



HARRISONS MALAYALAM LIMITED

REGISTERED OFFICE : 24/1624, BRISTOW ROAD, WILLINGDON ISLAND, COCHIN - 682003, KERALA.

COURT CONVENED MEETING OF THE UNSECURED CREDITORS OF HARRISONS MALAYALAM LIMITED MCA 34 OF 2012

Day : Friday
Date : 17th day of August, 2012
Time : 3.00 p.m.
Venue : Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003

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**IN THE HIGH COURT OF KERALA AT ERNAKULAM
ORDINARY ORIGINAL CIVIL JURISDICTION
MISCELLANEOUS COMPANY APPLICATION NO. 34 OF 2012**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;

AND

In the matter of Composite Scheme of Arrangement and Amalgamation

among

Harrisons Malayalam Limited ('HML')

and

Enchanting Plantations Limited ('EPL')

and

Malayalam Plantations Limited ('MPL')

and

Harmony Plantations Limited ('HPL')

and

their respective Shareholders and their respective Creditors

HARRISONS MALAYALAM LIMITED, a)
company incorporated under the provisions)
of the Companies Act, 1956 and having its)
registered office at 24 / 1624, Bristow Road,)
Willingdon Island, Kochi 682 003)

)..... Applicant Company

**NOTICE CONVENING THE MEETING OF THE UNSECURED CREDITORS OF
HARRISONS MALAYALAM LIMITED, THE APPLICANT COMPANY**

To,
The Unsecured Creditors of **HARRISONS MALAYALAM LIMITED** ('the Applicant Company')

TAKE NOTICE that by an Order made on the 6th day of July, 2012, in the above Miscellaneous Company Application, the Hon'ble High Court of Kerala at Ernakulam has directed that a meeting of the Unsecured Creditors of the Applicant Company be convened and held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, the 17th day of August, 2012 at 3.00 p.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed arrangement embodied in the Composite Scheme of Arrangement and Amalgamation among Harrisons Malayalam Limited ('HML') and Enchanting Plantations Limited ('EPL') and Malayalam Plantations Limited ('MPL') and Harmony Plantations Limited ('HPL') and their respective Shareholders and their respective Creditors ("Scheme" or "the Scheme").

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Unsecured Creditors of the Applicant Company will be convened and held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, the 17th day of August, 2012 at 3.00 p.m. at which place, day, date and time you are requested to attend the said meeting.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at 24 / 1624, Bristow Road, Willingdon Island, Kochi 682 003 not later than 48 hours before the scheduled time of the meeting.

The Hon'ble High Court of Kerala at Ernakulam has appointed Mr. K. Sreekumar, Advocate, High Court of Kerala, to be the Chairman of the said meeting.

A copy of the Composite Scheme of Arrangement and Amalgamation, the Explanatory Statement under Sections 173 & 393 of the Companies Act, 1956, the Attendance Slip and Form of Proxy are enclosed herewith.

Kochi
Dated this 12th day of July, 2012

Sd/-
K. Sreekumar
Advocate, High Court of Kerala
Chairman appointed for the Meeting

Registered Office
24 / 1624, Bristow Road,
Willingdon Island, Kochi 682 003

Notes:

- (1) All alterations made in the Form of Proxy should be initialled.
- (2) Only unsecured creditors of the Applicant Company may attend and vote. (either in person or by proxy or by Authorised Representative under section 187 of the Companies Act, 1956) at the unsecured creditors meeting. The representative of a body corporate which is a registered Unsecured Creditor of the Applicant Company may attend and vote at the Unsecured Creditors meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend and vote at the Unsecured Creditors meeting is deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.

Enclosures: As above

**IN THE HIGH COURT OF KERALA AT ERNAKULAM
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 34 OF 2012**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;

AND

In the matter of Composite Scheme of Arrangement and Amalgamation

among

Harrisons Malayalam Limited ('HML')

and

Enchanting Plantations Limited ('EPL')

and

Malayalam Plantations Limited ('MPL')

and

Harmony Plantations Limited ('HPL')

and

their respective Shareholders and their respective Creditors

HARRISONS MALAYALAM LIMITED, a
company incorporated under the provisions
of the Companies Act, 1956 and having its
registered office at 24 / 1624, Bristow Road,
Willingdon Island, Kochi 682 003

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)..... Applicant Company

EXPLANATORY STATEMENT UNDER SECTIONS 173 & 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated the 6th day of July, 2012 passed by the Hon'ble High Court of Kerala at Ernakulam in the Miscellaneous Company Application referred to hereinabove, a meeting of the Unsecured Creditors of the Applicant Company is being convened and held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, the 17th day of August, 2012 at 3.00 p.m. for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement and Amalgamation among Harrison's Malayalam Limited ('HML') and Enchanting Plantations Limited ('EPL') and Malayalam Plantations Limited ('MPL') and Harmony Plantations Limited ('HPL') and their respective Shareholders and their respective Creditors ("Scheme" or "the Scheme").
2. In this Statement, Harrison's Malayalam Limited is hereinafter referred to as "the Company" or "the Applicant Company" or "HML", Enchanting Plantations Limited as "EPL", Malayalam Plantations Limited as "MPL" and Harmony Plantations Limited as "HPL". The other definitions contained in the Scheme will apply to this Explanatory Statement also.
3. The proposed Scheme inter-alia envisages the following:
 - The transfer and vesting of Kerala Plantations Undertaking (as defined in the Scheme) of HML into MPL and
 - The demerger of Tamil Nadu Plantations Undertaking (as defined in the Scheme) of HML into HPL and merger of EPL with HPL
4. A copy of the Scheme setting out in detail the terms and conditions of the arrangement, which has been approved by the Board of Directors of the Applicant Company on 10th February, 2012, is forming part of this Explanatory Statement. Subsequently, the Board of Directors of HML vide circular resolution dated 31st May, 2012, approved the modification to the Scheme. The Board of Directors of EPL, MPL and HPL have approved the aforesaid scheme at their respective meetings held on 10th February 2012. Further, the Board of Directors of the HPL, EPL and MPL vide resolution dated 31st May, 2012, approved the modification to the Scheme.
5. Background of the Companies

5.1 Harrison's Malayalam Limited

- (a) HML was incorporated on the 5th day of January, 1978, under the Companies Act, 1956 under the name "Malayalam Plantations (India) Limited". Subsequently the name was changed to the present name "Harrison's Malayalam Limited" on 22nd day of October, 1984.
- (b) The Registered Office of the Applicant Company is situated at 24 / 1624, Bristow Road, Willingdon Island, Kochi 682 003, Kerala.
- (c) The share capital of the Applicant Company as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
3,00,00,000 Equity Shares of Rs 10 each fully paid up	30,00,00,000
TOTAL	30,00,00,000
Issued, Subscribed and Paid-up Capital	
1,84,55,405 Equity Shares of Rs 10 each fully paid up	18,45,54,050
Less: Calls in Arrears	11,000
TOTAL	18,45,43,050

Subsequent to the above date and till the date of filing the Scheme with the High Court, there has been no change in authorised, issued, subscribed and paid up share capital of the Applicant Company. The equity shares of the Applicant Company are listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Cochin Stock Exchange Limited.

- (d) The main objects for which the Applicant Company has been established are set out in the Memorandum of Association. The main objects are as under:

- "1. To acquire, take over and amalgamate as a going concern all or any of the assets, liabilities and undertaking in India of Malayalam Plantations Limited, a company incorporated under the laws of England and having its registered office at 1-4, Great Tower Street, London EC3R 5AB in the United Kingdom and its principal office in India at Bristow Road, Kochi-3,

Kerala, South India, for the purpose of carrying on the objects mentioned in clause (2) below.

2. To cultivate, grow, cure, prepare for market, manufacture, blend, export, import, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, tobacco, cocoa, cardamom, Cloves, coconuts, copra, coconut fibres, sugar, spices, coffee, cinchona, opium, citronella, palmarosa, vines, rice, paddy, cereals, cotton, Flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts, and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise.
3. To carry on the business of apartment owners and architects and to erect, construct houses, buildings, flats, shops and works of every description on any land of the Company or upon any other lands or property and to pull down, rebuild, enlarge, alter and improve existing houses, buildings, or works thereon and to convert and appropriate any such land into and for roads, streets, squares, gardens and pleasure grounds and other conveniences and generally to deal with and improve the property of the Company and to sell, lease, let, mortgage or otherwise dispose of the lands, houses, buildings, flats, shops and other property of the Company.
 - (i) To undertake research in various fields of biotechnology in collaboration with Foreign/ Indian parties having requisite knowhow, including micro propagation and related fields.
 - (ii) To operate commercially in various fields of biotechnology including among others plant tissue culture and hybrid/high yielding variety seeds for various plantation crops, flowers, ornamental plants, horticulture and also in biotechnical inputs for agro-forestry, wasteland development, ecology improvement, etc.
 - (iii) To export products/know how developed in various markets and also market the same locally in conformity with prevailing rules."
- (e) HML is engaged inter-alia in the business of production and sale of tea and rubber. The rubber and tea estates are situated in the states of Kerala and Tamil Nadu.

5.2 Enchanting Plantations Limited

- (a) EPL was incorporated on 8th day of February, 2012 under the Companies Act, 1956 under the name "Enchanting Plantations Limited".
- (b) The Registered Office of EPL is situated at 24/1624, Bristow Road, Willingdon Island, Kochi – 682003, Kerala.
- (c) The share capital of EPL as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
100,000 equity shares of Rs 10 each	10,00,000
Total	10,00,000
Issued, Subscribed and paid-up capital	
100,000 equity shares of Rs 10 each fully paid up	10,00,000
Total	10,00,000

EPL is a wholly owned subsidiary of HML. Subsequent to the above date and till the date of filing the scheme with High Court, there has been no change in authorised, issued, subscribed and paid-up share capital of EPL.

- (d) The main objects for which EPL has been established are set out in its Memorandum of Association. The main objects are as follows:
 - "1. To cultivate, grow, cure, prepare for market, manufacture, blend, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, cocoa, cardamom, cloves, coconuts, copra, coconut fibre, sugar, spices, coffee, cinchona, palmarosa, vines, rice, paddy, cereals, cotton, flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise."

- (e) EPL is a newly incorporated company and is currently not carrying on any significant business activity. It proposes to engage in tea and rubber plantation activities

5.3 Malayalam Plantations Limited

- (a) MPL was incorporated on the 18th day of February, 2011, under the Companies Act, 1956 under the name "Wynaad Meadows India Limited". Subsequently the name was changed to the present name "Malayalam Plantations Limited" on 26th day of December, 2011.
- (b) The Registered Office of MPL is situated at 24/1624, Bristow Road, Willingdon Island, Kochi - 682003, Kerala.
- (c) The share capital of MPL as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
TOTAL	5,00,000
Issued, Subscribed and paid-up capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
TOTAL	5,00,000

MPL is a wholly owned subsidiary of EPL. Subsequent to the above date and till the date of filing the scheme with the High Court, there has been no change in authorised, issued, subscribed and paid-up share capital of MPL.

- (d) The main objects for which MPL has been established are set out in the Memorandum of Association. The main objects are as under:
- "1. To cultivate, grow, cure, prepare for market, manufacture, blend, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, cocoa, cardamom, cloves, coconuts, copra, coconut fibre, sugar, spices, coffee, cinchona, palmarosa, vines, rice, paddy, cereals, cotton, flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise."

- (e) MPL is a newly incorporated company and is currently not carrying on any significant business activity. It proposes to engage in tea and rubber plantation activities.

5.4 Harmony Plantations Limited

- (a) HPL was incorporated on 7th day of February, 2012 under the Companies Act, 1956 under the name "Harmony Plantations Limited"
- (b) The Registered Office of HPL is situated at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala.
- (c) The share capital of HPL as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
TOTAL	5,00,000
Issued, Subscribed and paid-up capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
TOTAL	5,00,000

HPL is a wholly owned subsidiary of HML. Subsequent to the above date and till the date of filing the scheme with the High Court, there has been no change in authorised, issued, subscribed and paid up share capital of HPL.

- (d) The main objects for which HPL has been established are set out in the Memorandum of Association. The main objects are as under:

"1. To cultivate, grow, cure, prepare for market, manufacture, blend, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, cocoa, cardamom, cloves, coconuts, copra, coconut fibre, sugar, spices, coffee, cinchona, palmarosa, vines, rice, paddy, cereals, cotton, flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise."

(e) HPL is a newly incorporated company and is currently not carrying on any significant business activity. It proposes to engage in tea and rubber plantation activities.

6. Rationale of the Scheme

- (i) HML is engaged inter-alia in the business of production and sale of tea and rubber. The rubber and tea estates are situated in the states of Kerala and Tamil Nadu.
- (ii) On account of the large tracts of land and their widespread geographical locations and for proper growth and development of the business, it is necessary that the same be managed and administered, directly or indirectly, by different companies with undivided focus, care and attention.
- (iii) The management of the business by separate entities would assist in devoting necessary attention to cultivation activities mandated by the changing climatic conditions and other agricultural factor which would ultimately facilitate independent evaluation, operation and greater realisation of the potential of the business.
- (iv) Accordingly, it is proposed to restructure HML in the manner specified in this Scheme.
- (v) The proposed restructuring exercise would increase potential for further growth and diversification to achieve better synergy and optimisation of resources as well as to facilitate cost-effective fund raising and development of both HML and HPL. Further, the restructuring would facilitate the running of HML's business with a greater and focused approach to concentrate on its operations to its greater advantage while also providing an opportunity to optimally utilise assets within its control. Lastly, the restructuring would not lead to starving of any business as the management is convinced of the growth and value creation potential of all undertakings of HML.
- (vi) For the reasons stated above, the proposed restructuring is in the interest of the shareholders, creditors and all other stakeholders of all respective companies, and shall not in any manner be prejudicial to the interests of concerned shareholders and creditors or general public at large.

7. Salient features of the Scheme are as under:

- (a) Appointed Date means 1st April 2012 or such other date as may be approved by the Court.
- (b) Effective Date means the last of the dates on which the certified copies of the order sanctioning this Scheme, passed by the High Court, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Kerala, Ernakulam in accordance with the Act. Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.
- (c) Transfer and Vesting of Kerala Plantations Undertaking of HML into MPL
 - With effect from the Appointed Date and upon the Scheme becoming effective, Kerala Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into MPL, as of the Appointed Date and all the estate and interest of HML in Kerala Plantations Undertaking shall consequently vest into MPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to MPL.
 - MPL is a wholly owned subsidiary of EPL, which in turn is a wholly owned subsidiary of HML. Hence such transfer and vesting shall be without any consideration and MPL shall not be required to issue any shares or pay any consideration to HML or to its shareholders for acquiring Kerala Plantations Undertaking.
 - HML shall reduce the assets and liabilities pertaining to the Kerala Plantations Undertaking as on the Appointed Date from its books of accounts
 - The difference, being the excess of the book value of assets of Kerala Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:

- Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Kerala Plantations Undertaking;
 - Securities Premium Reserve; and
 - Profit and Loss account balance appearing in the balance sheet of HML
- The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.
 - The difference, being the excess of the book value of liabilities of Kerala Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.
 - Upon the Scheme becoming effective, all employees of Kerala Plantations Undertaking in service on the Effective Date shall be deemed to have become the employees of MPL without any interruption in their service as a result of the transfer of Kerala Plantations Undertaking to MPL on the same terms and conditions of employment as were with HML. On the basis of continuity of service, the terms and conditions of their employment with MPL shall not be less favorable than those applicable to them with reference to Kerala Plantations Undertaking on the Effective Date.
- (d) Demerger of Tamil Nadu Plantations Undertaking of HML and merger of EPL with HPL:
- With effect from the Appointed Date and upon the Scheme becoming effective, Tamil Nadu Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into HPL, as of the Appointed Date and all the estate and interest of HML therein shall consequently vest into HPL with effect from the Effective date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to HPL.
 - With effect from the Appointed Date and upon the Scheme becoming effective, EPL shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and without any further act, instrument, deed or matter or thing, stand merged with HPL, as a going concern, as of the Appointed Date, and all its assets, liabilities, properties, rights, benefits and interest therein shall consequently vest into HPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part hereof and arising out of liabilities which shall also stand transferred to HPL.

ISSUE OF SHARES PURSUANT TO DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING

Upon the coming into effect of this Scheme, and in consideration of the demerger of Tamil Nadu Plantations Undertaking of HML into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot equity shares at par on a proportionate basis to each member of HML whose name is recorded in the register of members of HML as holding equity shares on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of HML and HPL in the following proportion:

“For every 1 (one) equity share of face value of Rs 10 held in HML, as on the Record Date, every equity shareholder of HML shall without any application, act or deed, be entitled to receive 1 (one) equity share of face value of Rs 5 each of HPL, credited as fully paid-up.”

- Upon the coming into effect of this Scheme, the members of HML holding partly paid up equity shares, if any, shall be issued partly paid up equity shares in HPL in accordance with the Share Entitlement Ratio mentioned in Clause 12.1.1 of the Scheme.
- The equity shares of HPL issued pursuant to Clause 12.1.1 of the Scheme, shall be listed and / or admitted to trading on all the stock exchanges on which the shares of HML are listed as on the Effective Date. Such equity shares shall, however, be listed subject to HPL complying with all the applicable regulations and obtaining the requisite approvals from all the relevant regulatory authorities pertaining to the listing of the equity shares issued pursuant to the scheme.

ISSUE OF SHARES PURSUANT TO MERGER OF ENCHANTING PLANTATIONS LIMITED

EPL and HPL are both wholly owned subsidiaries of HML. Upon the coming into effect of this Scheme, and in consideration of the merger of EPL into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot preference shares at par to HML in the following proportion:

"For every 1 (one) equity share of face value of Rs 10 held in EPL, HML shall without any application, act or deed, be entitled to receive 1 (one) preference share of face value of Rs 10 each of HPL, credited as fully paid-up."

- All existing shares held by HML in HPL, i.e. 50,000 equity shares of Rs 10 each, shall stand cancelled, without any further act or deed as an integral part of this Scheme in accordance with the provisions of Sections 100 to 103 of the Act and the Order of the Court shall be deemed to be the Order under Section 102 of the Act for the purposes of confirming the reduction. The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of HPL, HPL shall not be required to add "And Reduced" as suffix to its name and HPL shall carry on with its current name, "Harmony Plantations Limited".
- Upon the Scheme becoming effective, all employees of EPL and Tamil Nadu Plantations Undertaking of HML in service on the Effective Date shall be deemed to have become the employees of HPL without any interruption in their service as a result of the merger of EPL with HPL and demerger of Tamil Nadu Plantations Undertaking of HML into HPL on the same terms and conditions of employment as were with EPL and HML respectively. On the basis of continuity of service, the terms and conditions of their employment with HPL shall not be less favorable than those applicable to them with reference to EPL and Tamil Nadu Plantations Undertaking of HML on the Effective Date.

The features set out above being only the salient features of the Scheme, the members are requested to read the entire text of the Scheme, annexed to this notice, to get fully acquainted with the provisions thereof.

8. The rights and interests of the members and the creditors of HML, EPL, MPL and HPL will not be prejudicially affected by the Scheme.
9. The Scheme was approved by the Board of Directors of HML on 10th February, 2012. Subsequently the Board of Directors of HML vide Circular Resolution dated 31st May, 2012 approved the modification to the Scheme. The Board of Directors of EPL, MPL and HPL have approved the aforesaid Scheme at their respective meetings held on 10th February, 2012. Subsequently the Board of Directors of EPL, MPL and HPL vide resolution dated 31st May, 2012, approved the modification to the Scheme.
10. No investigation proceedings have been initiated or are pending under Sections 235 to 251 of the Companies Act, 1956 against HML.
11. On the Scheme being approved by the unsecured creditors as per the requirements of Section 391 of the Act, HML will seek sanction of the Hon'ble High Court of Kerala at Ernakulam.
12. HML has obtained the approval to the Scheme in terms of clause 24(f) of the Listing Agreement, from the Bombay Stock Exchange Limited vide its letter dated June 08, 2012, from the National Stock Exchange of India Limited vide its letter dated June 08, 2012 and from the Cochin Stock Exchange Limited vide its letter dated June 12, 2012.
13. In the event that this Scheme is not sanctioned by the Court or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme are not obtained or complied with or for any other reason, the Effective Date does not occur on or before 31st Day of March, 2013 or within such further time as may be agreed to by the Board of Directors of HML, EPL, MPL and HPL, the Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter se by the Parties or their shareholders or creditors or employees or any other person. In such an event, all the costs, charges and expenses in connection with this Scheme shall be borne equally by HML, EPL, MPL and HPL, unless otherwise mutually agreed.
14. The non-receipt of any sanctions or approvals for a particular asset or liability forming part of Kerala Plantations Undertaking, Tamil Nadu Plantations Undertaking and EPL getting transferred pursuant to this Scheme, shall not affect the effectiveness of the respective section of the Scheme if the Boards of HML, EPL, MPL and HPL so decide.
15. The Directors of HML, EPL, MPL and HPL may be deemed to be concerned and / or interested in the Scheme only to the extent of their shareholding in the companies, or to the extent the said directors are common directors in the companies, or to the extent the said directors are the partners, directors, members of the compa-

nies, firms, association of persons, bodies corporate and / or beneficiary of trust that hold shares in any of the companies or to the extent they may be allotted shares in HPL as a result of the Scheme. Save as aforesaid, none of the directors of the companies have any material interest in the proposed Scheme.

16. The details of shareholding of Directors of HML in HML, EPL, MPL and HPL, either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in HML	No. of shares held in EPL	No. of shares held in MPL	No. of shares held in HPL
Mr. Sanjiv Goenka	35,000	NIL	NIL	NIL
Mr. Haigreve Khaitan	NIL	NIL	NIL	NIL
Mr. P. K. Chowdhary	NIL	NIL	NIL	NIL
Mr. G. Momen	560	NIL	NIL	NIL
Mr. Umang Kanoria	NIL	NIL	NIL	NIL
Mr. Ajit Singh Chouhan	NIL	NIL	NIL	NIL
Mr. Pankaj Kapoor	1,09,001	NIL	NIL	NIL
Mr. Ashok Bachan Goyal	NIL	NIL	NIL	NIL

Note: EPL, MPL and HPL are wholly owned subsidiaries of HML and therefore none of the Directors of HML hold any shares in EPL, MPL and HPL

17. The details of shareholding of Directors of EPL in EPL, HML, MPL and HPL, either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in EPL	No. of shares held in HML	No. of shares held in MPL	No. of shares held in HPL
V. Venugopal	1	50	1	1
K. N. Mathew	1	100	1	1
P. A. Krishnamoorthy	1	50	1	1

18. The details of shareholding of Directors of MPL in MPL, HML, EPL and HPL, either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in MPL	No. of shares held in HML	No. of shares held in EPL	No. of shares held in HPL
V. Venugopal	1	50	1	1
P. A. Krishnamoorthy	1	50	1	1
C. Vinayaraghavan	NIL	350	NIL	NIL
P. N. Ravunni	NIL	200	NIL	NIL

19. The details of shareholding of Directors of HPL in HPL, HML, EPL and MPL either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in HPL	No. of shares held in HML	No. of shares held in EPL	No. of shares held in MPL
V. Venugopal	1	50	1	1
C. Vinayaraghavan	NIL	350	NIL	NIL
P. N. Ravunni	NIL	200	NIL	NIL
P. A. Krishnamoorthy	1	50	1	1

20. Pre and Post Scheme shareholding pattern of HML based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding		Post-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)	No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals / Hindu Undivided Family	90,000	0.49	90,000	0.49
(b)	Bodies Corporate	5,553,555	30.09	5,553,555	30.09
Sub-Total (A) (1)		5,643,555	30.58	5,643,555	30.58
2	Foreign				
(a)	Bodies Corporate	3,640,000	19.72	3,640,000	19.72
Sub-Total (A) (2)		3,640,000	19.72	3,640,000	19.72
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)		9,283,555	50.30	9,283,555	50.30
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds / UTI	7,020	0.04	7,020	0.04
(b)	Financial Institutions / Banks	2,483	0.01	2,483	0.01
(c)	Insurance Companies	33,895	0.29	33,895	0.18
(d)	Any Other(Specify) Trust	2,240	0.01	2,240	0.01
Sub-Total (B) (1)		45,638	0.25	45,638	0.25
2	Non-Institutions				
(a)	Bodies Corporate	796,687	4.32	796,687	4.32
(b)	Individuals				
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	6,003,417	32.53	6,003,417	32.53
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,910,981	10.35	1,910,981	10.35
(c)	Any Other				
i	Market Maker	112,731	0.61	112,731	0.61
ii	NRI	145,332	0.79	145,332	0.79
iv	HUF	90,545	0.49	90,545	0.49
v	Clearing Member	66,519	0.36	66,519	0.36
Sub-total (B) (2)		9,126,212	49.45	9,126,212	49.45
Total Public Shareholding (B) = (B)(1)+(B)(2)		9,171,850	49.70	9,171,850	49.70
TOTAL (A)+(B)		18,455,405	100	18,455,405	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil
GRAND TOTAL (A)+(B)+(C)		18,455,405	100	18,455,405	100

