEL (100% subsidiaries of HML)	Unlisted companies

4. The Consideration for the Scheme is as under:

No shares will be issued on merger of HMFSL, HRPL and HAPL into HML since all three transferor companies are wholly owned subsidiaries of HML.



With regard to demerger of the Investment Undertaking of HML into STEL, the share issuance ratio as decided by the Board of Directors of both the companies will be as under:

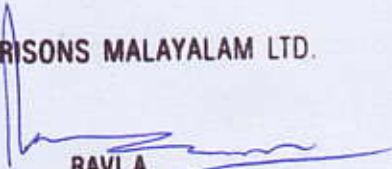
1 (One) fully paid up equity shares of Rs.10/- each of STEL shall be issued and allotted to the shareholders of HML for every 1 (One) equity shares of Rs 10/- each held in the Company.

Hence, Pursuant to demerger, 1,84,55,405 of STEL shares will be issued. The Scheme also proposes reorganization of the existing share capital of STEL whereby existing equity share capital of STEL of Rs.5,00,000/- representing 50,000 equity shares of Rs. 10/- each shall be cancelled with effect from the effective date.

The shareholding of STEL pursuant to the proposed demerger of the Investment Undertaking of HML would be the mirror image of the existing shareholding of HML (pre-demerger) as the new shares of STEL would be issued to the existing shareholders of HML in proportion to their shareholding in HML.

The interest of the existing shareholders of HML would not be prejudicially affected.

For HARRISONS MALAYALAM LTD.


RAVI. A
Company Secretary