21. Pre Scheme shareholding pattern of EPL based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals / Hindu Undivided Family	6	0.01
(b)	Bodies Corporate	99,994	99.99
Sub-Total (A) (1)		1,00,000	100
2	Foreign		
(a)	Bodies Corporate	Nil	Nil
Sub-Total (A) (2)		Nil	Nil
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)		1,00,000	100
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	Nil	Nil
(b)	Financial Institutions / Banks	Nil	Nil
(c)	Insurance Companies	Nil	Nil
(d)	Any Other(Specify) Trust	Nil	Nil
Sub-Total (B) (1)		Nil	Nil
2	Non-Institutions		
(a)	Bodies Corporate	Nil	Nil
(b)	Individuals		
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil
(c)	Any Other (Market Maker)		
ii	(NRI)		
iv	(HUF)	Nil	Nil
v	(Clearing Member)	Nil	Nil
Sub-total (B) (2)		Nil	Nil
Total Public Shareholding (B) = (B)(1)+(B)(2)		Nil	Nil
TOTAL (A)+(B)		1,00,000	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil
GRAND TOTAL (A)+(B)+(C)		1,00,000	100

22. Pre and Post Scheme shareholding pattern of MPL based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding		Post-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)	No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals / Hindu Undivided Family	6	0.01	6	0.01
(b)	Bodies Corporate	49,994	99.99	49,994	99.99
Sub-Total (A) (1)		50,000	100	50,000	100
2	Foreign				
(a)	Bodies Corporate	Nil	Nil	Nil	Nil
Sub-Total (A) (2)		Nil	Nil	Nil	Nil
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)		50,000	100	50,000	100
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds / UTI	Nil	Nil	Nil	Nil
(b)	Financial Institutions / Banks	Nil	Nil	Nil	Nil
(c)	Insurance Companies	Nil	Nil	Nil	Nil
(d)	Any Other(Specify) Trust	Nil	Nil	Nil	Nil
Sub-Total (B) (1)		Nil	Nil	Nil	Nil
2	Non-Institutions				
(a)	Bodies Corporate	Nil	Nil	Nil	Nil
(b)	Individuals				
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	Nil	Nil
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil	Nil	Nil
(c)	Any Other (Market Maker)				
i	(NRI)	Nil	Nil	Nil	Nil
ii	(HUF)	Nil	Nil	Nil	Nil
iv	(Clearing Member)	Nil	Nil	Nil	Nil
Sub-total (B) (2)					
Total Public Shareholding (B) = (B)(1)+(B)(2)		Nil	Nil	Nil	Nil
TOTAL (A)+(B)		50,000	100	50,000	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil
GRAND TOTAL (A)+(B)+(C)		50,000	100	50,000	100

23. Pre and Post Scheme shareholding pattern of HPL based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding		Post-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)	No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals / Hindu Undivided Family	6	0.01	90,000	0.49
(b)	Bodies Corporate	49,994	99.99	5,553,555	30.09
Sub-Total (A) (1)		50,000	100	5,643,555	30.58
2	Foreign				
(a)	Bodies Corporate	Nil	Nil	3,640,000	19.72
Sub-Total (A) (2)		50,000	100	3,640,000	19.72
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)		50,000	100	9,283,555	50.30
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds / UTI	Nil	Nil	7,020	0.04
(b)	Financial Institutions / Banks	Nil	Nil	2,483	0.01
(c)	Insurance Companies	Nil	Nil	33,895	0.18
(d)	Any Other(Specify) Trust	Nil	Nil	2,240	0.01
Sub-Total (B) (1)				45,638	0.25
2	Non-Institutions				
(a)	Bodies Corporate	Nil	Nil	796,687	4.32
(b)	Individuals				
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	6,003,417	32.53
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil	1,910,981	10.35
(c)	Any Other (Market Maker)			112,731	0.61
i	(NRI)	Nil	Nil	145,332	0.79
ii	(HUF)	Nil	Nil	90,545	0.49
iv	(Clearing Member)	Nil	Nil	66,519	0.36
Sub-total (B) (2)				9,126,212	49.45
Total Public Shareholding (B) = (B)(1)+(B)(2)		Nil	Nil	9,171,850	49.70
TOTAL (A)+(B)		50,000	100	18,455,405	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil
GRAND TOTAL (A)+(B)+(C)		50,000	100	18,455,405	100

The entire existing issued and subscribed share capital of HPL will get cancelled pursuant to the Scheme and no new shares will be issued in lieu thereof.

24. Inspection of the following documents may be had at the Registered Office of HML at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala on all working days (except Saturdays) of the Company between 11.00 a.m. and 1.00 p.m. up to one day prior to the date of the Court Convened Meeting:

- Certified copy of the Order dated the 6th day of July, 2012 of the High Court of Kerala at Ernakulam passed in Company Application No. 34 of 2012 directing the convening of the meeting of the Equity Shareholders of the Company;
- Composite Scheme of Arrangement and Amalgamation;
- Memorandum and Articles of Association of HML, EPL, MPL and HPL;
- Audited financial statement of accounts as on March 31, 2009 of HML;
- Audited financial statement of accounts as on March 31, 2010 of HML;
- Audited financial statement of accounts as on March 31, 2011 of HML;
- Unaudited financial Statement of Accounts as on March 31, 2012 of HML;
- Audited financial statement of accounts as on March 31, 2012 of EPL, MPL and HPL;
- Valuation Report issued by Grant Thornton India LLP dated February 09, 2012 and addendum to their report dated May 30, 2012.
- Fairness Opinion Report issued by Keynote Corporate Services Limited dated February 10, 2012 and addendum to their report dated May 30, 2012.
- No objection certificates to the Scheme received from Bombay Stock Exchange Limited dated June 08, 2012, the National Stock Exchange of India Limited dated June 08, 2012 and the Cochin Stock Exchange Limited dated June 12, 2012.

This statement may be treated as an Explanatory Statement under section 173 and Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Company's Office at 24/1624 Bristow Road, Willingdon Island, Kochi - 682003, Kerala and/or at the office of the Advocates M/s Menon & Pai, Advocates, Post Box No. 1911, I. S. Press Road, Ernakulam, Cochin 682018.

Sd/-

Place: Kochi

Date: 12th day of July, 2012

K. Sreekumar
(Advocate, High Court of Kerala)
Chairman appointed for the Meeting

Registered Office:
24/1624 Bristow Road,
Willingdon Island,
Kochi - 682003, Kerala

**COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION
UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100
TO 103 OF THE COMPANIES ACT, 1956**

**AMONG
HARRISONS MALAYALAM LIMITED
AND
ENCHANTING PLANTATIONS LIMITED
AND
MALAYALAM PLANTATIONS LIMITED
AND
HARMONY PLANTATIONS LIMITED
AND
AND THEIR RESPECTIVE SHAREHOLDERS AND
THEIR RESPECTIVE CREDITORS**

A. PREAMBLE

The Composite Scheme of Arrangement and Amalgamation is divided into the following Parts:

- (i) Part I deals with Definitions and Interpretation and Share Capital;
- (ii) Part II deals with the transfer and vesting of Kerala Plantations Undertaking of Harrisons Malayalam Limited (HML) into Malayalam Plantations Limited (MPL) pursuant to the order of Hon'ble High Court of Judicature of Kerala at Ernakulam under sections 391 to 394 and other applicable provisions of the Companies Act, 1956;
- (iii) Part III deals with the demerger of Tamil Nadu Plantations Undertaking of Harrisons Malayalam Limited and merger of Enchanting Plantations Limited (EPL) with Harmony Plantations Limited (HPL); and
- (iv) Part IV deals with General/Residuary Terms and Conditions.

B. RATIONALE OF THE SCHEME

- (i) HML is engaged inter-alia in the business of production and sale of tea and rubber. The rubber and tea estates are situated in the states of Kerala and Tamil Nadu.
- (ii) On account of the large tracts of land and their widespread geographical locations and for proper growth and development of the business, it is necessary that the same be managed and administered, directly or indirectly, by different companies with undivided focus, care and attention.
- (iii) The management of the business by separate entities would assist in devoting necessary attention to cultivation activities mandated by the changing climatic conditions and other agricultural factor which would ultimately facilitate independent evaluation, operation and greater realisation of the potential of the business.
- (iv) Accordingly, it is proposed to restructure HML in the manner specified in this Scheme.

- (v) The proposed restructuring exercise would increase potential for further growth and diversification to achieve better synergy and optimisation of resources as well as to facilitate cost-effective fund raising and development of both HML and HPL. Further, the restructuring would facilitate the running of HML's business with a greater and focused approach to concentrate on its operations to its greater advantage while also providing an opportunity to optimally utilise assets within its control. Lastly, the restructuring would not lead to starving of any business as the management is convinced of the growth and value creation potential of all undertakings of HML.
- (vi) For the reasons stated above, the proposed restructuring is in the interest of the shareholders, creditors and all other stakeholders of all respective companies, and shall not in any manner be prejudicial to the interests of concerned shareholders and creditors or general public at large.

PART I

1 DEFINITIONS AND INTERPRETATION AND SHARE CAPITAL

1.1 Definitions

- 1.1.1 "Act" means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof;
- 1.1.2 "Appointed Date" means 1 April 2012 or such other date as may be approved by the Court;
- 1.1.3 "Court" or "High Court" means the Hon'ble High Court of Kerala at Ernakulam, to which this Scheme is submitted for its sanctioning under Sections 391 to 394 read with Sections 78, 100 to 103 of the Act;
- 1.1.4 "Effective Date" means the last of the dates on which the certified copies of the order sanctioning this Scheme, passed by the High Court, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Kerala in accordance with the Act. Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date;
- 1.1.5 "EPL" means Enchanting Plantations Limited a company incorporated under the Act having its registered office at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala;
- 1.1.6 "HML" means Harrisons Malayalam Limited a company incorporated under the Act having its registered office at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala;
- 1.1.7 "HML Residual Entity" means all the businesses, assets, properties and liabilities of HML other than Tamil Nadu Plantations Undertaking and Kerala Plantations Undertaking;
- 1.1.8 "HPL" means Harmony Plantations Limited, a company incorporated under the Act having its registered office at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala;
- 1.1.9 "Kerala Plantations Undertaking" means the business of HML, as a going concern, pertaining to the Venture rubber estate, Isfield rubber estate, Koney rubber estate, Lahai rubber estate, Kaliyar rubber estate, Palapilly rubber estate, Upper Surianalle tea estate, Achoor tea estate, Chundale tea estate, Sentinel Rock tea estate, Touramulla tea estate and Arrapetta tea estate and shall mean and include (without limitation):
 - (i) All assets and liabilities of HML identified as pertaining to the estates of Kerala Plantations Undertaking, wherein certain lands are remaining vested under the Kerala

Private Forest (Vesting & Assignment) Act, 1971 and are in the possession of the Kerala Government since 1971;

(ii) Notwithstanding the generality of the provisions of Clause (i) above, the above undertaking shall include:

- (a) all properties and assets, whether moveable or immovable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, bills of exchange, covenant and undertakings of HML pertaining to Kerala Plantations Undertaking;
- (b) all assets (whether moveable or immovable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) of HML pertaining to Kerala Plantations Undertaking including but not limited to the plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits including deposits or outstandings in litigations or paid under protest, provisions, advances, receivables, funds, leases, licences, tenancy rights, premises, hire purchase and lease arrangements including benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licences, registrations, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by HML pertaining to Kerala Plantations Undertaking;
- (c) all identified liabilities/claims present and future, income tax payable, if any, to the tax authorities in respect of assessments pertaining to periods prior to the Appointed Date, and the specific contingent liabilities pertaining to or relatable to the Kerala Plantations Undertaking, as may be determined by the Board of Directors of HML;

(iii) All intellectual property rights, including patents, trademarks and copyrights of HML pertaining to Kerala Plantations Undertaking;

(iv) All books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to Kerala Plantations Undertaking;

(v) All employees of HML engaged in Kerala Plantations Undertaking;

(vi) All earnest monies, security deposits, or other entitlements, if any, in connection with or relating to HML pertaining to Kerala Plantations Undertaking;

Explanation: Whether any particular asset, liability or reserve should be included as asset, liability or reserve of the Kerala Plantations Undertaking or otherwise shall be decided mutually by the Board of Directors of HML and MPL or any committee thereof;

1.1.10 "MPL" means Malayalam Plantations Limited, a company incorporated under the Act having its registered office at 24/1624, Bristow Road, Willingdon Island, Kochi - 682003, Kerala;

1.1.11 "Record Date" means the date to be fixed jointly by the Board of HML and HPL for the purposes of determining the shareholders of HML to whom shares would be issued on demerger of Tamil Nadu Plantations Undertaking to HPL pursuant to Part III of this Scheme;

1.1.12 "Scheme" or "the Scheme" or "this Scheme" means this composite scheme of arrangement and amalgamation submitted to the Court with any modification/amendments;

1.1.13 "Tamil Nadu Plantations Undertaking" means the business of HML, as a going concern, pertaining to the Mayfield tea estate and shall mean and include (without limitation):

- (i) All assets and liabilities of HML pertaining to the business of Mayfield tea estate, wherein approximately 827 acres are currently remaining notified as forests by the Government of Tamil Nadu as of August 2011;
- (ii) Notwithstanding the generality of the provisions of Clause (i) above, the said undertaking shall include:
 - (a) all properties and assets, whether moveable or immovable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, bills of exchange, covenant and undertakings of HML pertaining to Tamil Nadu Plantations Undertaking;
 - (b) all assets (whether moveable or immovable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) of HML pertaining to Tamil Nadu Plantations Undertaking including but not limited to the plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits including deposits or outstandings in litigations or paid under protest, provisions, advances, receivables, funds, leases, licences, tenancy rights, premises, hire purchase and lease arrangements including benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licences, registrations, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by HML pertaining to Tamil Nadu Plantations Undertaking;
 - (c) all debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of HML pertaining to Tamil Nadu Plantations Undertaking, comprising of:
 - (i) the liabilities which arise out of the activities or operations of HML pertaining to Tamil Nadu Plantations Undertaking;
 - (ii) the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of HML pertaining to Tamil Nadu Plantations Undertaking; and
 - (iii) so much of the amounts of general or multipurpose borrowings of HML as stand in the same proportion which the value of assets transferred of Tamil Nadu Plantations Undertaking bears to the total value of the assets of HML immediately before the Appointed Date; and
 - (d) all other debts, duties, obligations and liabilities including contingent liabilities of HML pertaining to Tamil Nadu Plantations Undertaking as a going concern for transfer to MPL.
- (iii) All intellectual property rights, including patents, trademarks and copyrights of HML pertaining to the business of Tamil Nadu Plantations Undertaking;
- (iv) All books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to Tamil Nadu Plantations Undertaking;

- (v) All employees of HML engaged in Tamil Nadu Plantations Undertaking;
- (vi) All earnest monies, security deposits, or other entitlements, if any, in connection with or relating to HML pertaining to Tamil Nadu Plantations Undertaking;

Explanation: Whether any particular asset, liability or reserve should be included as asset, liability or reserve of the Tamil Nadu Plantations Undertaking or otherwise shall be decided mutually by the Board of Directors of HML and HPL or any committee thereof;

1.2 Interpretation

The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made there under), the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

1.3 Date of Taking Effect and Operative Date

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

1.4 Share Capital

1.4.1 The share capital of HML as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
3,00,00,000 equity shares of Rs 10 each	30,00,00,000
Total	30,00,00,000
Issued and Subscribed Capital	
1,84,55,405 equity shares of Rs 10 each	18,45,54,050
Less: Calls in Arrears	11,000
Paid-Up Capital	18,45,43,050

Subsequent to February 15, 2012 and till the date of filing the Scheme with the stock exchanges, there has been no change in the issued, subscribed and paid up capital of HML. The shares of HML are listed on the Bombay Stock Exchange, National Stock Exchange and Cochin Stock Exchange

1.4.2 The share capital of EPL as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
100,000 equity shares of Rs 10 each	10,00,000
Total	10,00,000
Issued, Subscribed and Paid-Up Capital	
100,000 equity shares of Rs 10 each fully paid up	10,00,000
Total	10,00,000

EPL is a wholly owned subsidiary of HML. Subsequent to February 15, 2012 and till the date of filing the scheme with stock exchanges, there has been no change in the issued, subscribed and paid up capital of EPL.

1.4.3 The share capital of the MPL as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-Up Capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
Total	5,00,000

MPL is a wholly owned subsidiary of EPL. Subsequent to February 15, 2012 and till the date of filing the scheme with the stock exchanges, there has been no change in the issued, subscribed and paid up capital of MPL.

1.4.4 The share capital of HPL as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-Up Capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
Total	5,00,000

HPL is a wholly owned subsidiary of HML. Subsequent to February 15, 2012 and till the date of filing the scheme with the stock exchanges, there has been no change in the issued, subscribed and paid up capital of HPL.

PART II

TRANSFER AND VESTING OF KERALA PLANTATIONS UNDERTAKING OF HML INTO MPL

2 TRANSFER AND VESTING OF KERALA PLANTATIONS UNDERTAKING OF HML INTO MPL

- 2.1 With effect from the Appointed Date and upon the Scheme becoming effective, Kerala Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into MPL, as of the Appointed Date and all the estate and interest of HML in Kerala Plantations Undertaking shall consequently vest into MPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to MPL. The transfer and vesting shall be effected as follows:

2.1.1 Without prejudice to the generality of Clause 2.1, in respect of such of the assets of Kerala Plantations Undertaking as are moveable in nature or are otherwise capable of transfer and vesting by manual delivery or by endorsement and/or delivery or by physical possession including plant, machinery and equipment, the same may be transferred to and vested into, at the option of the Board of HML and MPL, as follows:

- (i) All the moveable assets capable of being transferred and vested by delivery, including plant and machinery, shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to MPL along with such other documents as may be necessary towards the end and intent that the property therein passes to MPL on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of MPL accordingly. The investments held in dematerialized form will be transferred to MPL by issuing appropriate delivery instructions to the depository participant with whom HML has an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of Directors of HML and MPL, being a date after the sanction of the Scheme by the High Court.
- (ii) The moveable assets, other than those specified in Clause 2.1.1 (i) above, including actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested into as the property of MPL. MPL may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of MPL to recover or realise the same is in substitution of the right of HML and that appropriate entry should be passed in their respective books to record the aforesaid charges.

2.2 Without prejudice to Clause 2.1 above, with effect from the Appointed Date and upon the Scheme becoming effective, all immoveable properties, including land together with the trees, crops, buildings and structure standing thereon, whether freehold or leasehold, relating to Kerala Plantations Undertaking and any documents of title, rights, interests, claims, including leases, licenses and easements in relation thereto, shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into MPL, as of the Appointed Date. With effect from the Appointed Date, MPL shall be accountable for ground rent and municipal taxes. The mutation of the title to the immoveable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of MPL. Any inchoate title or possessory title of HML or its predecessor companies in relation to Kerala Plantations Undertaking shall be deemed to be the title of MPL. In respect of all such lands relating to Kerala Plantations Undertaking as are vested with the Government under the Kerala Private Forests (Vesting and Assignment) Act, 1971 and which as and when restored to HML, shall, without any further act, instrument or deed, be deemed to have been restored to MPL and shall belong to MPL and HML shall fully cooperate and facilitate and carry out all such steps as are necessary for restoration of such lands to MPL.

2.3 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, of every kind, nature and description of HML relating to Kerala Plantations Undertaking, shall, under the provisions of Sections 391 to 394, without any further act or deed, be transferred to or be deemed to be transferred to MPL so as to become, from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of MPL 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 Clause 2.3.

2.4 The transfer and vesting of the Kerala Plantations Undertaking as aforesaid of HML, 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.

Provided however, any reference in any security documents or arrangements (to which HML is a party) to the assets of Kerala Plantations Undertaking 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 Kerala Plantations Undertaking as are vested into MPL 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 HML or any of the assets of MPL.

Provided further that in so far as the assets comprised in Kerala Plantations Undertaking are concerned, the security and charge over such assets relating to any loans or liabilities which are not transferred under Part II of this Scheme and which are part of Tamil Nadu Plantations Undertaking or HML Residual Entity shall, without any further act or deed, be released from such encumbrance and shall no longer be available as security in relation to such liabilities.

Provided further that in so far as the assets of HML other than those comprised in Kerala Plantations Undertaking are concerned, the security over the assets relating to the loans, borrowings, debts and financial assistance of Kerala Plantations Undertaking shall, without further act, instrument or deed be released and discharged from the obligations and security relating to the same. With effect from the Appointed Date and upon the Scheme becoming effective, MPL undertakes to meet, discharge and satisfy the said loans, borrowings, debts and financial assistance to the exclusion of HML Residual Entity and to keep HML Residual Entity indemnified at all times from and against all such debts, liabilities, contingent liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereto.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of MPL 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 Kerala Plantations Undertaking vested into MPL.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by HML in relation to Kerala Plantations Undertaking by virtue of this Scheme and MPL shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 2.5 Where any of the liabilities and obligations attributed to Kerala Plantations Undertaking on the Appointed Date has been discharged by HML on behalf of Kerala Plantations Undertaking after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of MPL. Where HML has taken any further loans, liabilities or obligations pertaining to Kerala Plantations Undertaking, or provides any security on the existing loans of Kerala Plantations Undertaking, such further loan shall also be deemed to have been for and on behalf of MPL and MPL shall assume liability for the same.
- 2.6 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory or other licences, permissions or approvals or consents held by HML required to carry on operations in Kerala Plantations Undertaking shall stand transferred to or vested into MPL, without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory or other authorities concerned therewith in favour of MPL. The benefit of all statutory and regulatory permissions including the statutory or other licences, tax registrations, permits, permissions or approvals or consents required to carry on the operations of Kerala Plantations Undertaking shall vest into and become available to MPL pursuant to the Scheme. Any no-objection certificates, licences, permissions, consents, approvals, authorisations, registrations or statutory rights as are jointly held by Kerala Plantations Undertaking and any other undertaking of HML shall be deemed to constitute separate licences, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights of Kerala Plantations Undertaking on the one hand and HML Residual Entity or Tamil Nadu Plantations Undertaking on the other. The concerned statutory or other authorities and licensors shall endorse and/or mutate or record the separation, make entry in their records and/or upon the relevant document itself so as to give effect to this Scheme in order to facilitate the continuation of operations of Kerala Plantations Undertaking in MPL, without any hindrance, from the Effective Date.

- 2.7 HML may be entitled to various benefits under incentive schemes and policies in relation to Kerala Plantations Undertaking and pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies pertaining to Kerala Plantations Undertaking shall be transferred to and vested into MPL and all benefits, entitlements and incentives of any nature whatsoever including benefits under income tax, excise (including modified value added tax, central value added tax), sales tax (including deferment of any tax), service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to Kerala Plantations Undertaking, to the extent statutorily available, shall be claimed by MPL, and these shall relate to the Appointed Date, subject to continued compliance by MPL of all the terms and conditions subject to which the benefits under the incentive schemes were made available to HML.

3 ISSUE OF SHARES

- 3.1 MPL is a wholly owned subsidiary of EPL, which in turn is a wholly owned subsidiary of HML. Hence such transfer and vesting shall be without any consideration and MPL shall not be required to issue any shares or pay any consideration to HML or to its shareholders for acquiring Kerala Plantations Undertaking.

4 ACCOUNTING TREATMENT IN THE BOOKS OF MPL

- 4.1 Upon the Scheme becoming effective, MPL shall record all the assets and liabilities of Kerala Plantations Undertaking vested into it in pursuance to Part II of the Scheme, at their respective fair values.
- 4.2 MPL shall credit an amount equal to the difference in fair values of assets and liabilities of Kerala Plantations Undertaking as general reserve, which shall constitute Free Reserves available to MPL for all purposes as it may consider proper including in particular for off-setting any Additional Depreciation that may be charged by MPL on revaluation component of the cost of any asset or for declaration of dividends, issue of bonus shares, etc. Such general reserve shall be a reserve which arises pursuant to this Scheme and shall not be and shall not for any purpose be considered to be a reserve created by MPL.

Explanation: Additional Depreciation includes in particular depreciation provided, charged or suffered by MPL on the respective assets transferred by HML under the Scheme in excess of that which would be chargeable on the book value of these assets as if there had been no revaluation of these assets in HML.

5 ACCOUNTING TREATMENT IN THE BOOKS OF HML

Upon the Scheme becoming effective:

- 5.1 HML shall reduce the assets and liabilities pertaining to the Kerala Plantations Undertaking as on the Appointed Date from its books of accounts.
- 5.2 The difference, being the excess of the book value of assets of Kerala Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:
- 5.2.1 Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Kerala Plantations Undertaking;
 - 5.2.2 Securities premium reserve; and
 - 5.2.3 Profit and Loss account balance appearing in the balance sheet of HML
- 5.3 The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.
- 5.4 The difference, being the excess of the book value of liabilities of Kerala Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.

6 CONDUCT OF BUSINESS OF KERALA PLANTATIONS UNDERTAKING

6.1 Upon filing of the Scheme with the High Court until the Effective Date:

- 6.1.1 HML shall carry on and be deemed to have carried on its business and activities in relation to Kerala Plantations Undertaking and shall hold and deal with all assets and properties of Kerala Plantations Undertaking for and on account of and in trust for MPL;
- 6.1.2 Any income or profit accruing or arising to HML in relation to Kerala Plantations Undertaking and all costs, charges, expenses and losses incurred by HML in relation to Kerala Plantations Undertaking shall, for all purposes, be treated as the income, profits, costs, charges, expenses and losses, as the case may be, of MPL;
- 6.1.3 HML shall not utilise the profits or income, if any, relating to Kerala Plantations Undertaking for the purpose of declaring or paying any dividend or for any other purpose in respect of the period from and after the Appointed Date, without the prior written consent of MPL;
- 6.1.4 HML shall carry on the business of Kerala Plantations Undertaking with reasonable diligence, in the ordinary course of business and HML shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with Kerala Plantations Undertaking, save and except, in each case, in the following circumstances:
 - (i) if the same is in the ordinary course of business as carried on by it as on the date of filing this Scheme with the Court; or
 - (ii) if the same is expressly permitted by this Scheme; or
 - (iii) if the written consent of MPL, as the case may be, has been obtained.
- 6.1.5 HML shall not vary or alter, except in the ordinary course of its business and as may be required for reorganisation, the terms and conditions of employment of any of its employees in relation to Kerala Plantations Undertaking;
- 6.1.6 All assets acquired and all liabilities incurred by HML for operation of and in relation to Kerala Plantations Undertaking shall also, without any further act, instrument or deed, stand transferred to and vested into or to be deemed to have been transferred to or vested into MPL upon the coming into effect of the Scheme; and
- 6.1.7 Any of the rights, powers, authorities, privileges, attached, related or pertaining to Kerala Plantations Undertaking that have been exercised by HML shall be deemed to have been exercised by HML for and on behalf of, and in trust for and as an agent of MPL. Similarly, any of the obligations, duties and commitments attached, related or pertaining to Kerala Plantations Undertaking that have been undertaken or discharged by HML shall be deemed to have been undertaken for and on behalf of, and in trust for and as an agent of MPL.

- 6.2 HML and/or MPL shall be entitled, pending the sanction of the Scheme by the Court, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which MPL may require to own and carry on the business of Kerala Plantations Undertaking.

7 EMPLOYEES OF KERALA PLANTATIONS UNDERTAKING

- 7.1 Upon the Scheme becoming effective, all employees of Kerala Plantations Undertaking in service on the Effective Date shall be deemed to have become the employees of MPL without any interruption in their service as a result of the transfer of Kerala Plantations Undertaking to MPL on the same terms and conditions of employment as were with HML. On the basis of continuity of service, the terms and conditions of their employment with MPL shall not be less favorable than those applicable to them with reference to Kerala Plantations Undertaking on the Effective Date.

- 7.2 With regard to provident fund, gratuity fund, superannuation fund or any other special fund or any other special scheme created or existing for the benefit of employees engaged in Kerala Plantations Undertaking, upon the Scheme becoming effective, the existing amounts, whether held by way of cash and/or investments, in the gratuity fund, provident fund and superannuation fund trusts, if any, created by HML shall be transferred to the gratuity fund, provident fund and superannuation fund schemes created by MPL on the same terms and conditions in relation to employees. With effect from the Effective Date but subject to getting the Scheme approved by relevant authorities, MPL shall make the necessary contributions for such employees in relation to the existing gratuity fund, superannuation fund, provident fund benefits and benefits under any other special fund or scheme. Provided that MPL may continue to make contributions in the gratuity fund, provident fund and superannuation fund trusts, if any, created by HML for such employees till such time as necessary statutory approvals are received by MPL for setting up its own gratuity fund, provident fund, superannuation fund or any other special fund.
- 7.3 In relation to employees engaged in Kerala Plantations Undertaking who are not covered under the provident fund trust of HML, and for whom HML is making contributions to the Government provident fund, MPL shall stand substituted for HML for all purposes whatsoever, including those relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc in respect of such employees.
- 7.4 In relation to any other fund created or existing for the benefit of employees engaged in Kerala Plantations Undertaking, MPL shall stand substituted for HML, for all purposes whatsoever, including those relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc in respect of such employees.
- 7.5 MPL undertakes to continue to abide by any agreement(s)/settlement(s) entered into with any labour unions/ permanent employees by HML in relation to Kerala Plantations Undertaking. MPL agrees that, for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such permanent employees with HML shall also be taken into account, and agrees and undertakes to pay the same as and when payable under applicable law.

8 LEGAL PROCEEDINGS

- 8.1 Upon the Scheme becoming effective on the Effective Date, all suits, appeals, legal, administrative or other proceedings of whatsoever nature, including those relating to indirect taxation, by or against HML in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority pending and/or arising on or after the Appointed Date and relating to Kerala Plantations Undertaking including the pending suits under labour laws pertaining to the estates comprised in the Kerala Plantations Undertaking, shall be continued and enforced by or against MPL only to the exclusion of HML in the manner and to the same extent as would have been continued and enforced by or against HML. HML shall not be liable to pay any amounts arising out of such proceedings including interest, penalties, damages, costs etc and the same shall be paid only by MPL. On and from the Effective Date, MPL shall and may, if required, with prior consent from HML, initiate any legal proceedings in relation to Kerala Plantations Undertaking in the name of HML.
- 8.2 After the Appointed Date, if any proceedings are taken against HML in respect of the matters referred to in the Clause 8.1 above, HML shall defend the same at the cost of MPL and MPL shall reimburse and indemnify HML against all liabilities and obligations incurred by HML in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc which HML may be called upon to pay or secure in respect of any liability or obligation relating to Kerala Plantations Undertaking.
- 8.3 MPL undertakes to have all legal or other proceedings initiated by or against HML referred to in Clause 8.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against MPL to the exclusion of HML to the extent legally permissible after the Scheme being effective. To the extent such proceedings cannot be taken over by MPL, the proceedings shall be pursued by HML for and on behalf of MPL as per the instructions of and entirely at the cost and expenses of MPL.
- 8.4 Without prejudice to provisions of Clauses 8.1 to 8.3 above, HML shall continue the contesting litigation pending under the Kerala Land Reforms Act before the Taluk Land Board. All costs and expenses incurred thereto shall be shared equally between HML and MPL. As and when the ceiling case is finally

disposed of, lands, if any, identified as excess lands in the estates of HML Residual Entity and the Kerala Plantations Undertaking and hence, retained by the authorities shall be deemed to have been so surrendered by HML and MPL respectively from such estates and in case of lands in relation to Kerala Plantations Undertaking, if any, restored to HML shall be deemed to have been restored to MPL.

9 CONTRACTS, DEEDS, ETC.

- 9.1 Notwithstanding anything else contained in this Clause 9, but subject to the other provisions of this Part II, all contracts, deeds, bonds, insurance policies (other than those taken for HML as a whole or without reference to specific assets pertaining to Kerala Plantations Undertaking), agreements and other instruments, if any, of whatsoever nature relating to Kerala Plantations Undertaking and to which HML is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of MPL, as the case may be, and may be enforced by or against MPL as fully and effectually as if, instead of HML, MPL had been a party thereto.
- 9.2 MPL shall take prior consent from HML in writing before executing any such deeds, writings or confirmations on behalf of HML and for implementing or carrying out all formalities required on the part of HML to give effect to the provisions of this Scheme.
- 9.3 Even after this Scheme becomes effective, MPL shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of Kerala Plantations Undertaking in the name of HML, in so far as may be necessary, until the transfer of rights and obligations of HML to MPL under this Scheme is formally accepted by the Parties concerned.
- 9.4 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to Kerala Plantations Undertaking which HML owns or to which HML is a party, cannot be transferred to MPL for any reason whatsoever, HML shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of MPL, in so far as it is permissible so to do, till such time as the transfer is effected.

10 SAVING OF CONCLUDED TRANSACTIONS

- 10.1 The transfer of properties and liabilities relating to Kerala Plantations Undertaking pursuant to Clause 2 of Part II of this Scheme and the continuance of proceedings by or against HML under Clause 8 above shall not affect any transaction or proceedings already concluded or liabilities incurred, or any liabilities discharged by HML in connection with Kerala Plantations Undertaking, subject to the provisions of Clause 9 above, on or after the Appointed Date and until the Effective Date, to the end and intent that MPL shall accept and adopt all acts, deeds and things done and executed by HML in respect thereto as done and executed on behalf of itself.

PART III

DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING OF HML AND MERGER OF EPL INTO HPL

11 TRANSFER AND VESTING OF TAMIL NADU PLANTATIONS UNDERTAKING OF HML AND MERGER OF EPL INTO HPL

- 11.1 With effect from the Appointed Date and upon the Scheme becoming effective, Tamil Nadu Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into HPL, as of the Appointed Date and all the estate and interest of HML therein shall consequently vest into HPL with effect from the Effective date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to HPL.

- 11.2 With effect from the Appointed Date and upon the Scheme becoming effective, EPL shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and without any further act, instrument, deed or matter or thing, stand merged with HPL, as a going concern, as of the Appointed Date, and all its assets, liabilities, properties, rights, benefits and interest therein shall consequently vest into HPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part hereof and arising out of liabilities which shall also stand transferred to HPL.
- 11.3 The transfer, vesting and merger as provided in Clauses 11.1 and 11.2 above shall be effected as follows:
- 11.3.1 Without prejudice to the generality of Clause 11.1 and Clause 11.2, in respect of such of the assets of EPL and Tamil Nadu Plantations Undertaking of HML as are moveable in nature or are otherwise capable of transfer and vesting by manual delivery or by endorsement and/or delivery or by physical possession including plant, machinery and equipment, the same may be transferred to and vested into at the option of the Board of HML, EPL and HPL as follows:
- (i) All the moveable assets capable of being transferred and vested by delivery, including plant and machinery, shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to HPL along with such other documents as may be necessary towards the end and intent that the property therein passes to HPL on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of HPL accordingly. The investments held in dematerialized form will be transferred to HPL by issuing appropriate delivery instructions to the depository participant with whom HML and EPL have an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of Directors of HML, EPL and HPL, being a Date after the sanction of the Scheme by the High Court.
 - (ii) The moveable assets, other than those specified in Clause 11.3.1 (i) above, including actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested into as the property of HPL. HPL may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of HPL to recover or realise the same is in substitution of the right of HML or EPL, as the case may be, and that appropriate entry should be passed in their respective books to record the aforesaid charges.
- 11.4 Without prejudice to Clause 11.1 and 11.2 above, with effect from the Appointed Date and upon the Scheme becoming effective, all immoveable properties, including land together with the trees, crops, buildings and structure standing thereon, whether freehold or leasehold, relating to EPL and Tamil Nadu Plantations Undertaking of HML and any documents of title, rights, interests, claims, including leases, licenses and easements in relation thereto, shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into HPL, as of the Appointed Date. With effect from the Appointed Date, HPL shall be accountable for ground rent and municipal taxes. The mutation of the title to the immoveable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of HPL. Any inchoate title or possessory title of EPL or HML in relation to Tamil Nadu Plantations Undertaking or any of their predecessor companies shall be deemed to be the title of HPL.
- 11.5 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, of every kind, nature and description of EPL and Tamil Nadu Plantations Undertaking of HML, shall, under the provisions of Sections 391 to 394 of the Act and without any further act or deed, be transferred to or be deemed to be transferred to HPL so as to become, from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of HPL 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 Clause 11.5.

- 11.6 The transfer and vesting of the Tamil Nadu Plantations Undertaking of HML and merger of EPL, 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 Tamil Nadu Plantations Undertaking of HML and EPL, as the case may be.

Provided however, any reference in any security documents or arrangements to which HML or EPL are a party, shall be construed as reference only to the assets pertaining to Tamil Nadu Plantations Undertaking of HML and EPL respectively as are vested into HPL 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 HML or any of the assets of HPL.

Provided further that in so far as the assets comprised in Tamil Nadu Plantations Undertaking of HML and EPL are concerned, the security and charge over such assets relating to any loans or liabilities which are not transferred under Part III of this Scheme and which are part of Kerala Plantations Undertaking or HML Residual Entity shall, without any further act or deed, be released from such encumbrance and shall no longer be available as security in relation to such liabilities.

Provided further that in so far as the assets of HML other than those comprised in Tamil Nadu Plantations Undertaking are concerned, the security over the assets relating to the loans, borrowings, debts and financial assistance of Tamil Nadu Plantations Undertaking shall, without further act, instrument or deed be released and discharged from the obligations and security relating to the same. With effect from the Appointed Date and upon the Scheme becoming effective, HPL undertakes to meet, discharge and satisfy the said loans, borrowings, debts and financial assistance to the exclusion of HML Residual Entity and to keep HML Residual Entity indemnified at all times from and against all such debts, liabilities, contingent liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereto.

Provided further that the securities, charges and mortgages, if any subsisting over and in respect of the assets or any part thereof of HPL 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 Tamil Nadu Plantations Undertaking of HML and EPL vested into HPL.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by EPL and HML in relation to Tamil Nadu Plantations Undertaking by virtue of this Scheme and HPL shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 11.7 Where any of the liabilities and obligations attributed to EPL and Tamil Nadu Plantations Undertaking of HML on the Appointed Date has been discharged by EPL and HML respectively after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of HPL. Where EPL or HML in relation to Tamil Nadu Plantations Undertaking has taken any further loans, liabilities or obligations, or provides any security on the existing loans of EPL and Tamil Nadu Plantations Undertaking respectively, such further loan shall also be deemed to have been for and on behalf of HPL and HPL shall assume liability for the same.

- 11.8 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory or other licences, permissions or approvals or consents held by EPL and HML in relation to Tamil Nadu Plantations Undertaking shall stand transferred to and vested into HPL, without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory or other authorities concerned therewith in favour of HPL. The benefit of all statutory and regulatory permissions including the statutory or other licences, tax registrations, permits, permissions or approvals or consents required to carry on the operations of EPL and Tamil Nadu Plantations Undertaking shall vest into and become available to HPL pursuant to this Scheme. Any no-objection certificates, licences, permissions, consents, approvals, authorisations, registrations or statutory rights as are jointly held by Tamil Nadu Plantations Undertaking and any other undertaking of HML shall be deemed to constitute separate licences, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights of Tamil Nadu Plantations Undertaking on the one hand and HML Residual Entity or Kerala Plantations Undertaking on the other. The concerned statutory or other authorities and licensors shall endorse and/or mutate or record the separation, make entry in their records and/or upon the relevant document itself so as to

give effect to this Scheme in order to facilitate the continuation of operations of Tamil Nadu Plantations Undertaking in HPL, without any hindrance, from the Effective Date.

- 11.9 EPL and HML in relation to Tamil Nadu Plantations Undertaking may be entitled to various benefits under incentive schemes and policies, and pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies pertaining to EPL and Tamil Nadu Plantations Undertaking of HML shall be transferred to and vested into HPL and all benefits, entitlements and incentives of any nature whatsoever including benefits under income tax, excise (including modified value added tax, central value added tax), sales tax (including deferment of any tax), service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to EPL and Tamil Nadu Plantations Undertaking of HML, to the extent statutorily available, shall be claimed by HPL, and these shall relate to the Appointed Date, subject to continued compliance by HPL of all the terms and conditions subject to which the benefits under the incentive schemes were made available to EPL and HML.

- 11.10 Part III of the Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961 and "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of Part III of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including those resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Sections of the Income Tax Act, 1961 shall prevail and Part III of the Scheme shall stand modified to the extent determined necessary to comply with conditions contained in Section 2(19AA) and Section 2(1B) of the Income Tax Act, 1961. Such modification shall, however, not affect other terms of Part III of the Scheme.

12 ISSUE OF SHARES BY HPL

12.1 ISSUE OF SHARES PURSUANT TO DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING

- 12.1.1 Upon the coming into effect of this Scheme, and in consideration of the demerger of Tamil Nadu Plantations Undertaking of HML into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot equity shares at par on a proportionate basis to each member of HML whose name is recorded in the register of members of HML as holding equity shares on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of HML and HPL in the following proportion:

"For every 1 (one) equity share of face value of Rs 10 held in HML, as on the Record Date, every equity shareholder of HML shall without any application, act or deed, be entitled to receive 1 (one) equity share of face value of Rs 7 each of HPL, credited as fully paid-up."

- 12.1.2 Upon the coming into effect of this Scheme, the members of HML holding partly paid up equity shares, if any, shall be issued partly paid up equity shares in HPL in accordance with the Share Entitlement Ratio mentioned in Clause 12.1.1 above.
- 12.1.3 The Equity Shares shall be issued in dematerialised form to those equity shareholders who hold the shares of HML in dematerialised form provided that they shall be required to provide details of their respective accounts with the depository participant and such other confirmations as may be required. All those equity shareholders who hold shares of HML in physical form shall be issued Equity Shares in dematerialised form, provided that they provide details of their respective accounts with the depository participant. The shareholders who fail to provide such details shall be issued Equity Shares in physical form unless otherwise communicated in writing by such shareholders on or before such date as may be determined by the Board of HML and HPL or by a committee created thereof.
- 12.1.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of HML, the Board of HML shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in HML, after the effectiveness of this Scheme.

- 12.1.5 The equity shares to be issued by HPL to the members of HML pursuant to Clause 12.1.1 of this Scheme, in respect of any shares in HML which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by HPL.
- 12.1.6 The Equity Shares to be issued to the members of HML under Clause 12.1.1 shall be subject to the terms of the Memorandum and Articles of Association of HPL and shall rank pari passu with the existing equity shares of HPL in all respects including, but subject to the provisions of Section 205 of the Act, dividend (including interim dividend) for the financial year starting from the Appointed Date. The holders of the equity shares of HPL and HML shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective companies of which they are members for the financial year upto the Appointed Date. It is clarified that the aforesaid provision in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of HPL and HML to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of HPL and HML and subject to the approval of the shareholders of HPL and HML.
- 12.1.7 The equity shares of HPL issued pursuant to Clause 12.1.1 above, shall be listed and / or admitted to trading on all the stock exchanges on which the shares of HML are listed as on the Effective Date. Such equity shares shall, however, be listed subject to HPL complying with all the applicable regulations and obtaining the requisite approvals from all the relevant regulatory authorities pertaining to the listing of the equity shares issued pursuant to the scheme. Further the shares allotted by HPL pursuant to Clause 12.1.1 above shall remain frozen in the depositories system till listing/trading permission is given by the stock exchanges.
- 12.1.8 Statutory exemptions available for inter-se transfer of promoter/group shareholding in HML are deemed to be available for the shareholding of the promoters/group in HPL in relation to any transfer of shares between them.
- 12.1.9 HPL shall take necessary steps to increase or alter or re-classify, (if necessary), its Authorized Share Capital suitably to enable it to issue and allot the shares required to be issued and allotted by it under this Scheme.
- 12.1.10 For the purpose of issue of Equity Shares to the shareholders of HML, HPL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities and undertake necessary compliances for the issue and allotment by HPL of Equity Shares to the members of HML under this Scheme.
- 12.1.11 The issue and allotment of the Equity Shares by HPL to the shareholders of HML as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by HPL as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with. HPL shall obtain the necessary approval from its shareholders, as required and as may be directed by the Court, in terms of the Scheme only, under and pursuant to provisions of Section 391 to Section 394 of the Act.

12.2 ISSUE OF SHARES PURSUANT TO MERGER OF ENCHANTING PLANTATIONS LIMITED

- 12.2.1 EPL and HPL are both wholly owned subsidiaries of HML. Upon the coming into effect of this Scheme, and in consideration of the merger of EPL into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot preference shares at par to HML in the following proportion:

"For every 1 (one) equity share of face value of Rs 10 held in EPL, HML shall without any application, act or deed, be entitled to receive 1 (one) preference share of face value of Rs 10 each of HPL, credited as fully paid-up."

- 12.2.2 The Preference Shares shall be issued in physical form to HML. The key terms and conditions of Preference Shares to be issued pursuant to Clause 12.2.1 above are specified in Schedule I hereto.
- 12.2.3 The Preference Shares to be issued to HML under Clause 12.2.1 shall be subject to the terms of the Memorandum and Articles of Association of HPL.
- 12.2.4 HPL shall take necessary steps to increase or alter or re-classify, (if necessary), its Authorized Share Capital suitably to enable it to issue and allot the preference shares required to be issued and allotted by it under this Scheme.
- 12.2.5 For the purpose of issue of Preference Shares to HML, HPL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities and undertake necessary compliances for the issue and allotment by HPL of Preference Shares to HML under this Scheme.
- 12.2.6 The issue and allotment of the Preference Shares by HPL to HML as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by HPL as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with. HPL shall obtain the necessary approval from its shareholders, as required and as may be directed by the Court, in terms of this Scheme only, under and pursuant to provisions of Section 391 to Section 394 of the Act.

13 ACCOUNTING TREATMENT IN THE BOOKS OF HPL

- 13.1 Upon the Scheme becoming effective, HPL shall record all the assets and liabilities of Tamil Nadu Plantations Undertaking vested into it in pursuance to Part III of this Scheme, at their respective book values, as appearing in the books of account of HML immediately before the Appointed Date in accordance with Section 2(19AA) of the Income Tax Act, 1961.
- 13.2 Upon the Scheme becoming effective, HPL shall record all the assets and liabilities of EPL vested into it in pursuance to Part III of this Scheme, at their respective fair values.
- 13.3 All existing shares held by HML in HPL, i.e. 50,000 equity shares of Rs 10 each, shall stand cancelled, without any further act or deed as an integral part of this Scheme in accordance with the provisions of Sections 100 to 103 of the Act and the Order of the Court shall be deemed to be the Order under Section 102 of the Act for the purposes of confirming the reduction. The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of HPL, HPL shall not be required to add "And Reduced" as suffix to its name and HPL shall carry on with its current name, "Harmony Plantations Limited".
- 13.4 HPL shall credit the aggregate face value of the Equity Shares issued by it to the members of HML pursuant to Part III of this Scheme to the Share Capital Account in its books of account.
- 13.5 HPL shall credit the aggregate face value of the Preference Shares issued by it to the members of EPL viz. HML pursuant to Part III of this Scheme to the Share Capital Account in its books of accounts.
- 13.6 The difference, being the excess of the value of the assets of Tamil Nadu Plantations Undertaking of HML and EPL being recorded by HPL over the value of liabilities recorded, and after giving effect to clauses 13.3 to 13.5, shall be credited by HPL to its Capital Reserve Account. The deficit, if any, shall be debited to Goodwill Account of HPL.
- 13.7 In case of any differences in accounting policy between HML, EPL and HPL, the impact of such differences shall be quantified and adjusted in the Capital Reserve Account of HPL to ensure that the true financial statements of HPL on the Appointed Date are on the basis of consistent accounting policy.

14 ACCOUNTING TREATMENT IN THE BOOKS OF HML ON DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING

- 14.1 Upon the coming into effect of this Scheme, HML shall reduce the book value of assets and liabilities pertaining to the Tamil Nadu Plantations Undertaking transferred to HPL from its books of accounts.
- 14.2 The difference, being the excess of the book value of assets of Tamil Nadu Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:
 - 14.2.1 Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Tamil Nadu Plantations Undertaking;
 - 14.2.2 Securities premium reserve; and
 - 14.2.3 Profit and Loss account balance appearing in the balance sheet of HML
- 14.3 The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.
- 14.4 The difference, being the excess of the book value of liabilities of Tamil Nadu Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.
- 14.5 In line with Clause 13.3, all existing shares held by HML in HPL, i.e. 50,000 equity shares of Rs 10 each, shall stand cancelled, without any further act or deed as an integral part of this Scheme. The loss on such cancellation shall be debited to Profit and Loss Account of HML.
- 14.6 Notwithstanding the above, the Board of HML is authorised to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed Accounting Standards issued by the Institute of Chartered Accountants of India and applicable generally accepted accounting principles.

15 CONDUCT OF BUSINESS OF TAMIL NADU PLANTATIONS UNDERTAKING AND EPL

- 15.1 Upon filing of the Scheme with High Court and until the Effective Date:
 - 15.1.1 EPL and HML in relation to Tamil Nadu Plantations Undertaking shall carry on and be deemed to have carried on their business and activities and shall hold and deal with all respective assets and properties for and on account of and in trust for HPL.
 - 15.1.2 Any income or profit accruing or arising to EPL and HML in relation to Tamil Nadu Plantations Undertaking and all costs, charges, expenses and losses incurred by EPL and HML in relation to Tamil Nadu Plantations Undertaking shall, for all purposes, be treated as the income, profits, costs, charges, expenses and losses, as the case may be, of HPL.
 - 15.1.3 EPL and HML in relation to Tamil Nadu Plantations Undertaking shall not utilise the profits or income, if any, for the purpose of declaring or paying any dividend or for any other purpose in respect of the period from and after the Appointed Date, without the prior written consent of HPL.
 - 15.1.4 EPL and HML in relation to Tamil Nadu Plantations Undertaking shall carry on their respective businesses with reasonable diligence, in the ordinary course of business and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with their respective assets, save and except, in each case, in the following circumstances:

- (i) if the same is in the ordinary course of business as carried on by them as on the date of filing this Scheme with the Court; or
 - (ii) if the same is expressly permitted by this Scheme; or
 - (iii) if the written consent of HPL, as the case may be, has been obtained.
- 15.1.5 Pending sanction of this Scheme, HML, EPL and HPL shall not make any change in their respective capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, reorganisation, or in any other manner, affect the reorganisation of capital herein, except as may be expressly permitted under this Scheme or as may be required to give effect to this Scheme.
- 15.1.6 EPL and HML in respect of Tamil Nadu Plantations Undertaking shall not vary or alter, except in the ordinary course of their respective businesses and as may be required for reorganisation, the terms and conditions of employment of any of their respective employees.
- 15.1.7 All assets acquired and all liabilities incurred by EPL and HML for operation of and in relation to Tamil Nadu Plantations Undertaking shall also, without any further act, instrument or deed, stand transferred to and vested into or to be deemed to have been transferred to or vested into HPL upon the coming into effect of the Scheme; and
- 15.1.8 Any of the rights, powers, authorities, privileges, attached, related or pertaining to Tamil Nadu Plantations Undertaking, as the case may be, that have been exercised by HML or those attached, related or pertaining to EPL shall be deemed to have been exercised by HML or EPL, as the case may be, for and on behalf of, and in trust for and as an agent of HPL. Similarly, any of the obligations, duties and commitments attached, related or pertaining to Tamil Nadu Plantations Undertaking or those attached, related or pertaining to EPL that have been undertaken or discharged by HML or EPL, as the case may be, shall be deemed to have been undertaken for and on behalf of, and in trust for and as an agent of HPL.
- 15.2 HML and/or EPL and/or HPL shall be entitled, pending the sanction of the Scheme by the Court, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which HPL may require to own and carry on the business of EPL and Tamil Nadu Plantations Undertaking of HML.

16 EMPLOYEES OF TAMIL NADU PLANTATIONS UNDERTAKING AND EPL

- 16.1 Upon the Scheme becoming effective, all employees of EPL and Tamil Nadu Plantations Undertaking of HML in service on the Effective Date shall be deemed to have become the employees of HPL without any interruption in their service as a result of the merger of EPL with HPL and demerger of Tamil Nadu Plantations Undertaking of HML into HPL on the same terms and conditions of employment as were with EPL and HML respectively. On the basis of continuity of service, the terms and conditions of their employment with HPL shall not be less favorable than those applicable to them with reference to EPL and Tamil Nadu Plantations Undertaking of HML on the Effective Date.
- 16.2 With regard to provident fund, gratuity fund, superannuation fund or any other special fund or any other special scheme created or existing for the benefit of employees of EPL and Tamil Nadu Plantations Undertaking of HML, upon the Scheme becoming effective, the existing amounts, whether held by way of cash and/or investments, in the gratuity fund, provident fund and superannuation fund trusts, if any, created by EPL and HML for its employees engaged in Tamil Nadu Plantations Undertaking, shall be transferred to the gratuity fund, provident fund and superannuation fund schemes created by HPL on the same terms and conditions in relation to such respective employees. With effect from the Effective Date but subject to getting the Scheme approved by relevant authorities, HPL shall make the necessary contributions for such employees in relation to the existing gratuity fund, superannuation fund, provident fund benefits and benefits under any other special fund or scheme. Provided that HPL may continue to make contributions in the gratuity fund, provident fund and superannuation fund trusts, if any, created by EPL and HML for employees engaged in Tamil Nadu Plantations Undertaking till such time as necessary statutory approvals are received by HPL for setting up its own gratuity fund, provident fund, superannuation fund or any other special fund.

- 16.3 In relation to employees engaged in EPL and Tamil Nadu Plantations Undertaking of HML who are not covered under the provident fund trust of EPL and HML as the case may be, and for whom EPL and HML as the case may be is making contributions to the Government provident fund, HPL shall stand substituted for EPL and HML as the case may be for all purposes whatsoever, including those relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc in respect of such employees.
- 16.4 In relation to any other fund created or existing for the benefit of employees engaged in EPL and Tamil Nadu Plantations Undertaking of HML, HPL shall stand substituted for EPL and HML as the case may be, for all purposes whatsoever, including those relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc in respect of such employees.
- 16.5 HPL undertakes to continue to abide by any agreement(s)/settlement(s) entered into with any labour unions/ permanent employees by EPL and HML in relation to Tamil Nadu Plantations Undertaking. HPL agrees that, for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such permanent employees of EPL and HML engaged in Tamil Nadu Plantations Undertaking shall also be taken into account, and agrees and undertakes to pay the same as and when payable under applicable law.

17 LEGAL PROCEEDINGS

- 17.1 Upon the Scheme becoming effective on the Effective Date, all suits, appeals, legal, administrative or other proceedings of whatsoever nature, including those relating to indirect taxation, by or against EPL and HML in respect of Tamil Nadu Plantations Undertaking in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority pending and/or arising on or after the Appointed Date including the pending suits under labour laws pertaining to the estates comprised in EPL and the Tamil Nadu Plantations Undertaking, shall be continued and enforced by or against HPL only to the exclusion of EPL and HML as the case may be in the manner and to the same extent as would have been continued and enforced by or against EPL and HML as the case may be. EPL and HML shall not be liable to pay any amounts arising out of such respective proceedings including interest, penalties, damages, costs etc and the same shall be paid only by HPL. On and from the Effective Date, HPL shall and may, if required, with prior consent from EPL and HML in relation to Tamil Nadu Plantations Undertaking, initiate any legal proceedings in relation to EPL and Tamil Nadu Plantations Undertaking of HML in the name of EPL and HML as the case may be.
- 17.2 After the Appointed Date, if any proceedings are taken against EPL and HML in relation to Tamil Nadu Plantations Undertaking in respect of the matters referred to in the Clause 17.1 above, EPL and HML as the case may be shall defend the same at the cost of HPL and HPL shall reimburse and indemnify EPL and HML as the case may be against all liabilities and obligations incurred by EPL and HML in relation to Tamil Nadu Plantations Undertaking in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc which EPL and HML in relation to Tamil Nadu Plantations Undertaking may be called upon to pay or secure in respect of any liability or obligation relating to EPL and Tamil Nadu Plantations Undertaking respectively.
- 17.3 HPL undertakes to have all legal or other proceedings initiated by or against EPL and HML in relation to the Tamil Nadu Plantations Undertaking referred to in Clause 17.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against HPL to the exclusion of EPL and HML to the extent legally permissible after the Scheme being effective. To the extent proceedings relating to Tamil Nadu Plantations Undertaking cannot be taken over by HPL, the said proceedings shall be pursued by HML for and on behalf of HPL as per the instructions of and entirely at the cost and expenses of HPL.

18 CONTRACTS, DEEDS, ETC.

- 18.1 Notwithstanding anything else contained in this Clause 18, but subject to the other provisions of this Part III, all contracts, deeds, bonds, insurance policies of EPL and HML in relation to Tamil Nadu Plantations Undertaking (other than those taken for HML as a whole or without reference to specific assets, agreements and other instruments) and to which EPL and HML is party and subsisting or having

effect on the Effective Date, shall be in full force and effect against or in favour of HPL, as the case may be, and may be enforced by or against HPL as fully and effectually as if, instead of EPL and HML, as the case may be, HPL had been a party thereto.

- 18.2 HPL shall take prior consent from EPL and HML in writing before executing any such deeds, writings or confirmations on behalf of EPL and HML, as the case may be, and for implementing or carrying out all formalities required on the part of EPL and HML to give effect to the provisions of this Scheme.
- 18.3 Even after this Scheme becomes effective, HPL shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of EPL and the Tamil Nadu Plantations Undertaking of HML in the name of EPL and HML, as the case may be, in so far as may be necessary, until the transfer of rights and obligations of EPL and HML to HPL under this Scheme is formally accepted by the parties concerned.
- 18.4 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to Tamil Nadu Plantations Undertaking of HML and which HML owns or to which HML is a party, cannot be transferred to HPL for any reason whatsoever, HML, shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of HPL, in so far as it is permissible so to do, till such time as the transfer is effected.

19 SAVING OF CONCLUDED TRANSACTIONS

- 19.1 The transfer of properties and liabilities relating to EPL and Tamil Nadu Plantations Undertaking of HML pursuant to Clause 11 of Part III of this Scheme, and the continuance of proceedings by or against EPL and HML, as the case may be, under Clause 17 above shall not affect any transaction or proceedings already concluded or liabilities incurred, or any liabilities discharged by EPL and HML in connection with Tamil Nadu Plantations Undertaking, subject to the provisions of Clause 18 above, on or after the Appointed Date and until the Effective Date, to the end and intent that HPL shall accept and adopt all acts, deeds and things done and executed by EPL and HML in respect thereto as done and executed on behalf of itself.

20 DISSOLUTION OF EPL

- 20.1 On the Scheme becoming effective, EPL shall be dissolved without being wound up.

PART IV

GENERAL/RESIDUARY TERMS AND CONDITIONS

21 REMAINING BUSINESS

- 21.1 HML Residual Entity and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested into and be continued to be owned and managed by HML. All legal or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against HML under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to HML Residual Entity (including those relating to any property, right, power, liability, obligation or duties of HML in respect of HML Residual Entity) shall be continued and enforced by or against HML after the Effective Date. MPL and HPL shall, in any event, not be responsible or liable in relation to any such legal, taxation or other proceeding against HML, which relate to HML Residual Entity.

Provided that all costs and liabilities in respect of cases under labour laws which are not relatable to any particular estate forming part of either Kerala Plantations Undertaking, Tamil Nadu Plantations Undertaking or HML Residual Entity shall be borne equally by HML and MPL.

Provided further that all taxes, duties, cess payable by HML in relation to pending taxation assessments or proceedings, under the Income Tax Act, 1961, Service Tax Act, 1994 and other such taxation acts,

including amendments thereof, as on the Appointed Date shall be borne equally by HML and MPL. Further, any refunds received by HML in respect of the aforesaid assessments shall also be shared equally by HML and MPL. HML shall do all necessary things, acts and deeds to duly transfer the share of refund of MPL to it.

- 21.2 If proceedings are taken against MPL and HPL in respect of the matters referred to in Clause 21.1 above, it shall defend the same in accordance with the advice of HML and at the cost of HML, and the latter shall reimburse and indemnify MPL and HPL against all liabilities and obligations incurred by MPL and HPL in respect thereof.

22 APPLICATION TO HIGH COURT

- 22.1 HML, EPL, MPL and HPL shall, with all reasonable dispatch, make all necessary applications under Sections 391 and 394 read with Sections 78, 100 to 103 of the Act and other applicable provisions of the Act to the Court for seeking approval of this Scheme.

23 MODIFICATION OR AMENDMENTS TO THE SCHEME

- 23.1 HML, EPL, MPL and HPL by their respective Boards or any persons authorised by them, may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other authority may deem fit to direct or impose, or make such modifications/amendments which may otherwise be considered necessary, desirable or appropriate by them in their sole discretion (i.e. the 'Boards'). HML, EPL, MPL and HPL, by their respective Boards, be and are hereby authorised to take all such steps as may be necessary, desirable or proper for the purposes of implementing this Scheme and to resolve any doubts, difficulties or questions regarding the implementation of this Scheme or otherwise arising under this Scheme, whether by reason of any directive or orders of any other authorities or otherwise, howsoever arising out of or under or by virtue of this Scheme and/or any matter concerned or connected therewith.
- 23.2 In the event of any of the conditions that may be imposed by the Court or other authorities which HML, EPL, MPL or HPL may find unacceptable for any reason, HML, EPL, MPL or HPL are at liberty to withdraw the Scheme.

24 CONDITIONALITY OF THE SCHEME

- 24.1 This Scheme is and shall be conditional upon and subject to:

- 24.1.1 The approval by the requisite majorities of the classes of persons, including shareholders, creditors and such other class of HML, EPL, MPL and HPL as may be directed by the Court under Section 391 of the Act.
- 24.1.2 The sanctioning of this Scheme by the Court, whether with any modifications or amendments as the Court may deem fit or otherwise.
- 24.1.3 The filing of the certified copies of the order of the Court with the Registrar of Companies, Kerala by HML, EPL, MPL and HPL.
- 24.1.4 The approval, if and to the extent required, from the Reserve Bank of India and other concerned authorities, for the issue and allotment of equity shares, to the respective non-resident shareholders of HML, if any.
- 24.1.5 Any other sanctions and orders as may be directed by the Court in respect of this Scheme.
- 24.1.6 Each part of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if is approved in its entirety unless specifically agreed otherwise by respective Board of Directors of HML, EPL, MPL and HPL or any Committee constituted by such Board.

25 EFFECT OF NON-RECEIPT OF APPROVALS

- 25.1 In the event that this Scheme is not sanctioned by the Court or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme are not obtained or complied with or for any other reason, the Effective Date does not occur on or before 31st Day of March, 2013 or within such further time as may be agreed to by the Board of Directors of HML, EPL, MPL and HPL, the Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter se by the Parties or their shareholders or creditors or employees or any other person. In such an event, all the costs, charges and expenses in connection with this Scheme shall be borne equally by HML, EPL, MPL and HPL, unless otherwise mutually agreed.
- 25.2 The non-receipt of any sanctions or approvals for a particular asset or liability forming part of Kerala Plantations Undertaking, Tamil Nadu Plantations Undertaking and EPL getting transferred pursuant to this Scheme, shall not affect the effectiveness of the respective section of the Scheme if the Boards of HML, EPL, MPL and HPL so decide.

26 COSTS, CHARGES & EXPENSES

- 26.1 All the costs, charges and expenses arising out of or incurred in connection with and in implementing this Scheme and matters incidental thereto, including those relating to transfer and vesting of all lands and assets covered by and consequent to this Scheme, shall be borne equally by HML and MPL.

SCHEDULE I

TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES BY HARMONY PLANTATIONS LIMITED PURSUANT TO AMALGAMATION OF ENCHANTING PLANTATIONS LIMITED WITH HARMONY PLANTATIONS LIMITED

Issuer	Harmony Plantations Limited (HPL)
Instrument	Redeemable Non-cumulative Preference Shares
Face value	Rs. 10 per Preference Share
Redemption	To be redeemed at par at the end of 18 months from the date of allotment
Coupon Rate	6% per annum non cumulative
Call Option	<p>HPL will have an option to redeem the Preference Shares at any time after the end of 12 months from the date of allotment. If HPL exercises its call option, it will pay the amount of the face value of the Preference Shares along with dividend declared, if any, up to the date on which it exercises the call option.</p> <p>In case HPL exercises the call option, its liability to the preference shareholders shall stand extinguished from the date of dispatch of the cheques / pay order for the redemption amount, along with dividend, if any</p>

**IN THE HIGH COURT OF KERALA AT ERNAKULAM ORDINARY ORIGINAL
CIVIL JURISDICTION COMPANY APPLICATION NO. 34 OF 2012**

In the matter of the Companies Act, 1956;
AND
In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;

AND
In the matter of Composite Scheme of Arrangement and Amalgamation
among
Harrisons Malayalam Limited ('HML')
and
Enchanting Plantations Limited ('EPL')
and
Malayalam Plantations Limited ('MPL')
and
Harmony Plantations Limited ('HPL')
and
their respective Shareholders and their respective Creditors.

HARRISONS MALAYALAM LIMITED, a)
company incorporated under the provisions)
of the Companies Act, 1956 and having its)
registered office at 24 / 1624, Bristow Road,)
Willingdon Island, Kochi 682 003, Kerala.)
..... Applicant Company

FORM OF PROXY

I / We _____ the undersigned, being the unsecured creditors(s) of Harrisons Malayalam Limited, the Applicant Company do hereby appoint _____ of _____ and failing him / her _____ of _____ as my / our proxy, to act for me / us at the meeting of the unsecured creditors of the Applicant Company to be held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003, on Friday, 17th day of August 2012 at 3.00 p.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement and Amalgamation among Harrisons Malayalam Limited ('HML') and Enchanting Plantations Limited ('EPL') and Malayalam Plantations Limited ('MPL') and Harmony Plantations Limited ('HPL') and their respective Shareholders and their respective Creditors ('Scheme' or 'the Scheme') at such meeting, and at any adjournment or adjournments thereof, to vote, for me / us and in my / our name(s) _____ (here, if for, insert 'for', if against, insert 'against', and in the latter case, strike out the words "either with or without modifications" after the word "Arrangement and Amalgamations") the said arrangement embodied in the Scheme, either with or without modification(s)*, as my / our proxy may approve.

* strike out what is not necessary

Affix Rs.1/-
Revenue
Stamp

Dated this _____ day of _____ 2012

Signature across the stamp

Name : _____
Address : _____

NOTES:

1. Proxy need not be an Unsecured Creditor.
2. Alterations, if any, made in the Form of Proxy should be initialled.
3. Proxy must be deposited at the Registered Office of the Applicant Company, not later than FORTY EIGHT hours before the time scheduled / fixed for the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.

ATTENDANCE SLIP

HARRISONS MALAYALAM LIMITED

Registered Office: 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Unsecured Creditors may obtain additional Attendance Slip at the venue of the meeting.

NAME AND ADDRESS OF THE UNSECURED CREDITOR / PROXY HOLDER (in block letters):

I/We hereby record my/our presence at the meeting of the Unsecured Creditors of the Company, convened pursuant to the Order dated 6th day of July, 2012 of the Hon'ble High Court of Judicature of Kerala at Ernakulam at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, 17th day of August, 2012 at 3.00 p.m.

Signature of the unsecured creditor or proxy:

Notes:

1. Unsecured Creditors are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after fixing their signature on it.
2. Unsecured Creditors who come to attend the meeting are requested to bring with them copy of the Composite Scheme of Arrangement and Amalgamation.

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BOOK - POST

If undelivered, please return to:



HARRISONS MALAYALAM LIMITED

24/1624, Bristow Road,
Willingdon Island,
Cochin - 682003, Kerala.



HARRISONS MALAYALAM LIMITED

REGISTERED OFFICE : 24/1624, BRISTOW ROAD, WILLINGDON ISLAND, COCHIN - 682003, KERALA.

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF HARRISONS MALAYALAM LIMITED MCA 34 OF 2012

Day : Friday

Date : 17th day of August, 2012

Time : 10.00 a.m

Venue : Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003

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**IN THE HIGH COURT OF KERALA AT ERNAKULAM
ORDINARY ORIGINAL CIVIL JURISDICTION
MISCELLANEOUS COMPANY APPLICATION NO. 34 OF 2012**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;

AND

In the matter of Composite Scheme of Arrangement and Amalgamation

among

Harrisons Malayalam Limited ('HML')

and

Enchanting Plantations Limited ('EPL')

and

Malayalam Plantations Limited ('MPL')

and

Harmony Plantations Limited ('HPL')

and

their respective Shareholders and their respective Creditors

HARRISONS MALAYALAM LIMITED, a)
company incorporated under the provisions)
of the Companies Act, 1956 and having its)
registered office at 24 / 1624, Bristow Road,)
Willingdon Island, Kochi 682 003)
..... Applicant Company

**NOTICE CONVENING THE MEETING OF
THE EQUITY SHAREHOLDERS OF HARRISONS MALAYALAM LIMITED,
THE APPLICANT COMPANY**

To,
The Equity Shareholders of **HARRISONS MALAYALAM LIMITED** ('the Applicant Company')

TAKE NOTICE that by an Order made on the 6th day of July, 2012, in the above Miscellaneous Company Application, the Hon'ble High Court of Kerala at Ernakulam has directed that a meeting of the Equity Shareholders of the Applicant Company be convened and held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, the 17th day of August, 2012 at 10.00 a.m for the purpose of:

1. Considering and, if thought fit, approving, with or without modification(s), the proposed arrangement embodied in the Composite Scheme of Arrangement and Amalgamation among Harrisons Malayalam Limited ('HML') and Enchanting Plantations Limited ('EPL') and Malayalam Plantations Limited ('MPL') and Harmony Plantations Limited ('HPL') and their respective Shareholders and their respective Creditors ("Scheme" or "the Scheme").
2. Considering and, if thought fit, approving with or without modification(s), the following resolutions as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 78, 100 to 103 and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modification(s) or re-enactment thereof, for the time being in force), and Articles of Association of the Company and subject to sanction of the Composite Scheme of Arrangement and Amalgamation among Harrisons Malayalam Limited ('HML') and Enchanting Plantations Limited ('EPL') and Malayalam Plantations Limited ('MPL') and Harmony Plantations Limited ('HPL') and their respective Shareholders and their respective Creditors ('the Scheme') by the Hon'ble High Court of Kerala at Ernakulam under Sections 391 to 394 read with Sections 78 and 100 to 103 and other applicable provisions of the Companies Act, 1956 and subject to the same becoming effective and further subject to such conditions as may be prescribed while granting such approvals, consents, permissions, sanctions, which the Board of Directors (hereinafter referred to as "Board" which term shall include any Committee which the Board may have constituted or may thereafter constitute or authorise and/or any Director or any individual delegated with powers necessary for the purpose) of the Company may agree and accept, consent of the Equity Shareholders be and is hereby accorded for reduction of Securities Premium Account in terms of the Scheme and consequently, the Company is not required to add the word "And Reduced" as suffix to its name.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board (including its Committee(s) thereof) be and is hereby authorized to do all such acts, deeds, matters and things, as may be necessary, proper or expedient without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution."

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Company will be convened and held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, the 17th day of August, 2012 at 10.00 a.m at which place, day, date and time you are requested to attend the said meeting.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at 24 / 1624, Bristow Road, Willingdon Island, Kochi 682 003 not later than 48 hours before the scheduled time of the meeting.

The Hon'ble High Court of Kerala at Ernakulam has appointed Mr. K. Sreekumar, Advocate, High Court of Kerala, to be the Chairman of the said meeting.

A copy of the Composite Scheme of Arrangement and Amalgamation, the Explanatory Statement under Section 173 & 393 of the Companies Act, 1956, the Attendance Slip and Form of Proxy are enclosed herewith.

Kochi

Dated this 12th day of July, 2012

Registered Office

24 / 1624, Bristow Road,
Willingdon Island, Kochi 682 003

Sd/-
K. Sreekumar
Advocate, High Court of Kerala
Chairman appointed for the Meeting

Notes:

- (1) All alterations made in the Form of Proxy should be initialled.
- (2) Only registered shareholders of the Applicant Company may attend and vote. (either in person or by proxy or by Authorised Representative under section 187 of the Companies Act, 1956) at the shareholders meeting. The representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend and vote at the Equity Shareholders meeting is deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.

Enclosures: As above

**IN THE HIGH COURT OF KERALA AT ERNAKULAM
ORDINARY ORIGINAL CIVIL JURISDICTION
MISCELLANEOUS COMPANY APPLICATION NO 34 OF 2012**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;

AND

In the matter of Composite Scheme of Arrangement and Amalgamation

among

Harrisons Malayalam Limited ('HML')

and

Enchanting Plantations Limited ('EPL')

and

Malayalam Plantations Limited ('MPL')

and

Harmony Plantations Limited ('HPL')

and

their respective Shareholders and their respective Creditors

HARRISONS MALAYALAM LIMITED, a
company incorporated under the provisions)
of the Companies Act, 1956 and having its)
registered office at 24 / 1624, Bristow Road,)
Willingdon Island, Kochi 682 003)
)..... Applicant Company

EXPLANATORY STATEMENT UNDER SECTIONS 173 & 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated the 6th day of July, 2012 passed by the Hon'ble High Court of Kerala at Ernakulam in the Miscellaneous Company Application referred to hereinabove, a meeting of the Equity Shareholders of the Applicant Company is being convened and held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, the 17th day of August, 2012 at 10.00 a.m for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement and Amalgamation among Harrison's Malayalam Limited ('HML') and Enchanting Plantations Limited ('EPL') and Malayalam Plantations Limited ('MPL') and Harmony Plantations Limited ('HPL') and their respective Shareholders and their respective Creditors ("Scheme" or "the Scheme").
2. In this Statement, Harrison's Malayalam Limited is hereinafter referred to as "the Company" or "the Applicant Company" or "HML", Enchanting Plantations Limited as "EPL", Malayalam Plantations Limited as "MPL" and Harmony Plantations Limited as "HPL". The other definitions contained in the Scheme will apply to this Explanatory Statement also.
3. The proposed Scheme inter-alia envisages the following:
 - The transfer and vesting of Kerala Plantations Undertaking (as defined in the Scheme) of HML into MPL and
 - The demerger of Tamil Nadu Plantations Undertaking (as defined in the Scheme) of HML into HPL and merger of EPL with HPL
4. A copy of the Scheme setting out in detail the terms and conditions of the arrangement, which has been approved by the Board of Directors of the Applicant Company on 10th February, 2012, is forming part of this Explanatory Statement. Subsequently, the Board of Directors of HML vide circular resolution dated 31st May, 2012, approved the modification to the Scheme. The Board of Directors of EPL, MPL and HPL have approved the aforesaid scheme at their respective meetings held on 10th February 2012. Further, the Board of Directors of the HPL, EPL and MPL vide resolution dated 31st May, 2012, approved the modification to the Scheme.

5. Background of the Companies

5.1 Harrison's Malayalam Limited

- (a) HML was incorporated on the 5th day of January, 1978, under the Companies Act, 1956 under the name "Malayalam Plantations (India) Limited". Subsequently the name was changed to the present name "Harrison's Malayalam Limited" on 22nd day of October, 1984.
- (b) The Registered Office of the Applicant Company is situated at 24 / 1624, Bristow Road, Willingdon Island, Kochi 682 003, Kerala.
- (c) The share capital of the Applicant Company as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
3,00,00,000 Equity Shares of Rs 10 each fully paid up	30,00,00,000
TOTAL	30,00,00,000
Issued, Subscribed and Paid-up Capital	
1,84,55,405 Equity Shares of Rs 10 each fully paid up	18,45,54,050
Less: Calls in Arrears	11,000
TOTAL	18,45,43,050

Subsequent to the above date and till the date of filing the Scheme with the High Court, there has been no change in authorised, issued, subscribed and paid up share capital of the Applicant Company. The equity shares of the Applicant Company are listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Cochin Stock Exchange Limited.

- (d) The main objects for which the Applicant Company has been established are set out in the Memorandum of Association. The main objects are as under:

- “1. To acquire, take –over and amalgamate as a going concern all or any of the assets, liabilities and undertaking in India of Malayalam Plantations Limited, a company incorporated under the laws of England and having its registered office at 1-4, Great Tower Street, London EC3R 5AB in the United Kingdom and its principal office in India at Bristow Road, Kochi-3, Kerala, South India, for the purpose of carrying on the objects mentioned in clause (2) below.
2. To cultivate, grow, cure, prepare for market, manufacture, blend, export, import, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, tobacco, cocoa, cardamom, Cloves, coconuts, copra, coconut fibres, sugar, spices, coffee, cinchona, opium, citronella, palmarosa, vines, rice, paddy, cereals, cotton, Flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts, and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise.
3. To carry on the business of apartment owners and architects and to erect, construct houses, buildings, flats, shops and works of every description on any land of the Company or upon any other lands or property and to pull down, rebuild, enlarge, alter and improve existing houses, buildings, or works thereon and to convert and appropriate any such land into and for roads, streets, squares, gardens and pleasure grounds and other conveniences and generally to deal with and improve the property of the Company and to sell, lease, let, mortgage or otherwise dispose of the lands, houses, buildings, flats, shops and other property of the Company.
 - (i) To undertake research in various fields of biotechnology in collaboration with Foreign/ Indian parties having requisite knowhow, including micro propagation and related fields.
 - (ii) To operate commercially in various fields of biotechnology including among others plant tissue culture and hybrid/high yielding variety seeds for various plantation crops, flowers, ornamental plants, horticulture and also in biotechnical inputs for agro-forestry, wasteland development, ecology improvement, etc.
 - (iii) To export products/know how developed in various markets and also market the same locally in conformity with prevailing rules.”

- (e) HML is engaged inter-alia in the business of production and sale of tea and rubber. The rubber and tea estates are situated in the states of Kerala and Tamil Nadu.

5.2 Enchanting Plantations Limited

- (a) EPL was incorporated on 8th day of February, 2012 under the Companies Act, 1956 under the name “Enchanting Plantations Limited”.
- (b) The Registered Office of EPL is situated at 24/1624, Bristow Road, Willingdon Island, Kochi – 682003, Kerala.
- (c) The share capital of EPL as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
100,000 equity shares of Rs 10 each	10,00,000
Total	10,00,000
Issued, Subscribed and paid-up capital	
100,000 equity shares of Rs 10 each fully paid up	10,00,000
Total	10,00,000

EPL is a wholly owned subsidiary of HML. Subsequent to the above date and till the date of filing the scheme with High Court, there has been no change in authorised, issued, subscribed and paid-up share capital of EPL.

- (d) The main objects for which EPL has been established are set out in its Memorandum of Association. The main objects are as follows:

"1. To cultivate, grow, cure, prepare for market, manufacture, blend, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, cocoa, cardamom, cloves, coconuts, copra, coconut fibre, sugar, spices, coffee, cinchona, palmarosa, vines, rice, paddy, cereals, cotton, flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise."

- (e) EPL is a newly incorporated company and is currently not carrying on any significant business activity. It proposes to engage in tea and rubber plantation activities.

5.3 Malayalam Plantations Limited

- (a) MPL was incorporated on the 18th day of February, 2011, under the Companies Act, 1956 under the name "Wynaad Meadows India Limited". Subsequently the name was changed to the present name "Malayalam Plantations Limited" on 26th day of December, 2011.
- (b) The Registered Office of MPL is situated at 24/1624, Bristow Road, Willingdon Island, Kochi - 682003, Kerala.
- (c) The share capital of MPL as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
TOTAL	5,00,000
Issued, Subscribed and paid-up capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
TOTAL	5,00,000

MPL is a wholly owned subsidiary of EPL. Subsequent to the above date and till the date of filing the scheme with the High Court, there has been no change in authorised, issued, subscribed and paid-up share capital of MPL.

- (d) The main objects for which MPL has been established are set out in the Memorandum of Association. The main objects are as under:

"1. To cultivate, grow, cure, prepare for market, manufacture, blend, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, cocoa, cardamom, cloves, coconuts, copra, coconut fibre, sugar, spices, coffee, cinchona, palmarosa, vines, rice, paddy, cereals, cotton, flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise."

- (e) MPL is a newly incorporated company and is currently not carrying on any significant business activity. It proposes to engage in tea and rubber plantation activities.

5.4 Harmony Plantations Limited

- (a) HPL was incorporated on 7th day of February, 2012 under the Companies Act, 1956 under the name "Harmony Plantations Limited"
- (b) The Registered Office of HPL is situated at 24/1624 Bristow Road, Willingdon Island, Kochi - 682003, Kerala.

(c) The share capital of HPL as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
TOTAL	5,00,000
Issued, Subscribed and paid-up capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
TOTAL	5,00,000

HPL is a wholly owned subsidiary of HML. Subsequent to the above date and till the date of filing the scheme with the High Court, there has been no change in authorised, issued, subscribed and paid up share capital of HPL.

(d) The main objects for which HPL has been established are set out in the Memorandum of Association. The main objects are as under:

“1. To cultivate, grow, cure, prepare for market, manufacture, blend, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, cocoa, cardamom, cloves, coconuts, copra, coconut fibre, sugar, spices, coffee, cinchona, palmarosa, vines, rice, paddy, cereals, cotton, flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise.”

(e) HPL is a newly incorporated company and is currently not carrying on any significant business activity. It proposes to engage in tea and rubber plantation activities.

6. Rationale of the Scheme

- (i) HML is engaged inter-alia in the business of production and sale of tea and rubber. The rubber and tea estates are situated in the states of Kerala and Tamil Nadu.
- (ii) On account of the large tracts of land and their widespread geographical locations and for proper growth and development of the business, it is necessary that the same be managed and administered, directly or indirectly, by different companies with undivided focus, care and attention.
- (iii) The management of the business by separate entities would assist in devoting necessary attention to cultivation activities mandated by the changing climatic conditions and other agricultural factor which would ultimately facilitate independent evaluation, operation and greater realisation of the potential of the business.
- (iv) Accordingly, it is proposed to restructure HML in the manner specified in this Scheme.
- (v) The proposed restructuring exercise would increase potential for further growth and diversification to achieve better synergy and optimisation of resources as well as to facilitate cost-effective fund raising and development of both HML and HPL. Further, the restructuring would facilitate the running of HML's business with a greater and focused approach to concentrate on its operations to its greater advantage while also providing an opportunity to optimally utilise assets within its control. Lastly, the restructuring would not lead to starving of any business as the management is convinced of the growth and value creation potential of all undertakings of HML.
- (vi) For the reasons stated above, the proposed restructuring is in the interest of the shareholders, creditors and all other stakeholders of all respective companies, and shall not in any manner be prejudicial to the interests of concerned shareholders and creditors or general public at large.

7. Salient features of the Scheme are as under:

- (a) Appointed Date means 1st April 2012 or such other date as may be approved by the Court.

- (b) Effective Date means the last of the dates on which the certified copies of the order sanctioning this Scheme, passed by the High Court, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Kerala, Ernakulam in accordance with the Act. Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.
- (c) Transfer and Vesting of Kerala Plantations Undertaking of HML into MPL
- With effect from the Appointed Date and upon the Scheme becoming effective, Kerala Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into MPL, as of the Appointed Date and all the estate and interest of HML in Kerala Plantations Undertaking shall consequently vest into MPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to MPL.
 - MPL is a wholly owned subsidiary of EPL, which in turn is a wholly owned subsidiary of HML. Hence such transfer and vesting shall be without any consideration and MPL shall not be required to issue any shares or pay any consideration to HML or to its shareholders for acquiring Kerala Plantations Undertaking.
 - HML shall reduce the assets and liabilities pertaining to the Kerala Plantations Undertaking as on the Appointed Date from its books of accounts.
 - The difference, being the excess of the book value of assets of Kerala Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:
 - ♦ Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Kerala Plantations Undertaking;
 - ♦ Securities Premium Reserve; and
 - ♦ Profit and Loss account balance appearing in the balance sheet of HML
 - The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.
 - The difference, being the excess of the book value of liabilities of Kerala Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.
 - Upon the Scheme becoming effective, all employees of Kerala Plantations Undertaking in service on the Effective Date shall be deemed to have become the employees of MPL without any interruption in their service as a result of the transfer of Kerala Plantations Undertaking to MPL on the same terms and conditions of employment as were with HML. On the basis of continuity of service, the terms and conditions of their employment with MPL shall not be less favorable than those applicable to them with reference to Kerala Plantations Undertaking on the Effective Date.
- (d) Demerger of Tamil Nadu Plantations Undertaking of HML and merger of EPL with HPL:
- With effect from the Appointed Date and upon the Scheme becoming effective, Tamil Nadu Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into HPL, as of the Appointed Date and all the estate and interest of HML therein shall consequently vest into HPL with effect from the Effective date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to HPL.

- With effect from the Appointed Date and upon the Scheme becoming effective, EPL shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and without any further act, instrument, deed or matter or thing, stand merged with HPL, as a going concern, as of the Appointed Date, and all its assets, liabilities, properties, rights, benefits and interest therein shall consequently vest into HPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part hereof and arising out of liabilities which shall also stand transferred to HPL.

ISSUE OF SHARES PURSUANT TO DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING

Upon the coming into effect of this Scheme, and in consideration of the demerger of Tamil Nadu Plantations Undertaking of HML into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot equity shares at par on a proportionate basis to each member of HML whose name is recorded in the register of members of HML as holding equity shares on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of HML and HPL in the following proportion:

“For every 1 (one) equity share of face value of Rs 10 held in HML, as on the Record Date, every equity shareholder of HML shall without any application, act or deed, be entitled to receive 1 (one) equity share of face value of Rs 7 each of HPL, credited as fully paid-up.”

- Upon the coming into effect of this Scheme, the members of HML holding partly paid up equity shares, if any, shall be issued partly paid up equity shares in HPL in accordance with the Share Entitlement Ratio mentioned in Clause 12.1.1 of the Scheme.
- The equity shares of HPL issued pursuant to Clause 12.1.1 of the Scheme, shall be listed and / or admitted to trading on all the stock exchanges on which the shares of HML are listed as on the Effective Date. Such equity shares shall, however, be listed subject to HPL complying with all the applicable regulations and obtaining the requisite approvals from all the relevant regulatory authorities pertaining to the listing of the equity shares issued pursuant to the scheme.

ISSUE OF SHARES PURSUANT TO MERGER OF ENCHANTING PLANTATIONS LIMITED

EPL and HPL are both wholly owned subsidiaries of HML. Upon the coming into effect of this Scheme, and in consideration of the merger of EPL into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot preference shares at par to HML in the following proportion:

“For every 1 (one) equity share of face value of Rs 10 held in EPL, HML shall without any application, act or deed, be entitled to receive 1 (one) preference share of face value of Rs 10 each of HPL, credited as fully paid-up.”

- All existing shares held by HML in HPL, i.e. 50,000 equity shares of Rs 10 each, shall stand cancelled, without any further act or deed as an integral part of this Scheme in accordance with the provisions of Sections 100 to 103 of the Act and the Order of the Court shall be deemed to be the Order under Section 102 of the Act for the purposes of confirming the reduction. The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of HPL, HPL shall not be required to add “And Reduced” as suffix to its name and HPL shall carry on with its current name, “Harmony Plantations Limited”.
- Upon the Scheme becoming effective, all employees of EPL and Tamil Nadu Plantations Undertaking of HML in service on the Effective Date shall be deemed to have become the employees of HPL without any interruption in their service as a result of the merger of EPL with HPL and demerger of Tamil Nadu Plantations Undertaking of HML into HPL on the same terms and conditions of employment as were with EPL and HML respectively. On the basis of continuity of service, the terms and conditions of their employment with HPL shall not be less favorable than those applicable to them with reference to EPL and Tamil Nadu Plantations Undertaking of HML on the Effective Date.

The features set out above being only the salient features of the Scheme, the members are requested to read the entire text of the Scheme, annexed to this notice, to get fully acquainted with the provisions thereof.

8. The rights and interests of the members and the creditors of HML, EPL, MPL and HPL will not be prejudicially affected by the Scheme.
9. The Scheme was approved by the Board of Directors of HML on 10th February, 2012. Subsequently the Board of Directors of HML vide Circular Resolution dated 31st May, 2012 approved the modification to the Scheme. The Board of Directors of EPL, MPL and HPL have approved the aforesaid Scheme at their respective meetings held on 10th February, 2012. Subsequently the Board of Directors of EPL, MPL and HPL vide resolution dated 31st May, 2012, approved the modification to the Scheme.
10. No investigation proceedings have been initiated or are pending under Sections 235 to 251 of the Companies Act, 1956 against HML.
11. On the Scheme being approved by the equity shareholders as per the requirements of Section 391 of the Act, HML will seek sanction of the Hon'ble High Court of Kerala at Ernakulam.
12. HML has obtained the approval to the Scheme in terms of clause 24(f) of the Listing Agreement, from the Bombay Stock Exchange Limited vide its letter dated June 08, 2012, from the National Stock Exchange of India Limited vide its letter dated June 08, 2012 and from the Cochin Stock Exchange Limited vide its letter dated 12 June, 2012.
13. In the event that this Scheme is not sanctioned by the Court or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme are not obtained or complied with or for any other reason, the Effective Date does not occur on or before 31st Day of March, 2013 or within such further time as may be agreed to by the Board of Directors of HML, EPL, MPL and HPL, the Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter se by the Parties or their shareholders or creditors or employees or any other person. In such an event, all the costs, charges and expenses in connection with this Scheme shall be borne equally by HML, EPL, MPL and HPL, unless otherwise mutually agreed.
14. The non-receipt of any sanctions or approvals for a particular asset or liability forming part of Kerala Plantations Undertaking, Tamil Nadu Plantations Undertaking and EPL getting transferred pursuant to this Scheme, shall not affect the effectiveness of the respective section of the Scheme if the Boards of HML, EPL, MPL and HPL so decide.
15. The Directors of HML, EPL, MPL and HPL may be deemed to be concerned and / or interested in the Scheme only to the extent of their shareholding in the companies, or to the extent the said directors are common directors in the companies, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and / or beneficiary of trust that hold shares in any of the companies or to the extent they may be allotted shares in HPL as a result of the Scheme. Save as aforesaid, none of the directors of the companies have any material interest in the proposed Scheme.
16. The details of shareholding of Directors of HML in HML, EPL, MPL and HPL, either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in HML	No. of shares held in EPL	No. of shares held in MPL	No. of shares held in HPL
Mr. Sanjiv Goenka	35,000	NIL	NIL	NIL
Mr. Haigreave Khaitan	NIL	NIL	NIL	NIL
Mr. P. K. Chowdhary	NIL	NIL	NIL	NIL
Mr. G. Momen	560	NIL	NIL	NIL
Mr. Umang Kanoria	NIL	NIL	NIL	NIL
Mr. Ajit Singh Chouhan	NIL	NIL	NIL	NIL
Mr. Pankaj Kapoor	1,09,001	NIL	NIL	NIL
Mr. Ashok Bachan Goyal	NIL	NIL	NIL	NIL

Note: EPL, MPL and HPL are wholly owned subsidiaries of HML and therefore none of the Directors of HML hold any shares in EPL, MPL and HPL.

17. The details of shareholding of Directors of EPL in EPL, HML, MPL and HPL, either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in EPL	No. of shares held in HML	No. of shares held in MPL	No. of shares held in HPL
V. VENUGOPAL	1	50	1	1
K.N. MATHEW	1	100	1	1
P.A. KRISHNAMOORTHY	1	50	1	1

18. The details of shareholding of Directors of MPL in MPL, HML, EPL and HPL, either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in MPL	No. of shares held in HML	No. of shares held in EPL	No. of shares held in HPL
V. VENUGOPAL	1	50	1	1
P. A. KRISHNAMOORTHY	1	50	1	1
C. VINAYARAGHAVAN	NIL	350	NIL	NIL
P. N. RAVUNNI	NIL	200	NIL	NIL

19. The details of shareholding of Directors of HPL in HPL, HML, EPL and MPL either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in HPL	No. of shares held in HML	No. of shares held in EPL	No. of shares held in MPL
V. VENUGOPAL	1	50	1	1
C. VINAYARAGHAVAN	NIL	350	NIL	NIL
P. N. RAVUNNI	NIL	200	NIL	NIL
P. A. KRISHNAMOORTHY	1	50	1	1

20. Pre and Post Scheme shareholding pattern of HML based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding		Post-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)	No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals / Hindu Undivided Family	90,000	0.49	90,000	0.49
(b)	Bodies Corporate	5,553,555	30.09	5,553,555	30.09
Sub-Total (A) (1)		5,643,555	30.58	5,643,555	30.58
2	Foreign				
(a)	Bodies Corporate	3,640,000	19.72	3,640,000	19.72
Sub-Total (A) (2)		3,640,000	19.72	3,640,000	19.72
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)		9,283,555	50.30	9,283,555	50.30
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds / UTI	7,020	0.04	7,020	0.04
(b)	Financial Institutions / Banks	2,483	0.01	2,483	0.01
(c)	Insurance Companies	33,895	0.29	33,895	0.18
(d)	Any Other(Specify) Trust	2,240	0.01	2,240	0.01
Sub-Total (B) (1)		45,638	0.25	45,638	0.25
2	Non-Institutions				
(a)	Bodies Corporate	796,687	4.32	796,687	4.32
(b)	Individuals				
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	6,003,417	32.53	6,003,417	32.53
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,910,981	10.35	1,910,981	10.35
(c)	Any Other				
i	Market Maker	112,731	0.61	112,731	0.61
ii	NRI	145,332	0.79	145,332	0.79
iv	HUF	90,545	0.49	90,545	0.49
v	Clearing Member	66,519	0.36	66,519	0.36
Sub-total (B) (2)		9,126,212	49.45	9,126,212	49.45
Total Public Shareholding (B) = (B)(1)+(B)(2)		9,171,850	49.70	9,171,850	49.70
TOTAL (A)+(B)		18,455,405	100	18,455,405	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil
GRAND TOTAL (A)+(B)+(C)		18,455,405	100	18,455,405	100

21. Pre Scheme shareholding pattern of EPL based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals / Hindu Undivided Family	6	0.01
(b)	Bodies Corporate	99,994	99.99
Sub-Total (A) (1)		1,00,000	100
2	Foreign		
(a)	Bodies Corporate	Nil	Nil
Sub-Total (A) (2)		Nil	Nil
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)		1,00,000	100
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	Nil	Nil
(b)	Financial Institutions / Banks	Nil	Nil
(c)	Insurance Companies	Nil	Nil
(d)	Any Other(Specify) Trust	Nil	Nil
Sub-Total (B) (1)		Nil	Nil
2	Non-Institutions		
(a)	Bodies Corporate	Nil	Nil
(b)	Individuals		
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil
(c)	Any Other (Market Maker)		
ii	(NRI)		
iv	(HUF)	Nil	Nil
v	(Clearing Member)	Nil	Nil
Sub-total (B) (2)		Nil	Nil
Total Public Shareholding (B) = (B)(1)+(B)(2)		Nil	Nil
TOTAL (A)+(B)		1,00,000	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil
GRAND TOTAL (A)+(B)+(C)		1,00,000	100

22. Pre and Post Scheme shareholding pattern of MPL based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding		Post-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)	No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals / Hindu Undivided Family	6	0.01	6	0.01
(b)	Bodies Corporate	49,994	99.99	49,994	99.99
Sub-Total (A) (1)		50,000	100	50,000	100
2	Foreign				
(a)	Bodies Corporate	Nil	Nil	Nil	Nil
Sub-Total (A) (2)		Nil	Nil	Nil	Nil
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)		50,000	100	50,000	100
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds / UTI	Nil	Nil	Nil	Nil
(b)	Financial Institutions / Banks	Nil	Nil	Nil	Nil
(c)	Insurance Companies	Nil	Nil	Nil	Nil
(d)	Any Other(Specify) Trust	Nil	Nil	Nil	Nil
Sub-Total (B) (1)		Nil	Nil	Nil	Nil
2	Non-Institutions				
(a)	Bodies Corporate	Nil	Nil	Nil	Nil
(b)	Individuals				
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	Nil	Nil
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil	Nil	Nil
(c)	Any Other (Market Maker)				
i	(NRI)	Nil	Nil	Nil	Nil
ii	(HUF)	Nil	Nil	Nil	Nil
iv	(Clearing Member)	Nil	Nil	Nil	Nil
Sub-total (B) (2)					
Total Public Shareholding (B) = (B)(1)+(B)(2)		Nil	Nil	Nil	Nil
TOTAL (A)+(B)		50,000	100	50,000	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil
GRAND TOTAL (A)+(B)+(C)		50,000	100	50,000	100

23. Pre and Post Scheme shareholding pattern of HPL based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding		Post-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)	No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals / Hindu Undivided Family	6	0.01	90,000	0.49
(b)	Bodies Corporate	49,994	99.99	5,553,555	30.09
Sub-Total (A) (1)		50,000	100	5,643,555	30.58
2	Foreign				
(a)	Bodies Corporate	Nil	Nil	3,640,000	19.72
Sub-Total (A) (2)		50,000	100	3,640,000	19.72
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)		50,000	100	9,283,555	50.30
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds / UTI	Nil	Nil	7,020	0.04
(b)	Financial Institutions / Banks	Nil	Nil	2,483	0.01
(c)	Insurance Companies	Nil	Nil	33,895	0.18
(d)	Any Other(Specify) Trust	Nil	Nil	2,240	0.01
Sub-Total (B) (1)				45,638	0.25
2	Non-Institutions				
(a)	Bodies Corporate	Nil	Nil	796,687	4.32
(b)	Individuals				
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	6,003,417	32.53
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil	1,910,981	10.35
(c)	Any Other (Market Maker)			112,731	0.61
i	(NRI)	Nil	Nil	145,332	0.79
ii	(HUF)	Nil	Nil	90,545	0.49
iv	(Clearing Member)	Nil	Nil	66,519	0.36
Sub-total (B) (2)				9,126,212	49.45
Total Public Shareholding (B) = (B)(1)+(B)(2)		Nil	Nil	9,171,850	49.70
TOTAL (A)+(B)		50,000	100	18,455,405	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil
GRAND TOTAL (A)+(B)+(C)		50,000	100	18,455,405	100

The entire existing issued and subscribed share capital of HPL will get cancelled pursuant to the Scheme and no new shares will be issued in lieu thereof.

24. EXPLANATORY STATEMENT FOR ITEM NO. 2 OF THE NOTICE

Upon coming into effect of this Scheme, with effect from the Appointed Date:

(a) In respect of Kerala Plantations Undertaking

- HML shall reduce the assets and liabilities pertaining to the Kerala Plantations Undertaking as on the Appointed Date from its books of accounts.
- The difference, being the excess of the book value of assets of Kerala Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:
 - Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Kerala Plantations Undertaking
 - Securities premium reserve; and
 - Profit and Loss account balance appearing in the balance sheet of HML
- The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.
- The difference, being the excess of the book value of liabilities of Kerala Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.

(b) In respect of Tamil Nadu Plantations Undertaking

- HML shall reduce the book value of assets and liabilities pertaining to the Tamil Nadu Plantations Undertaking transferred to HPL from its books of accounts.
- The difference, being the excess of the book value of assets of Tamil Nadu Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:
 - Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Tamil Nadu Plantations Undertaking;
 - Securities Premium Reserve; and
 - Profit and Loss account balance appearing in the balance sheet of HML
- The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.
- The difference, being the excess of the book value of liabilities of Tamil Nadu Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.

Accordingly, since the Scheme results in reduction of the Securities Premium Account of HML, the approval of the Equity Shareholders by a Special Resolution would be required in terms of Section 78 read with 100 of the Companies Act, 1956. The Scheme is subject to the confirmation of the Hon'ble High Court of Kerala at Ernakulam and/or approval of such other regulatory authority as may be required according to the laws in force.

The approval of the Scheme would also operate as approval for the aforesaid reduction. However, for better corporate governance practice and removal of any possible misinterpretation of statute or setting aside any doubts, approval of the Equity Shareholders is sought on the basis that the proposed reduction and utilisation of Securities Premium would require the approval of the Equity Shareholders by way of a Special Resolution.

The Directors recommend the above Resolutions to the Equity Shareholders for their approval.

None of the Directors of the Company are interested in passing of the proposed Resolution, except as shareholders in general.

25. Inspection of the following documents may be had at the Registered Office of HML at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala on all working days (except Saturdays) of the Company between 11.00 a.m. and 1.00 p.m. up to one day prior to the date of the Court Convened Meeting:

- Certified copy of the Order dated the 6th day of July, 2012 of the High Court of Kerala at Ernakulam passed in Company Application No. 34 of 2012 directing the convening of the meeting of the Equity Shareholders of the Company;
- Composite Scheme of Arrangement and Amalgamation;
- Memorandum and Articles of Association of HML, EPL, MPL and HPL;
- Audited financial statement of accounts as on March 31, 2009 of HML;
- Audited financial statement of accounts as on March 31, 2010 of HML;
- Audited financial statement of accounts as on March 31, 2011 of HML;
- Unaudited financial Statement of Accounts as on March 31, 2012 of HML;
- Audited financial statement of accounts as on March 31, 2012 of EPL, MPL and HPL;
- Valuation Report issued by Grant Thornton India LLP dated February 09, 2012 and addendum to their report dated May 30, 2012.
- Fairness Opinion Report issued by Keynote Corporate Services Limited dated February 10, 2012 and addendum to their report dated May 30, 2012.
- No objection certificates to the Scheme received from Bombay Stock Exchange Limited dated June 08, 2012, the National Stock Exchange of India Limited dated June 08, 2012 and the Cochin Stock Exchange Limited dated June 12, 2012.

This statement may be treated as an Explanatory Statement under section 173 and also Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Company's Office at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala and/or at the office of the Advocates M/s Menon & Pai, Advocates, Post Box No. 1911, I. S. Press Road, Ernakulam, Cochin 682018.

Sd/-

Place: Kochi
Date: 12th day of July, 2012

K. Sreekumar
Advocate, High Court of Kerala
Chairman appointed for the Meeting

Registered Office:
24/1624 Bristow Road,
Willingdon Island, Ernakulam
Kochi - 682003, Kerala

**COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION
UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100
TO 103 OF THE COMPANIES ACT, 1956**

**AMONG
HARRISONS MALAYALAM LIMITED
AND
ENCHANTING PLANTATIONS LIMITED
AND
MALAYALAM PLANTATIONS LIMITED
AND
HARMONY PLANTATIONS LIMITED
AND
AND THEIR RESPECTIVE SHAREHOLDERS AND
THEIR RESPECTIVE CREDITORS**

A. PREAMBLE

The Composite Scheme of Arrangement and Amalgamation is divided into the following Parts:

- (i) Part I deals with Definitions and Interpretation and Share Capital;
- (ii) Part II deals with the transfer and vesting of Kerala Plantations Undertaking of Harrisons Malayalam Limited (HML) into Malayalam Plantations Limited (MPL) pursuant to the order of Hon'ble High Court of Judicature of Kerala at Ernakulam under sections 391 to 394 and other applicable provisions of the Companies Act, 1956;
- (iii) Part III deals with the demerger of Tamil Nadu Plantations Undertaking of Harrisons Malayalam Limited and merger of Enchanting Plantations Limited (EPL) with Harmony Plantations Limited (HPL); and
- (iv) Part IV deals with General/Residuary Terms and Conditions.

B. RATIONALE OF THE SCHEME

- (i) HML is engaged inter-alia in the business of production and sale of tea and rubber. The rubber and tea estates are situated in the states of Kerala and Tamil Nadu.
- (ii) On account of the large tracts of land and their widespread geographical locations and for proper growth and development of the business, it is necessary that the same be managed and administered, directly or indirectly, by different companies with undivided focus, care and attention.
- (iii) The management of the business by separate entities would assist in devoting necessary attention to cultivation activities mandated by the changing climatic conditions and other agricultural factor which would ultimately facilitate independent evaluation, operation and greater realisation of the potential of the business.
- (iv) Accordingly, it is proposed to restructure HML in the manner specified in this Scheme.

- (v) The proposed restructuring exercise would increase potential for further growth and diversification to achieve better synergy and optimisation of resources as well as to facilitate cost-effective fund raising and development of both HML and HPL. Further, the restructuring would facilitate the running of HML's business with a greater and focused approach to concentrate on its operations to its greater advantage while also providing an opportunity to optimally utilise assets within its control. Lastly, the restructuring would not lead to starving of any business as the management is convinced of the growth and value creation potential of all undertakings of HML.
- (vi) For the reasons stated above, the proposed restructuring is in the interest of the shareholders, creditors and all other stakeholders of all respective companies, and shall not in any manner be prejudicial to the interests of concerned shareholders and creditors or general public at large.

PART I

1 DEFINITIONS AND INTERPRETATION AND SHARE CAPITAL

1.1 Definitions

- 1.1.1 "Act" means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof;
- 1.1.2 "Appointed Date" means 1 April 2012 or such other date as may be approved by the Court;
- 1.1.3 "Court" or "High Court" means the Hon'ble High Court of Kerala at Ernakulam, to which this Scheme is submitted for its sanctioning under Sections 391 to 394 read with Sections 78, 100 to 103 of the Act;
- 1.1.4 "Effective Date" means the last of the dates on which the certified copies of the order sanctioning this Scheme, passed by the High Court, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Kerala in accordance with the Act. Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date;
- 1.1.5 "EPL" means Enchanting Plantations Limited a company incorporated under the Act having its registered office at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala;
- 1.1.6 "HML" means Harrisons Malayalam Limited a company incorporated under the Act having its registered office at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala;
- 1.1.7 "HML Residual Entity" means all the businesses, assets, properties and liabilities of HML other than Tamil Nadu Plantations Undertaking and Kerala Plantations Undertaking;
- 1.1.8 "HPL" means Harmony Plantations Limited, a company incorporated under the Act having its registered office at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala;
- 1.1.9 "Kerala Plantations Undertaking" means the business of HML, as a going concern, pertaining to the Venture rubber estate, Isfield rubber estate, Koney rubber estate, Lahai rubber estate, Kaliyar rubber estate, Palapilly rubber estate, Upper Surianalle tea estate, Achoor tea estate, Chundale tea estate, Sentinel Rock tea estate, Touramulla tea estate and Arrapetta tea estate and shall mean and include (without limitation):
 - (i) All assets and liabilities of HML identified as pertaining to the estates of Kerala Plantations Undertaking, wherein certain lands are remaining vested under the Kerala

Private Forest (Vesting & Assignment) Act, 1971 and are in the possession of the Kerala Government since 1971;

- (ii) Notwithstanding the generality of the provisions of Clause (i) above, the above undertaking shall include:
 - (a) all properties and assets, whether moveable or immoveable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, bills of exchange, covenant and undertakings of HML pertaining to Kerala Plantations Undertaking;
 - (b) all assets (whether moveable or immoveable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) of HML pertaining to Kerala Plantations Undertaking including but not limited to the plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits including deposits or outstandings in litigations or paid under protest, provisions, advances, receivables, funds, leases, licences, tenancy rights, premises, hire purchase and lease arrangements including benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licences, registrations, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by HML pertaining to Kerala Plantations Undertaking;
 - (c) all identified liabilities/claims present and future, income tax payable, if any, to the tax authorities in respect of assessments pertaining to periods prior to the Appointed Date, and the specific contingent liabilities pertaining to or relatable to the Kerala Plantations Undertaking, as may be determined by the Board of Directors of HML;
- (iii) All intellectual property rights, including patents, trademarks and copyrights of HML pertaining to Kerala Plantations Undertaking;
- (iv) All books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to Kerala Plantations Undertaking;
- (v) All employees of HML engaged in Kerala Plantations Undertaking;
- (vi) All earnest monies, security deposits, or other entitlements, if any, in connection with or relating to HML pertaining to Kerala Plantations Undertaking;

Explanation: Whether any particular asset, liability or reserve should be included as asset, liability or reserve of the Kerala Plantations Undertaking or otherwise shall be decided mutually by the Board of Directors of HML and MPL or any committee thereof;

- 1.1.10 "MPL" means Malayalam Plantations Limited, a company incorporated under the Act having its registered office at 24/1624, Bristow Road, Willingdon Island, Kochi - 682003, Kerala;
- 1.1.11 "Record Date" means the date to be fixed jointly by the Board of HML and HPL for the purposes of determining the shareholders of HML to whom shares would be issued on demerger of Tamil Nadu Plantations Undertaking to HPL pursuant to Part III of this Scheme;
- 1.1.12 "Scheme" or "the Scheme" or "this Scheme" means this composite scheme of arrangement and amalgamation submitted to the Court with any modification/amendments;

- 1.1.13 "Tamil Nadu Plantations Undertaking" means the business of HML, as a going concern, pertaining to the Mayfield tea estate and shall mean and include (without limitation):
- (i) All assets and liabilities of HML pertaining to the business of Mayfield tea estate, wherein approximately 827 acres are currently remaining notified as forests by the Government of Tamil Nadu as of August 2011;
 - (ii) Notwithstanding the generality of the provisions of Clause (i) above, the said undertaking shall include:
 - (a) all properties and assets, whether moveable or immoveable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, bills of exchange, covenant and undertakings of HML pertaining to Tamil Nadu Plantations Undertaking;
 - (b) all assets (whether moveable or immoveable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) of HML pertaining to Tamil Nadu Plantations Undertaking including but not limited to the plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits including deposits or outstandings in litigations or paid under protest, provisions, advances, receivables, funds, leases, licences, tenancy rights, premises, hire purchase and lease arrangements including benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licences, registrations, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by HML pertaining to Tamil Nadu Plantations Undertaking;
 - (c) all debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of HML pertaining to Tamil Nadu Plantations Undertaking, comprising of:
 - (i) the liabilities which arise out of the activities or operations of HML pertaining to Tamil Nadu Plantations Undertaking;
 - (ii) the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of HML pertaining to Tamil Nadu Plantations Undertaking; and
 - (iii) so much of the amounts of general or multipurpose borrowings of HML as stand in the same proportion which the value of assets transferred of Tamil Nadu Plantations Undertaking bears to the total value of the assets of HML immediately before the Appointed Date; and
 - (d) all other debts, duties, obligations and liabilities including contingent liabilities of HML pertaining to Tamil Nadu Plantations Undertaking as a going concern for transfer to MPL.
 - (iii) All intellectual property rights, including patents, trademarks and copyrights of HML pertaining to the business of Tamil Nadu Plantations Undertaking;
 - (iv) All books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to Tamil Nadu Plantations Undertaking;

- (v) All employees of HML engaged in Tamil Nadu Plantations Undertaking;
- (vi) All earnest monies, security deposits, or other entitlements, if any, in connection with or relating to HML pertaining to Tamil Nadu Plantations Undertaking;

Explanation: Whether any particular asset, liability or reserve should be included as asset, liability or reserve of the Tamil Nadu Plantations Undertaking or otherwise shall be decided mutually by the Board of Directors of HML and HPL or any committee thereof;

1.2 Interpretation

The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made there under), the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

1.3 Date of Taking Effect and Operative Date

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

1.4 Share Capital

1.4.1 The share capital of HML as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
3,00,00,000 equity shares of Rs 10 each	30,00,00,000
Total	30,00,00,000
Issued and Subscribed Capital	
1,84,55,405 equity shares of Rs 10 each	18,45,54,050
Less: Calls in Arrears	11,000
Paid-Up Capital	18,45,43,050

Subsequent to February 15, 2012 and till the date of filing the Scheme with the stock exchanges, there has been no change in the issued, subscribed and paid up capital of HML. The shares of HML are listed on the Bombay Stock Exchange, National Stock Exchange and Cochin Stock Exchange

1.4.2 The share capital of EPL as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
100,000 equity shares of Rs 10 each	10,00,000
Total	10,00,000
Issued, Subscribed and Paid-Up Capital	
100,000 equity shares of Rs 10 each fully paid up	10,00,000
Total	10,00,000

EPL is a wholly owned subsidiary of HML. Subsequent to February 15, 2012 and till the date of filing the scheme with stock exchanges, there has been no change in the issued, subscribed and paid up capital of EPL.

1.4.3 The share capital of the MPL as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-Up Capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
Total	5,00,000

MPL is a wholly owned subsidiary of EPL. Subsequent to February 15, 2012 and till the date of filing the scheme with the stock exchanges, there has been no change in the issued, subscribed and paid up capital of MPL.

1.4.4 The share capital of HPL as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-Up Capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
Total	5,00,000

HPL is a wholly owned subsidiary of HML. Subsequent to February 15, 2012 and till the date of filing the scheme with the stock exchanges, there has been no change in the issued, subscribed and paid up capital of HPL.

PART II

TRANSFER AND VESTING OF KERALA PLANTATIONS UNDERTAKING OF HML INTO MPL

2 TRANSFER AND VESTING OF KERALA PLANTATIONS UNDERTAKING OF HML INTO MPL

2.1 With effect from the Appointed Date and upon the Scheme becoming effective, Kerala Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into MPL, as of the Appointed Date and all the estate and interest of HML in Kerala Plantations Undertaking shall consequently vest into MPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to MPL. The transfer and vesting shall be effected as follows:

2.1.1 Without prejudice to the generality of Clause 2.1, in respect of such of the assets of Kerala Plantations Undertaking as are moveable in nature or are otherwise capable of transfer and vesting by manual delivery or by endorsement and/or delivery or by physical possession including plant, machinery and equipment, the same may be transferred to and vested into, at the option of the Board of HML and MPL, as follows:

- (i) All the moveable assets capable of being transferred and vested by delivery, including plant and machinery, shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to MPL along with such other documents as may be necessary towards the end and intent that the property therein passes to MPL on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of MPL accordingly. The investments held in dematerialized form will be transferred to MPL by issuing appropriate delivery instructions to the depository participant with whom HML has an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of Directors of HML and MPL, being a date after the sanction of the Scheme by the High Court.
- (ii) The moveable assets, other than those specified in Clause 2.1.1 (i) above, including actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested into as the property of MPL. MPL may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of MPL to recover or realise the same is in substitution of the right of HML and that appropriate entry should be passed in their respective books to record the aforesaid charges.

2.2 Without prejudice to Clause 2.1 above, with effect from the Appointed Date and upon the Scheme becoming effective, all immoveable properties, including land together with the trees, crops, buildings and structure standing thereon, whether freehold or leasehold, relating to Kerala Plantations Undertaking and any documents of title, rights, interests, claims, including leases, licenses and easements in relation thereto, shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into MPL, as of the Appointed Date. With effect from the Appointed Date, MPL shall be accountable for ground rent and municipal taxes. The mutation of the title to the immoveable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of MPL. Any inchoate title or possessory title of HML or its predecessor companies in relation to Kerala Plantations Undertaking shall be deemed to be the title of MPL. In respect of all such lands relating to Kerala Plantations Undertaking as are vested with the Government under the Kerala Private Forests (Vesting and Assignment) Act, 1971 and which as and when restored to HML, shall, without any further act, instrument or deed, be deemed to have been restored to MPL and shall belong to MPL and HML shall

fully cooperate and facilitate and carry out all such steps as are necessary for restoration of such lands to MPL.

- 2.3 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, of every kind, nature and description of HML relating to Kerala Plantations Undertaking, shall, under the provisions of Sections 391 to 394, without any further act or deed, be transferred to or be deemed to be transferred to MPL so as to become, from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of MPL 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 Clause 2.3.
- 2.4 The transfer and vesting of the Kerala Plantations Undertaking as aforesaid of HML, 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.

Provided however, any reference in any security documents or arrangements (to which HML is a party) to the assets of Kerala Plantations Undertaking 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 Kerala Plantations Undertaking as are vested into MPL 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 HML or any of the assets of MPL.

Provided further that in so far as the assets comprised in Kerala Plantations Undertaking are concerned, the security and charge over such assets relating to any loans or liabilities which are not transferred under Part II of this Scheme and which are part of Tamil Nadu Plantations Undertaking or HML Residual Entity shall, without any further act or deed, be released from such encumbrance and shall no longer be available as security in relation to such liabilities.

Provided further that in so far as the assets of HML other than those comprised in Kerala Plantations Undertaking are concerned, the security over the assets relating to the loans, borrowings, debts and financial assistance of Kerala Plantations Undertaking shall, without further act, instrument or deed be released and discharged from the obligations and security relating to the same. With effect from the Appointed Date and upon the Scheme becoming effective, MPL undertakes to meet, discharge and satisfy the said loans, borrowings, debts and financial assistance to the exclusion of HML Residual Entity and to keep HML Residual Entity indemnified at all times from and against all such debts, liabilities, contingent liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereto.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of MPL 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 Kerala Plantations Undertaking vested into MPL.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by HML in relation to Kerala Plantations Undertaking by virtue of this Scheme and MPL shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 2.5 Where any of the liabilities and obligations attributed to Kerala Plantations Undertaking on the Appointed Date has been discharged by HML on behalf of Kerala Plantations Undertaking after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of MPL. Where HML has taken any further loans, liabilities or obligations pertaining to Kerala Plantations Undertaking, or provides any security on the existing loans of Kerala Plantations Undertaking, such further loan shall also be deemed to have been for and on behalf of MPL and MPL shall assume liability for the same.
- 2.6 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory or other licences, permissions or approvals or consents held by HML required to carry on operations in Kerala

Plantations Undertaking shall stand transferred to or vested into MPL, without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory or other authorities concerned therewith in favour of MPL. The benefit of all statutory and regulatory permissions including the statutory or other licences, tax registrations, permits, permissions or approvals or consents required to carry on the operations of Kerala Plantations Undertaking shall vest into and become available to MPL pursuant to the Scheme. Any no-objection certificates, licences, permissions, consents, approvals, authorisations, registrations or statutory rights as are jointly held by Kerala Plantations Undertaking and any other undertaking of HML shall be deemed to constitute separate licences, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights of Kerala Plantations Undertaking on the one hand and HML Residual Entity or Tamil Nadu Plantations Undertaking on the other. The concerned statutory or other authorities and licensors shall endorse and/or mutate or record the separation, make entry in their records and/or upon the relevant document itself so as to give effect to this Scheme in order to facilitate the continuation of operations of Kerala Plantations Undertaking in MPL, without any hindrance, from the Effective Date.

- 2.7 HML may be entitled to various benefits under incentive schemes and policies in relation to Kerala Plantations Undertaking and pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies pertaining to Kerala Plantations Undertaking shall be transferred to and vested into MPL and all benefits, entitlements and incentives of any nature whatsoever including benefits under income tax, excise (including modified value added tax, central value added tax), sales tax (including deferment of any tax), service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to Kerala Plantations Undertaking, to the extent statutorily available, shall be claimed by MPL, and these shall relate to the Appointed Date, subject to continued compliance by MPL of all the terms and conditions subject to which the benefits under the incentive schemes were made available to HML.

ISSUE OF SHARES

- 3.1 MPL is a wholly owned subsidiary of EPL, which in turn is a wholly owned subsidiary of HML. Hence such transfer and vesting shall be without any consideration and MPL shall not be required to issue any shares or pay any consideration to HML or to its shareholders for acquiring Kerala Plantations Undertaking.

ACCOUNTING TREATMENT IN THE BOOKS OF MPL

- 4.1 Upon the Scheme becoming effective, MPL shall record all the assets and liabilities of Kerala Plantations Undertaking vested into it in pursuance to Part II of the Scheme, at their respective fair values.
- 4.2 MPL shall credit an amount equal to the difference in fair values of assets and liabilities of Kerala Plantations Undertaking as general reserve, which shall constitute Free Reserves available to MPL for all purposes as it may consider proper including in particular for off-setting any Additional Depreciation that may be charged by MPL on revaluation component of the cost of any asset or for declaration of dividends, issue of bonus shares, etc. Such general reserve shall be a reserve which arises pursuant to this Scheme and shall not be and shall not for any purpose be considered to be a reserve created by MPL.

Explanation: Additional Depreciation includes in particular depreciation provided, charged or suffered by MPL on the respective assets transferred by HML under the Scheme in excess of that which would be chargeable on the book value of these assets as if there had been no revaluation of these assets in HML.

5 ACCOUNTING TREATMENT IN THE BOOKS OF HML

Upon the Scheme becoming effective:

- 5.1 HML shall reduce the assets and liabilities pertaining to the Kerala Plantations Undertaking as on the Appointed Date from its books of accounts.

- 5.2 The difference, being the excess of the book value of assets of Kerala Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:
- 5.2.1 Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Kerala Plantations Undertaking;
 - 5.2.2 Securities premium reserve; and
 - 5.2.3 Profit and Loss account balance appearing in the balance sheet of HML
- 5.3 The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.
- 5.4 The difference, being the excess of the book value of liabilities of Kerala Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.

6 CONDUCT OF BUSINESS OF KERALA PLANTATIONS UNDERTAKING

- 6.1 Upon filing of the Scheme with the High Court until the Effective Date:
- 6.1.1 HML shall carry on and be deemed to have carried on its business and activities in relation to Kerala Plantations Undertaking and shall hold and deal with all assets and properties of Kerala Plantations Undertaking for and on account of and in trust for MPL;
 - 6.1.2 Any income or profit accruing or arising to HML in relation to Kerala Plantations Undertaking and all costs, charges, expenses and losses incurred by HML in relation to Kerala Plantations Undertaking shall, for all purposes, be treated as the income, profits, costs, charges, expenses and losses, as the case may be, of MPL;
 - 6.1.3 HML shall not utilise the profits or income, if any, relating to Kerala Plantations Undertaking for the purpose of declaring or paying any dividend or for any other purpose in respect of the period from and after the Appointed Date, without the prior written consent of MPL;
 - 6.1.4 HML shall carry on the business of Kerala Plantations Undertaking with reasonable diligence, in the ordinary course of business and HML shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with Kerala Plantations Undertaking, save and except, in each case, in the following circumstances:
 - (i) if the same is in the ordinary course of business as carried on by it as on the date of filing this Scheme with the Court; or
 - (ii) if the same is expressly permitted by this Scheme; or
 - (iii) if the written consent of MPL, as the case may be, has been obtained.
 - 6.1.5 HML shall not vary or alter, except in the ordinary course of its business and as may be required for reorganisation, the terms and conditions of employment of any of its employees in relation to Kerala Plantations Undertaking;
 - 6.1.6 All assets acquired and all liabilities incurred by HML for operation of and in relation to Kerala Plantations Undertaking shall also, without any further act, instrument or deed, stand transferred to and vested into or to be deemed to have been transferred to or vested into MPL upon the coming into effect of the Scheme; and

- 6.1.7 Any of the rights, powers, authorities, privileges, attached, related or pertaining to Kerala Plantations Undertaking that have been exercised by HML shall be deemed to have been exercised by HML for and on behalf of, and in trust for and as an agent of MPL. Similarly, any of the obligations, duties and commitments attached, related or pertaining to Kerala Plantations Undertaking that have been undertaken or discharged by HML shall be deemed to have been undertaken for and on behalf of, and in trust for and as an agent of MPL.
- 6.2 HML and/or MPL shall be entitled, pending the sanction of the Scheme by the Court, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which MPL may require to own and carry on the business of Kerala Plantations Undertaking.

7 EMPLOYEES OF KERALA PLANTATIONS UNDERTAKING

- 7.1 Upon the Scheme becoming effective, all employees of Kerala Plantations Undertaking in service on the Effective Date shall be deemed to have become the employees of MPL without any interruption in their service as a result of the transfer of Kerala Plantations Undertaking to MPL on the same terms and conditions of employment as were with HML. On the basis of continuity of service, the terms and conditions of their employment with MPL shall not be less favorable than those applicable to them with reference to Kerala Plantations Undertaking on the Effective Date.
- 7.2 With regard to provident fund, gratuity fund, superannuation fund or any other special fund or any other special scheme created or existing for the benefit of employees engaged in Kerala Plantations Undertaking, upon the Scheme becoming effective, the existing amounts, whether held by way of cash and/or investments, in the gratuity fund, provident fund and superannuation fund trusts, if any, created by HML shall be transferred to the gratuity fund, provident fund and superannuation fund schemes created by MPL on the same terms and conditions in relation to employees. With effect from the Effective Date but subject to getting the Scheme approved by relevant authorities, MPL shall make the necessary contributions for such employees in relation to the existing gratuity fund, superannuation fund, provident fund benefits and benefits under any other special fund or scheme. Provided that MPL may continue to make contributions in the gratuity fund, provident fund and superannuation fund trusts, if any, created by HML for such employees till such time as necessary statutory approvals are received by MPL for setting up its own gratuity fund, provident fund, superannuation fund or any other special fund.
- 7.3 In relation to employees engaged in Kerala Plantations Undertaking who are not covered under the provident fund trust of HML, and for whom HML is making contributions to the Government provident fund, MPL shall stand substituted for HML for all purposes whatsoever, including those relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc in respect of such employees.
- 7.4 In relation to any other fund created or existing for the benefit of employees engaged in Kerala Plantations Undertaking, MPL shall stand substituted for HML, for all purposes whatsoever, including those relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc in respect of such employees.
- 7.5 MPL undertakes to continue to abide by any agreement(s)/settlement(s) entered into with any labour unions/ permanent employees by HML in relation to Kerala Plantations Undertaking. MPL agrees that, for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such permanent employees with HML shall also be taken into account, and agrees and undertakes to pay the same as and when payable under applicable law.

8 LEGAL PROCEEDINGS

- 8.1 Upon the Scheme becoming effective on the Effective Date, all suits, appeals, legal, administrative or other proceedings of whatsoever nature, including those relating to indirect taxation, by or against HML in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority pending and/or arising on or after the Appointed Date and relating to Kerala Plantations Undertaking including the pending suits under labour laws pertaining to the estates comprised in the Kerala Plantations Undertaking, shall be continued and enforced by or against MPL only to the exclusion

of HML in the manner and to the same extent as would have been continued and enforced by or against HML. HML shall not be liable to pay any amounts arising out of such proceedings including interest, penalties, damages, costs etc and the same shall be paid only by MPL. On and from the Effective Date, MPL shall and may, if required, with prior consent from HML, initiate any legal proceedings in relation to Kerala Plantations Undertaking in the name of HML.

- 8.2 After the Appointed Date, if any proceedings are taken against HML in respect of the matters referred to in the Clause 8.1 above, HML shall defend the same at the cost of MPL and MPL shall reimburse and indemnify HML against all liabilities and obligations incurred by HML in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc which HML may be called upon to pay or secure in respect of any liability or obligation relating to Kerala Plantations Undertaking.
- 8.3 MPL undertakes to have all legal or other proceedings initiated by or against HML referred to in Clause 8.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against MPL to the exclusion of HML to the extent legally permissible after the Scheme being effective. To the extent such proceedings cannot be taken over by MPL, the proceedings shall be pursued by HML for and on behalf of MPL as per the instructions of and entirely at the cost and expenses of MPL.
- 8.4 Without prejudice to provisions of Clauses 8.1 to 8.3 above, HML shall continue the contesting litigation pending under the Kerala Land Reforms Act before the Taluk Land Board. All costs and expenses incurred thereto shall be shared equally between HML and MPL. As and when the ceiling case is finally disposed of, lands, if any, identified as excess lands in the estates of HML Residual Entity and the Kerala Plantations Undertaking and hence, retained by the authorities shall be deemed to have been so surrendered by HML and MPL respectively from such estates and in case of lands in relation to Kerala Plantations Undertaking, if any, restored to HML shall be deemed to have been restored to MPL.

9 CONTRACTS, DEEDS, ETC.

- 9.1 Notwithstanding anything else contained in this Clause 9, but subject to the other provisions of this Part II, all contracts, deeds, bonds, insurance policies (other than those taken for HML as a whole or without reference to specific assets pertaining to Kerala Plantations Undertaking), agreements and other instruments, if any, of whatsoever nature relating to Kerala Plantations Undertaking and to which HML is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of MPL, as the case may be, and may be enforced by or against MPL as fully and effectually as if, instead of HML, MPL had been a party thereto.
- 9.2 MPL shall take prior consent from HML in writing before executing any such deeds, writings or confirmations on behalf of HML and for implementing or carrying out all formalities required on the part of HML to give effect to the provisions of this Scheme.
- 9.3 Even after this Scheme becomes effective, MPL shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of Kerala Plantations Undertaking in the name of HML, in so far as may be necessary, until the transfer of rights and obligations of HML to MPL under this Scheme is formally accepted by the Parties concerned.
- 9.4 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to Kerala Plantations Undertaking which HML owns or to which HML is a party, cannot be transferred to MPL for any reason whatsoever, HML shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of MPL, in so far as it is permissible so to do, till such time as the transfer is effected.

10 SAVING OF CONCLUDED TRANSACTIONS

- 10.1 The transfer of properties and liabilities relating to Kerala Plantations Undertaking pursuant to Clause 2 of Part II of this Scheme and the continuance of proceedings by or against HML under Clause 8 above shall not affect any transaction or proceedings already concluded or liabilities incurred, or any liabilities discharged by HML in connection with Kerala Plantations Undertaking, subject to the provisions of Clause 9 above, on or after the Appointed Date and until the Effective Date, to the end and intent that

MPL shall accept and adopt all acts, deeds and things done and executed by HML in respect thereto as done and executed on behalf of itself.

PART III

DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING OF HML AND MERGER OF EPL INTO HPL

11 TRANSFER AND VESTING OF TAMIL NADU PLANTATIONS UNDERTAKING OF HML AND MERGER OF EPL INTO HPL

11.1 With effect from the Appointed Date and upon the Scheme becoming effective, Tamil Nadu Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into HPL, as of the Appointed Date and all the estate and interest of HML therein shall consequently vest into HPL with effect from the Effective date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to HPL.

11.2 With effect from the Appointed Date and upon the Scheme becoming effective, EPL shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and without any further act, instrument, deed or matter or thing, stand merged with HPL, as a going concern, as of the Appointed Date, and all its assets, liabilities, properties, rights, benefits and interest therein shall consequently vest into HPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part hereof and arising out of liabilities which shall also stand transferred to HPL.

11.3 The transfer, vesting and merger as provided in Clauses 11.1 and 11.2 above shall be effected as follows:

11.3.1 Without prejudice to the generality of Clause 11.1 and Clause 11.2, in respect of such of the assets of EPL and Tamil Nadu Plantations Undertaking of HML as are moveable in nature or are otherwise capable of transfer and vesting by manual delivery or by endorsement and/or delivery or by physical possession including plant, machinery and equipment, the same may be transferred to and vested into at the option of the Board of HML, EPL and HPL as follows:

- (i) All the moveable assets capable of being transferred and vested by delivery, including plant and machinery, shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to HPL along with such other documents as may be necessary towards the end and intent that the property therein passes to HPL on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of HPL accordingly. The investments held in dematerialized form will be transferred to HPL by issuing appropriate delivery instructions to the depository participant with whom HML and EPL have an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of Directors of HML, EPL and HPL, being a Date after the sanction of the Scheme by the High Court.
- (ii) The moveable assets, other than those specified in Clause 11.3.1 (i) above, including actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested into as the property of HPL. HPL may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same

to its account and that the right of HPL to recover or realise the same is in substitution of the right of HML or EPL, as the case may be, and that appropriate entry should be passed in their respective books to record the aforesaid charges.

- 11.4 Without prejudice to Clause 11.1 and 11.2 above, with effect from the Appointed Date and upon the Scheme becoming effective, all immoveable properties, including land together with the trees, crops, buildings and structure standing thereon, whether freehold or leasehold, relating to EPL and Tamil Nadu Plantations Undertaking of HML and any documents of title, rights, interests, claims, including leases, licenses and easements in relation thereto, shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into HPL, as of the Appointed Date. With effect from the Appointed Date, HPL shall be accountable for ground rent and municipal taxes. The mutation of the title to the immoveable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of HPL. Any inchoate title or possessory title of EPL or HML in relation to Tamil Nadu Plantations Undertaking or any of their predecessor companies shall be deemed to be the title of HPL.
- 11.5 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, of every kind, nature and description of EPL and Tamil Nadu Plantations Undertaking of HML, shall, under the provisions of Sections 391 to 394 of the Act and without any further act or deed, be transferred to or be deemed to be transferred to HPL so as to become, from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of HPL 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 Clause 11.5.
- 11.6 The transfer and vesting of the Tamil Nadu Plantations Undertaking of HML and merger of EPL, 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 Tamil Nadu Plantations Undertaking of HML and EPL, as the case may be.

Provided however, any reference in any security documents or arrangements to which HML or EPL are a party, shall be construed as reference only to the assets pertaining to Tamil Nadu Plantations Undertaking of HML and EPL respectively as are vested into HPL 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 HML or any of the assets of HPL.

Provided further that in so far as the assets comprised in Tamil Nadu Plantations Undertaking of HML and EPL are concerned, the security and charge over such assets relating to any loans or liabilities which are not transferred under Part III of this Scheme and which are part of Kerala Plantations Undertaking or HML Residual Entity shall, without any further act or deed, be released from such encumbrance and shall no longer be available as security in relation to such liabilities.

Provided further that in so far as the assets of HML other than those comprised in Tamil Nadu Plantations Undertaking are concerned, the security over the assets relating to the loans, borrowings, debts and financial assistance of Tamil Nadu Plantations Undertaking shall, without further act, instrument or deed be released and discharged from the obligations and security relating to the same. With effect from the Appointed Date and upon the Scheme becoming effective, HPL undertakes to meet, discharge and satisfy the said loans, borrowings, debts and financial assistance to the exclusion of HML Residual Entity and to keep HML Residual Entity indemnified at all times from and against all such debts, liabilities, contingent liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereto.

Provided further that the securities, charges and mortgages, if any subsisting over and in respect of the assets or any part thereof of HPL 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 Tamil Nadu Plantations Undertaking of HML and EPL vested into HPL.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by EPL and HML in relation to Tamil Nadu Plantations Undertaking by virtue of this Scheme

and HPL shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 11.7 Where any of the liabilities and obligations attributed to EPL and Tamil Nadu Plantations Undertaking of HML on the Appointed Date has been discharged by EPL and HML respectively after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of HPL. Where EPL or HML in relation to Tamil Nadu Plantations Undertaking has taken any further loans, liabilities or obligations, or provides any security on the existing loans of EPL and Tamil Nadu Plantations Undertaking respectively, such further loan shall also be deemed to have been for and on behalf of HPL and HPL shall assume liability for the same.
- 11.8 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory or other licences, permissions or approvals or consents held by EPL and HML in relation to Tamil Nadu Plantations Undertaking shall stand transferred to and vested into HPL, without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory or other authorities concerned therewith in favour of HPL. The benefit of all statutory and regulatory permissions including the statutory or other licences, tax registrations, permits, permissions or approvals or consents required to carry on the operations of EPL and Tamil Nadu Plantations Undertaking shall vest into and become available to HPL pursuant to this Scheme. Any no-objection certificates, licences, permissions, consents, approvals, authorisations, registrations or statutory rights as are jointly held by Tamil Nadu Plantations Undertaking and any other undertaking of HML shall be deemed to constitute separate licences, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights of Tamil Nadu Plantations Undertaking on the one hand and HML Residual Entity or Kerala Plantations Undertaking on the other. The concerned statutory or other authorities and licensors shall endorse and/or mutate or record the separation, make entry in their records and/or upon the relevant document itself so as to give effect to this Scheme in order to facilitate the continuation of operations of Tamil Nadu Plantations Undertaking in HPL, without any hindrance, from the Effective Date.
- 11.9 EPL and HML in relation to Tamil Nadu Plantations Undertaking may be entitled to various benefits under incentive schemes and policies, and pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies pertaining to EPL and Tamil Nadu Plantations Undertaking of HML shall be transferred to and vested into HPL and all benefits, entitlements and incentives of any nature whatsoever including benefits under income tax, excise (including modified value added tax, central value added tax), sales tax (including deferment of any tax), service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to EPL and Tamil Nadu Plantations Undertaking of HML, to the extent statutorily available, shall be claimed by HPL, and these shall relate to the Appointed Date, subject to continued compliance by HPL of all the terms and conditions subject to which the benefits under the incentive schemes were made available to EPL and HML.
- 11.10 Part III of the Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961 and "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of Part III of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including those resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Sections of the Income Tax Act, 1961 shall prevail and Part III of the Scheme shall stand modified to the extent determined necessary to comply with conditions contained in Section 2(19AA) and Section 2(1B) of the Income Tax Act, 1961. Such modification shall, however, not affect other terms of Part III of the Scheme.

12 ISSUE OF SHARES BY HPL

12.1 ISSUE OF SHARES PURSUANT TO DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING

- 12.1.1 Upon the coming into effect of this Scheme, and in consideration of the demerger of Tamil Nadu Plantations Undertaking of HML into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot equity shares at par on a proportionate basis to each member of HML whose name is recorded in the register of members of HML as holding equity shares on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of HML and HPL in the following proportion:

“For every 1 (one) equity share of face value of Rs 10 held in HML, as on the Record Date, every equity shareholder of HML shall without any application, act or deed, be entitled to receive 1 (one) equity share of face value of Rs 7 each of HPL, credited as fully paid-up.”

- 12.1.2 Upon the coming into effect of this Scheme, the members of HML holding partly paid up equity shares, if any, shall be issued partly paid up equity shares in HPL in accordance with the Share Entitlement Ratio mentioned in Clause 12.1.1 above.
- 12.1.3 The Equity Shares shall be issued in dematerialised form to those equity shareholders who hold the shares of HML in dematerialised form provided that they shall be required to provide details of their respective accounts with the depository participant and such other confirmations as may be required. All those equity shareholders who hold shares of HML in physical form shall be issued Equity Shares in dematerialised form, provided that they provide details of their respective accounts with the depository participant. The shareholders who fail to provide such details shall be issued Equity Shares in physical form unless otherwise communicated in writing by such shareholders on or before such date as may be determined by the Board of HML and HPL or by a committee created thereof.
- 12.1.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of HML, the Board of HML shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in HML, after the effectiveness of this Scheme.
- 12.1.5 The equity shares to be issued by HPL to the members of HML pursuant to Clause 12.1.1 of this Scheme, in respect of any shares in HML which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by HPL.
- 12.1.6 The Equity Shares to be issued to the members of HML under Clause 12.1.1 shall be subject to the terms of the Memorandum and Articles of Association of HPL and shall rank *pari passu* with the existing equity shares of HPL in all respects including, but subject to the provisions of Section 205 of the Act, dividend (including interim dividend) for the financial year starting from the Appointed Date. The holders of the equity shares of HPL and HML shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective companies of which they are members for the financial year upto the Appointed Date. It is clarified that the aforesaid provision in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of HPL and HML to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of HPL and HML and subject to the approval of the shareholders of HPL and HML.
- 12.1.7 The equity shares of HPL issued pursuant to Clause 12.1.1 above, shall be listed and / or admitted to trading on all the stock exchanges on which the shares of HML are listed as on the Effective Date. Such equity shares shall, however, be listed subject to HPL complying with all the applicable regulations and obtaining the requisite approvals from all the relevant regulatory authorities pertaining to the listing of the equity shares issued pursuant to the scheme. Further the shares allotted by HPL pursuant to Clause 12.1.1 above shall remain frozen in the depositories system till listing/trading permission is given by the stock exchanges.
- 12.1.8 Statutory exemptions available for inter-se transfer of promoter/group shareholding in HML are deemed to be available for the shareholding of the promoters/group in HPL in relation to any transfer of shares between them.
- 12.1.9 HPL shall take necessary steps to increase or alter or re-classify, (if necessary), its Authorized Share Capital suitably to enable it to issue and allot the shares required to be issued and allotted by it under this Scheme.

12.1.10 For the purpose of issue of Equity Shares to the shareholders of HML, HPL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities and undertake necessary compliances for the issue and allotment by HPL of Equity Shares to the members of HML under this Scheme.

12.1.11 The issue and allotment of the Equity Shares by HPL to the shareholders of HML as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by HPL as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with. HPL shall obtain the necessary approval from its shareholders, as required and as may be directed by the Court, in terms of the Scheme only, under and pursuant to provisions of Section 391 to Section 394 of the Act.

12.2 ISSUE OF SHARES PURSUANT TO MERGER OF ENCHANTING PLANTATIONS LIMITED

12.2.1 EPL and HPL are both wholly owned subsidiaries of HML. Upon the coming into effect of this Scheme, and in consideration of the merger of EPL into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot preference shares at par to HML in the following proportion:

"For every 1 (one) equity share of face value of Rs 10 held in EPL, HML shall without any application, act or deed, be entitled to receive 1 (one) preference share of face value of Rs 10 each of HPL, credited as fully paid-up."

12.2.2 The Preference Shares shall be issued in physical form to HML. The key terms and conditions of Preference Shares to be issued pursuant to Clause 12.2.1 above are specified in Schedule I hereto.

12.2.3 The Preference Shares to be issued to HML under Clause 12.2.1 shall be subject to the terms of the Memorandum and Articles of Association of HPL.

12.2.4 HPL shall take necessary steps to increase or alter or re-classify, (if necessary), its Authorized Share Capital suitably to enable it to issue and allot the preference shares required to be issued and allotted by it under this Scheme.

12.2.5 For the purpose of issue of Preference Shares to HML, HPL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities and undertake necessary compliances for the issue and allotment by HPL of Preference Shares to HML under this Scheme.

12.2.6 The issue and allotment of the Preference Shares by HPL to HML as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by HPL as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with. HPL shall obtain the necessary approval from its shareholders, as required and as may be directed by the Court, in terms of this Scheme only, under and pursuant to provisions of Section 391 to Section 394 of the Act.

13 ACCOUNTING TREATMENT IN THE BOOKS OF HPL

13.1 Upon the Scheme becoming effective, HPL shall record all the assets and liabilities of Tamil Nadu Plantations Undertaking vested into it in pursuance to Part III of this Scheme, at their respective book values, as appearing in the books of account of HML immediately before the Appointed Date in accordance with Section 2(19AA) of the Income Tax Act, 1961.

13.2 Upon the Scheme becoming effective, HPL shall record all the assets and liabilities of EPL vested into it in pursuance to Part III of this Scheme, at their respective fair values.

13.3 All existing shares held by HML in HPL, i.e. 50,000 equity shares of Rs 10 each, shall stand cancelled, without any further act or deed as an integral part of this Scheme in accordance with the provisions of

Sections 100 to 103 of the Act and the Order of the Court shall be deemed to be the Order under Section 102 of the Act for the purposes of confirming the reduction. The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of HPL, HPL shall not be required to add "And Reduced" as suffix to its name and HPL shall carry on with its current name, "Harmony Plantations Limited".

- 13.4 HPL shall credit the aggregate face value of the Equity Shares issued by it to the members of HML pursuant to Part III of this Scheme to the Share Capital Account in its books of account.
- 13.5 HPL shall credit the aggregate face value of the Preference Shares issued by it to the members of EPL viz. HML pursuant to Part III of this Scheme to the Share Capital Account in its books of accounts.
- 13.6 The difference, being the excess of the value of the assets of Tamil Nadu Plantations Undertaking of HML and EPL being recorded by HPL over the value of liabilities recorded, and after giving effect to clauses 13.3 to 13.5, shall be credited by HPL to its Capital Reserve Account. The deficit, if any, shall be debited to Goodwill Account of HPL.
- 13.7 In case of any differences in accounting policy between HML, EPL and HPL, the impact of such differences shall be quantified and adjusted in the Capital Reserve Account of HPL to ensure that the true financial statements of HPL on the Appointed Date are on the basis of consistent accounting policy.

14 ACCOUNTING TREATMENT IN THE BOOKS OF HML ON DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING

- 14.1 Upon the coming into effect of this Scheme, HML shall reduce the book value of assets and liabilities pertaining to the Tamil Nadu Plantations Undertaking transferred to HPL from its books of accounts.
- 14.2 The difference, being the excess of the book value of assets of Tamil Nadu Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:
 - 14.2.1 Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Tamil Nadu Plantations Undertaking;
 - 14.2.2 Securities premium reserve; and
 - 14.2.3 Profit and Loss account balance appearing in the balance sheet of HML
- 14.3 The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital. and the provisions of Section 101 of the Act shall not be applicable.
- 14.4 The difference, being the excess of the book value of liabilities of Tamil Nadu Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.
- 14.5 In line with Clause 13.3, all existing shares held by HML in HPL, i.e. 50,000 equity shares of Rs 10 each, shall stand cancelled, without any further act or deed as an integral part of this Scheme. The loss on such cancellation shall be debited to Profit and Loss Account of HML.
- 14.6 Notwithstanding the above, the Board of HML is authorised to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed Accounting Standards issued by the Institute of Chartered Accountants of India and applicable generally accepted accounting principles.

15 CONDUCT OF BUSINESS OF TAMIL NADU PLANTATIONS UNDERTAKING AND EPL

- 15.1 Upon filing of the Scheme with High Court and until the Effective Date:

- 15.1.1 EPL and HML in relation to Tamil Nadu Plantations Undertaking shall carry on and be deemed to have carried on their business and activities and shall hold and deal with all respective assets and properties for and on account of and in trust for HPL.
- 15.1.2 Any income or profit accruing or arising to EPL and HML in relation to Tamil Nadu Plantations Undertaking and all costs, charges, expenses and losses incurred by EPL and HML in relation to Tamil Nadu Plantations Undertaking shall, for all purposes, be treated as the income, profits, costs, charges, expenses and losses, as the case may be, of HPL.
- 15.1.3 EPL and HML in relation to Tamil Nadu Plantations Undertaking shall not utilise the profits or income, if any, for the purpose of declaring or paying any dividend or for any other purpose in respect of the period from and after the Appointed Date, without the prior written consent of HPL.
- 15.1.4 EPL and HML in relation to Tamil Nadu Plantations Undertaking shall carry on their respective businesses with reasonable diligence, in the ordinary course of business and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with their respective assets, save and except, in each case, in the following circumstances:
- (i) if the same is in the ordinary course of business as carried on by them as on the date of filing this Scheme with the Court; or
 - (ii) if the same is expressly permitted by this Scheme; or
 - (iii) if the written consent of HPL, as the case may be, has been obtained.
- 15.1.5 Pending sanction of this Scheme, HML, EPL and HPL shall not make any change in their respective capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, reorganisation, or in any other manner, affect the reorganisation of capital herein, except as may be expressly permitted under this Scheme or as may be required to give effect to this Scheme.
- 15.1.6 EPL and HML in respect of Tamil Nadu Plantations Undertaking shall not vary or alter, except in the ordinary course of their respective businesses and as may be required for reorganisation, the terms and conditions of employment of any of their respective employees.
- 15.1.7 All assets acquired and all liabilities incurred by EPL and HML for operation of and in relation to Tamil Nadu Plantations Undertaking shall also, without any further act, instrument or deed, stand transferred to and vested into or to be deemed to have been transferred to or vested into HPL upon the coming into effect of the Scheme; and
- 15.1.8 Any of the rights, powers, authorities, privileges, attached, related or pertaining to Tamil Nadu Plantations Undertaking, as the case may be, that have been exercised by HML or those attached, related or pertaining to EPL shall be deemed to have been exercised by HML or EPL, as the case may be, for and on behalf of, and in trust for and as an agent of HPL. Similarly, any of the obligations, duties and commitments attached, related or pertaining to Tamil Nadu Plantations Undertaking or those attached, related or pertaining to EPL that have been undertaken or discharged by HML or EPL, as the case may be, shall be deemed to have been undertaken for and on behalf of, and in trust for and as an agent of HPL.
- 15.2 HML and/or EPL and/or HPL shall be entitled, pending the sanction of the Scheme by the Court, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which HPL may require to own and carry on the business of EPL and Tamil Nadu Plantations Undertaking of HML.

16 EMPLOYEES OF TAMIL NADU PLANTATIONS UNDERTAKING AND EPL

- 16.1 Upon the Scheme becoming effective, all employees of EPL and Tamil Nadu Plantations Undertaking of HML in service on the Effective Date shall be deemed to have become the employees of HPL without any interruption in their service as a result of the merger of EPL with HPL and demerger of Tamil Nadu Plantations Undertaking of HML into HPL on the same terms and conditions of employment as were with EPL and HML respectively. On the basis of continuity of service, the terms and conditions of their employment with HPL shall not be less favorable than those applicable to them with reference to EPL and Tamil Nadu Plantations Undertaking of HML on the Effective Date.
- 16.2 With regard to provident fund, gratuity fund, superannuation fund or any other special fund or any other special scheme created or existing for the benefit of employees of EPL and Tamil Nadu Plantations Undertaking of HML, upon the Scheme becoming effective, the existing amounts, whether held by way of cash and/or investments, in the gratuity fund, provident fund and superannuation fund trusts, if any, created by EPL and HML for its employees engaged in Tamil Nadu Plantations Undertaking, shall be transferred to the gratuity fund, provident fund and superannuation fund schemes created by HPL on the same terms and conditions in relation to such respective employees. With effect from the Effective Date but subject to getting the Scheme approved by relevant authorities, HPL shall make the necessary contributions for such employees in relation to the existing gratuity fund, superannuation fund, provident fund benefits and benefits under any other special fund or scheme. Provided that HPL may continue to make contributions in the gratuity fund, provident fund and superannuation fund trusts, if any, created by EPL and HML for employees engaged in Tamil Nadu Plantations Undertaking till such time as necessary statutory approvals are received by HPL for setting up its own gratuity fund, provident fund, superannuation fund or any other special fund.
- 16.3 In relation to employees engaged in EPL and Tamil Nadu Plantations Undertaking of HML who are not covered under the provident fund trust of EPL and HML as the case may be, and for whom EPL and HML as the case may be is making contributions to the Government provident fund, HPL shall stand substituted for EPL and HML as the case may be for all purposes whatsoever, including those relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc in respect of such employees.
- 16.4 In relation to any other fund created or existing for the benefit of employees engaged in EPL and Tamil Nadu Plantations Undertaking of HML, HPL shall stand substituted for EPL and HML as the case may be, for all purposes whatsoever, including those relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc in respect of such employees.
- 16.5 HPL undertakes to continue to abide by any agreement(s)/settlement(s) entered into with any labour unions/ permanent employees by EPL and HML in relation to Tamil Nadu Plantations Undertaking. HPL agrees that, for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such permanent employees of EPL and HML engaged in Tamil Nadu Plantations Undertaking shall also be taken into account, and agrees and undertakes to pay the same as and when payable under applicable law.

17 LEGAL PROCEEDINGS

- 17.1 Upon the Scheme becoming effective on the Effective Date, all suits, appeals, legal, administrative or other proceedings of whatsoever nature, including those relating to indirect taxation, by or against EPL and HML in respect of Tamil Nadu Plantations Undertaking in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority pending and/or arising on or after the Appointed Date including the pending suits under labour laws pertaining to the estates comprised in EPL and the Tamil Nadu Plantations Undertaking, shall be continued and enforced by or against HPL only to the exclusion of EPL and HML as the case may be in the manner and to the same extent as would have been continued and enforced by or against EPL and HML as the case may be. EPL and HML shall not be liable to pay any amounts arising out of such respective proceedings including interest, penalties, damages, costs etc and the same shall be paid only by HPL. On and from the Effective Date, HPL shall and may, if required, with prior consent from EPL and HML in relation to Tamil Nadu Plantations

Undertaking, initiate any legal proceedings in relation to EPL and Tamil Nadu Plantations Undertaking of HML in the name of EPL and HML as the case may be.

- 17.2 After the Appointed Date, if any proceedings are taken against EPL and HML in relation to Tamil Nadu Plantations Undertaking in respect of the matters referred to in the Clause 17.1 above, EPL and HML as the case may be shall defend the same at the cost of HPL and HPL shall reimburse and indemnify EPL and HML as the case may be against all liabilities and obligations incurred by EPL and HML in relation to Tamil Nadu Plantations Undertaking in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc which EPL and HML in relation to Tamil Nadu Plantations Undertaking may be called upon to pay or secure in respect of any liability or obligation relating to EPL and Tamil Nadu Plantations Undertaking respectively.
- 17.3 HPL undertakes to have all legal or other proceedings initiated by or against EPL and HML in relation to the Tamil Nadu Plantations Undertaking referred to in Clause 17.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against HPL to the exclusion of EPL and HML to the extent legally permissible after the Scheme being effective. To the extent proceedings relating to Tamil Nadu Plantations Undertaking cannot be taken over by HPL, the said proceedings shall be pursued by HML for and on behalf of HPL as per the instructions of and entirely at the cost and expenses of HPL.

18 CONTRACTS, DEEDS, ETC.

- 18.1 Notwithstanding anything else contained in this Clause 18, but subject to the other provisions of this Part III, all contracts, deeds, bonds, insurance policies of EPL and HML in relation to Tamil Nadu Plantations Undertaking (other than those taken for HML as a whole or without reference to specific assets, agreements and other instruments) and to which EPL and HML is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of HPL, as the case may be, and may be enforced by or against HPL as fully and effectually as if, instead of EPL and HML, as the case may be, HPL had been a party thereto.
- 18.2 HPL shall take prior consent from EPL and HML in writing before executing any such deeds, writings or confirmations on behalf of EPL and HML, as the case may be, and for implementing or carrying out all formalities required on the part of EPL and HML to give effect to the provisions of this Scheme.
- 18.3 Even after this Scheme becomes effective, HPL shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of EPL and the Tamil Nadu Plantations Undertaking of HML in the name of EPL and HML, as the case may be, in so far as may be necessary, until the transfer of rights and obligations of EPL and HML to HPL under this Scheme is formally accepted by the parties concerned.
- 18.4 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to Tamil Nadu Plantations Undertaking of HML and which HML owns or to which HML is a party, cannot be transferred to HPL for any reason whatsoever, HML, shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of HPL, in so far as it is permissible so to do, till such time as the transfer is effected.

19 SAVING OF CONCLUDED TRANSACTIONS

- 19.1 The transfer of properties and liabilities relating to EPL and Tamil Nadu Plantations Undertaking of HML pursuant to Clause 11 of Part III of this Scheme, and the continuance of proceedings by or against EPL and HML, as the case may be, under Clause 17 above shall not affect any transaction or proceedings already concluded or liabilities incurred, or any liabilities discharged by EPL and HML in connection with Tamil Nadu Plantations Undertaking, subject to the provisions of Clause 18 above, on or after the Appointed Date and until the Effective Date, to the end and intent that HPL shall accept and adopt all acts, deeds and things done and executed by EPL and HML in respect thereto as done and executed on behalf of itself.

20 DISSOLUTION OF EPL

20.1 On the Scheme becoming effective, EPL shall be dissolved without being wound up.

PART IV

GENERAL/RESIDUARY TERMS AND CONDITIONS

21 REMAINING BUSINESS

21.1 HML Residual Entity and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested into and be continued to be owned and managed by HML. All legal or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against HML under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to HML Residual Entity (including those relating to any property, right, power, liability, obligation or duties of HML in respect of HML Residual Entity) shall be continued and enforced by or against HML after the Effective Date. MPL and HPL shall, in any event, not be responsible or liable in relation to any such legal, taxation or other proceeding against HML, which relate to HML Residual Entity.

Provided that all costs and liabilities in respect of cases under labour laws which are not relatable to any particular estate forming part of either Kerala Plantations Undertaking, Tamil Nadu Plantations Undertaking or HML Residual Entity shall be borne equally by HML and MPL.

Provided further that all taxes, duties, cess payable by HML in relation to pending taxation assessments or proceedings, under the Income Tax Act, 1961, Service Tax Act, 1994 and other such taxation acts, including amendments thereof, as on the Appointed Date shall be borne equally by HML and MPL. Further, any refunds received by HML in respect of the aforesaid assessments shall also be shared equally by HML and MPL. HML shall do all necessary things, acts and deeds to duly transfer the share of refund of MPL to it.

21.2 If proceedings are taken against MPL and HPL in respect of the matters referred to in Clause 21.1 above, it shall defend the same in accordance with the advice of HML and at the cost of HML, and the latter shall reimburse and indemnify MPL and HPL against all liabilities and obligations incurred by MPL and HPL in respect thereof.

22 APPLICATION TO HIGH COURT

22.1 HML, EPL, MPL and HPL shall, with all reasonable dispatch, make all necessary applications under Sections 391 and 394 read with Sections 78, 100 to 103 of the Act and other applicable provisions of the Act to the Court for seeking approval of this Scheme.

23 MODIFICATION OR AMENDMENTS TO THE SCHEME

23.1 HML, EPL, MPL and HPL by their respective Boards or any persons authorised by them, may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other authority may deem fit to direct or impose, or make such modifications/amendments which may otherwise be considered necessary, desirable or appropriate by them in their sole discretion (i.e. the 'Boards'). HML, EPL, MPL and HPL, by their respective Boards, be and are hereby authorised to take all such steps as may be necessary, desirable or proper for the purposes of implementing this Scheme and to resolve any doubts, difficulties or questions regarding the implementation of this Scheme or otherwise arising under this Scheme, whether by reason of any directive or orders of any other authorities or otherwise, howsoever arising out of or under or by virtue of this Scheme and/or any matter concerned or connected therewith.

- 23.2 In the event of any of the conditions that may be imposed by the Court or other authorities which HML, EPL, MPL or HPL may find unacceptable for any reason, HML, EPL, MPL or HPL are at liberty to withdraw the Scheme.

24 CONDITIONALITY OF THE SCHEME

- 24.1 This Scheme is and shall be conditional upon and subject to:

- 24.1.1 The approval by the requisite majorities of the classes of persons, including shareholders, creditors and such other class of HML, EPL, MPL and HPL as may be directed by the Court under Section 391 of the Act.
- 24.1.2 The sanctioning of this Scheme by the Court, whether with any modifications or amendments as the Court may deem fit or otherwise.
- 24.1.3 The filing of the certified copies of the order of the Court with the Registrar of Companies, Kerala by HML, EPL, MPL and HPL.
- 24.1.4 The approval, if and to the extent required, from the Reserve Bank of India and other concerned authorities, for the issue and allotment of equity shares, to the respective non-resident shareholders of HML, if any.
- 24.1.5 Any other sanctions and orders as may be directed by the Court in respect of this Scheme.
- 24.1.6 Each part of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if is approved in its entirety unless specifically agreed otherwise by respective Board of Directors of HML, EPL, MPL and HPL or any Committee constituted by such Board.

25 EFFECT OF NON-RECEIPT OF APPROVALS

- 25.1 In the event that this Scheme is not sanctioned by the Court or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme are not obtained or complied with or for any other reason, the Effective Date does not occur on or before 31st Day of March, 2013 or within such further time as may be agreed to by the Board of Directors of HML, EPL, MPL and HPL, the Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter se by the Parties or their shareholders or creditors or employees or any other person. In such an event, all the costs, charges and expenses in connection with this Scheme shall be borne equally by HML, EPL, MPL and HPL, unless otherwise mutually agreed.
- 25.2 The non-receipt of any sanctions or approvals for a particular asset or liability forming part of Kerala Plantations Undertaking, Tamil Nadu Plantations Undertaking and EPL getting transferred pursuant to this Scheme, shall not affect the effectiveness of the respective section of the Scheme if the Boards of HML, EPL, MPL and HPL so decide.

26 COSTS, CHARGES & EXPENSES

- 26.1 All the costs, charges and expenses arising out of or incurred in connection with and in implementing this Scheme and matters incidental thereto, including those relating to transfer and vesting of all lands and assets covered by and consequent to this Scheme, shall be borne equally by HML and MPL.

SCHEDULE I

**TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES
BY HARMONY PLANTATIONS LIMITED PURSUANT TO AMALGAMATION OF ENCHANTING
PLANTATIONS LIMITED WITH HARMONY PLANTATIONS LIMITED**

Issuer	Harmony Plantations Limited (HPL)
Instrument	Redeemable Non-cumulative Preference Shares
Face value	Rs. 10 per Preference Share
Redemption	To be redeemed at par at the end of 18 months from the date of allotment
Coupon Rate	6% per annum non cumulative
Call Option	<p>HPL will have an option to redeem the Preference Shares at any time after the end of 12 months from the date of allotment. If HPL exercises its call option, it will pay the amount of the face value of the Preference Shares along with dividend declared, if any, up to the date on which it exercises the call option.</p> <p>In case HPL exercises the call option, its liability to the preference shareholders shall stand extinguished from the date of dispatch of the cheques / pay order for the redemption amount, along with dividend, if any</p>

**IN THE HIGH COURT OF KERALA AT ERNAKULAM ORDINARY ORIGINAL CIVIL JURISDICTION
MISCELLANEOUS COMPANY APPLICATION NO 37 OF 2012**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;

AND

In the matter of Composite Scheme of Arrangement and Amalgamation

among

Harrisons Malayalam Limited ('HML')

and

Enchanting Plantations Limited ('EPL')

and

Malayalam Plantations Limited ('MPL')

and

Harmony Plantations Limited ('HPL')

and

their respective Shareholders and their respective Creditors.

HARRISONS MALAYALAM LIMITED, a company incorporated)
under the provisions of the Companies Act, 1956 and having its)
registered office at 24 / 1624, Bristow Road, Willingdon Island,)
Kochi 682 003, Kerala.)..... Applicant Company

FORM OF PROXY

I / We _____ the undersigned, being the equity shareholder(s) of Harrisons Malayalam Limited, the Applicant Company do hereby appoint _____ of _____ and failing him / her _____ of _____ as my / our proxy, to act for me / us at the meeting of the equity shareholders of the Applicant Company to be held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003, on Friday, 17th day of August 2012 at 10.00 a.m for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement and Amalgamation among Harrisons Malayalam Limited ('HML') and Enchanting Plantations Limited ('EPL') and Malayalam Plantations Limited ('MPL') and Harmony Plantations Limited ('HPL') and their respective Shareholders and their respective Creditors ('Scheme' or 'the Scheme') and also approving with or without modifications, by a separate special resolution, the utilisation of balance in Securities Premium Account under section 78 read with section 100 to 103 of the Companies Act, 1956 at such meeting, and at any adjournment or adjournments thereof, to vote, for me / us and in my / our name(s) _____ (here, if for, insert 'for', if against, insert 'against', and in the latter case, strike out the words "either with or without modifications" after the word "Arrangement and Amalgamations") the said arrangement embodied in the Scheme, either with or without modification(s)*, as my / our proxy may approve.

* strike out what is not necessary

Affix Rs.1/-
Revenue
Stamp

Dated this _____ day of _____ 2012

Name : _____ Signature across the stamp

Address : _____

(For Demat holding) DP Id. _____

Client Id. _____

(For Physical holding) Folio No. _____

No. of Shares held : _____

Signature of Sole holder / First holder - _____

Shareholder(s) :

Second holder - _____

Third holder - _____

Signature of Proxy: _____

NOTES:

1. Proxy need not be a member.
2. Alterations, if any, made in the Form of Proxy should be initialled.
3. Proxy must be deposited at the Registered Office of the Applicant Company, not later than FORTY EIGHT hours before the time scheduled / fixed for the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.

ATTENDANCE SLIP

HARRISONS MALAYALAM LIMITED

Registered Office: 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Attendance Slip at the venue of the meeting.

DP. Id* - _____ Folio No. - _____

Client Id* - _____ No. of Share(s) held - _____

NAME AND ADDRESS OF THE EQUITY SHAREHOLDER / PROXY HOLDER (in block letters):

I/We hereby record my/our presence at the meeting of the Equity Shareholders of the Company, convened pursuant to the Order dated 6th day of July, 2012 of the Hon'ble High Court of Judicature of Kerala at Ernakulam at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, 17th day of August, 2012 at 10.00 a.m.

Signature of the equity shareholder or proxy:

*Applicable for shareholders holding shares in dematerialized form.

Notes:

1. Equity Shareholder / Proxy holder are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.
2. Equity Shareholder / Proxy holder who come to attend the meeting are requested to bring with them the copy of the Composite Scheme of Arrangement and Amalgamation.

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BOOK - POST

If undelivered, please return to:



HARRISONS MALAYALAM LIMITED

24/1624, Bristow Road,
Willingdon Island,
Cochin - 682003, Kerala.



HARRISONS MALAYALAM LIMITED

REGISTERED OFFICE : 24/1624, BRISTOW ROAD, WILLINGDON ISLAND, COCHIN - 682003, KERALA.

**COURT CONVENED MEETING OF THE SECURED CREDITORS OF
HARRISONS MALAYALAM LIMITED
MCA 34 OF 2012**

Day : Friday
Date : 17th day of August, 2012
Time : 2.00 p.m.
Venue : Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003

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**IN THE HIGH COURT OF KERALA AT ERNAKULAM
ORDINARY ORIGINAL CIVIL JURISDICTION
MISCELLANEOUS COMPANY APPLICATION NO. 34 OF 2012**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;

AND

In the matter of Composite Scheme of Arrangement and Amalgamation

among

Harrisons Malayalam Limited ('HML')

and

Enchanting Plantations Limited ('EPL')

and

Malayalam Plantations Limited ('MPL')

and

Harmony Plantations Limited ('HPL')

and

their respective Shareholders and their respective Creditors

**HARRISONS MALAYALAM LIMITED, a)
company incorporated under the provisions)
of the Companies Act, 1956 and having its)
registered office at 24 / 1624, Bristow Road,)
Willingdon Island, Kochi 682 003)..... Applicant Company**

**NOTICE CONVENING THE MEETING OF THE SECURED CREDITORS OF
HARRISONS MALAYALAM LIMITED, THE APPLICANT COMPANY**

To,

The Secured Creditors of **HARRISONS MALAYALAM LIMITED** ('the Applicant Company')

TAKE NOTICE that by an Order made on the 6th day of July, 2012, in the above Miscellaneous Company Application, the Hon'ble High Court of Kerala at Ernakulam has directed that a meeting of the Secured Creditors of the Applicant Company be convened and held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, the 17th day of August, 2012 at 2.00 p.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed arrangement embodied in the Composite Scheme of Arrangement and Amalgamation among Harrissons Malayalam Limited ('HML') and Enchanting Plantations Limited ('EPL') and Malayalam Plantations Limited ('MPL') and Harmony Plantations Limited ('HPL') and their respective Shareholders and their respective Creditors ("Scheme" or "the Scheme").

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Secured Creditors of the Applicant Company will be convened and held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, the 17th day of August, 2012 at 2.00 p.m. at which place, day, date and time you are requested to attend the said meeting.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at 24 / 1624, Bristow Road, Willingdon Island, Kochi 682 003 not later than 48 hours before the scheduled time of the meeting.

The Hon'ble High Court of Kerala at Ernakulam has appointed Mr. K. Sreekumar, Advocate, High Court of Kerala, to be the Chairman of the said meeting.

A copy of the Composite Scheme of Arrangement and Amalgamation, the Explanatory Statement under Section 173 & 393 of the Companies Act, 1956, the Attendance Slip and Form of Proxy are enclosed herewith.

Kochi
Dated this 12th day of July, 2012

Sd/-
K. Sreekumar
Advocate, High Court of Kerala
Chairman appointed for the Meeting

Registered Office
24 / 1624, Bristow Road,
Willingdon Island, Kochi 682 003

Notes:

- (1) All alterations made in the Form of Proxy should be initialled.
- (2) Only secured creditors of the Applicant Company may attend and vote. (either in person or by proxy or by Authorised Representative under section 187 of the Companies Act, 1956) at the secured creditors meeting. The representative of a body corporate which is a registered Secured Creditor of the Applicant Company may attend and vote at the Secured Creditors meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend and vote at the Secured Creditors meeting is deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.

Enclosures: As above

IN THE HIGH COURT OF KERALA AT ERNAKULAM
ORDINARY ORIGINAL CIVIL JURISDICTION
MISCELLANEOUS COMPANY APPLICATION NO. 34 OF 2012

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;

AND

In the matter of Composite Scheme of Arrangement and Amalgamation

among

Harrisons Malayalam Limited ('HML')

and

Enchanting Plantations Limited ('EPL')

and

Malayalam Plantations Limited ('MPL')

and

Harmony Plantations Limited ('HPL')

and

their respective Shareholders and their respective Creditors

HARRISONS MALAYALAM LIMITED, a
company incorporated under the provisions)
of the Companies Act, 1956 and having its)
registered office at 24 / 1624, Bristow Road,)
Willingdon Island, Kochi 682 003)
..... Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 173 & 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated the 6th day of July, 2012 passed by the Hon'ble High Court of Kerala at Ernakulam in the Miscellaneous Company Application referred to hereinabove, a meeting of the Secured Creditors of the Applicant Company is being convened and held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, the 17th day of August, 2012 at 2.00 p.m. for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement and Amalgamation among Harrisons Malayalam Limited ('HML') and Enchanting Plantations Limited ('EPL') and Malayalam Plantations Limited ('MPL') and Harmony Plantations Limited ('HPL') and their respective Shareholders and their respective Creditors ("Scheme" or "the Scheme").
2. In this Statement, Harrisons Malayalam Limited is hereinafter referred to as "the Company" or "the Applicant Company" or "HML", Enchanting Plantations Limited as "EPL", Malayalam Plantations Limited as "MPL" and Harmony Plantations Limited as "HPL". The other definitions contained in the Scheme will apply to this Explanatory Statement also.
3. The proposed Scheme inter-alia envisages the following:
 - The transfer and vesting of Kerala Plantations Undertaking (as defined in the Scheme) of HML into MPL and
 - The demerger of Tamil Nadu Plantations Undertaking (as defined in the Scheme) of HML into HPL and merger of EPL with HPL
4. A copy of the Scheme setting out in detail the terms and conditions of the arrangement, which has been approved by the Board of Directors of the Applicant Company on 10th February, 2012, is forming part of this Explanatory Statement. Subsequently, the Board of Directors of HML vide circular resolution dated 31st May, 2012, approved the modification to the Scheme. The Board of Directors of EPL, MPL and HPL have approved the aforesaid scheme at their respective meetings held on 10th February 2012. Further, the Board of Directors of the HPL, EPL and MPL vide resolution dated 31st May, 2012, approved the modification to the Scheme.
5. Background of the Companies

5.1 Harrisons Malayalam Limited

- (a) HML was incorporated on the 5th day of January, 1978, under the Companies Act, 1956 under the name "Malayalam Plantations (India) Limited". Subsequently the name was changed to the present name "Harrisons Malayalam Limited" on 22nd day of October, 1984.
- (b) The Registered Office of the Applicant Company is situated at 24 / 1624, Bristow Road, Willingdon Island, Kochi 682 003, Kerala.
- (c) The share capital of the Applicant Company as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
3,00,00,000 Equity Shares of Rs 10 each fully paid up	30,00,00,000
TOTAL	30,00,00,000
Issued, Subscribed and Paid-up Capital	
1,84,55,405 Equity Shares of Rs 10 each fully paid up	18,45,54,050
Less: Calls in Arrears	11,000
TOTAL	18,45,43,050

Subsequent to the above date and till the date of filing the Scheme with the High Court, there has been no change in authorised, issued, subscribed and paid up share capital of the Applicant Company. The equity shares of the Applicant Company are listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Cochin Stock Exchange Limited.

- (d) The main objects for which the Applicant Company has been established are set out in the Memorandum of Association. The main objects are as under:

- "1. To acquire, take-over and amalgamate as a going concern all or any of the assets, liabilities and undertaking in India of Malayalam Plantations Limited, a company incorporated under the laws of England and having its registered office at 1-4, Great Tower Street, London EC3R 5AB in the United Kingdom and its principal office in India at Bristow Road, Kochi-3, Kerala, South India, for the purpose of carrying on the objects mentioned in clause (2) below.
2. To cultivate, grow, cure, prepare for market, manufacture, blend, export, import, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, tobacco, cocoa, cardamom, Cloves, coconuts, copra, coconut fibres, sugar, spices, coffee, cinchona, opium, citronella, palmarosa, vines, rice, paddy, cereals, cotton, Flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts, and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise.
3. To carry on the business of apartment owners and architects and to erect, construct houses, buildings, flats, shops and works of every description on any land of the Company or upon any other lands or property and to pull down, rebuild, enlarge, alter and improve existing houses, buildings, or works thereon and to convert and appropriate any such land into and for roads, streets, squares, gardens and pleasure grounds and other conveniences and generally to deal with and improve the property of the Company and to sell, lease, let, mortgage or otherwise dispose of the lands, houses, buildings, flats, shops and other property of the Company.
 - (i) To undertake research in various fields of biotechnology in collaboration with Foreign/ Indian parties having requisite knowhow, including micro propagation and related fields.
 - (ii) To operate commercially in various fields of biotechnology including among others plant tissue culture and hybrid/high yielding variety seeds for various plantation crops, flowers, ornamental plants, horticulture and also in biotechnical inputs for agro-forestry, wasteland development, ecology improvement, etc.
 - (iii) To export products/know how developed in various markets and also market the same locally in conformity with prevailing rules."
- (e) HML is engaged inter-alia in the business of production and sale of tea and rubber. The rubber and tea estates are situated in the states of Kerala and Tamil Nadu.

5.2 Enchanting Plantations Limited

- (a) EPL was incorporated on 8th day of February, 2012 under the Companies Act, 1956 under the name "Enchanting Plantations Limited".
- (b) The Registered Office of EPL is situated at 24/1624, Bristow Road, Willington Island, Kochi – 682003, Kerala.
- (c) The share capital of EPL as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
100,000 equity shares of Rs 10 each	10,00,000
Total	10,00,000
Issued, Subscribed and paid-up capital	
100,000 equity shares of Rs 10 each fully paid up	10,00,000
Total	10,00,000

EPL is a wholly owned subsidiary of HML. Subsequent to the above date and till the date of filing the scheme with High Court, there has been no change in authorised, issued, subscribed and paid-up share capital of EPL.

- (d) The main objects for which EPL has been established are set out in its Memorandum of Association. The main objects are as follows:

"1. To cultivate, grow, cure, prepare for market, manufacture, blend, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, cocoa, cardamom, cloves, coconuts, copra, coconut fibre, sugar, spices, coffee, cinchona, palmarosa, vines, rice, paddy, cereals, cotton, flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise."

- (e) EPL is a newly incorporated company and is currently not carrying on any significant business activity. It proposes to engage in tea and rubber plantation activities

5.3 Malayalam Plantations Limited

- (a) MPL was incorporated on the 18th day of February, 2011, under the Companies Act, 1956 under the name "Wynaad Meadows India Limited". Subsequently the name was changed to the present name "Malayalam Plantations Limited" on 26th day of December, 2011.
- (b) The Registered Office of MPL is situated at 24/1624, Bristow Road, Willingdon Island, Kochi - 682003, Kerala.
- (c) The share capital of MPL as on March 31, 2012, was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
TOTAL	5,00,000
Issued, Subscribed and paid-up capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
TOTAL	5,00,000

MPL is a wholly owned subsidiary of EPL. Subsequent to the above date and till the date of filing the scheme with the High Court, there has been no change in authorised, issued, subscribed and paid-up share capital of MPL.

- (d) The main objects for which MPL has been established are set out in the Memorandum of Association. The main objects are as under:

"1. To cultivate, grow, cure, prepare for market, manufacture, blend, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, cocoa, cardamom, cloves, coconuts, copra, coconut fibre, sugar, spices, coffee, cinchona, palmarosa, vines, rice, paddy, cereals, cotton, flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise."

- (e) MPL is a newly incorporated company and is currently not carrying on any significant business activity. It proposes to engage in tea and rubber plantation activities.

5.4 Harmony Plantations Limited

- (a) HPL was incorporated on 7th day of February, 2012 under the Companies Act, 1956 under the name "Harmony Plantations Limited"
- (b) The Registered Office of HPL is situated at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala.
- (c) The share capital of HPL as on March 31, 2012, is as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
TOTAL	5,00,000
Issued, Subscribed and paid-up capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
TOTAL	5,00,000

HPL is a wholly owned subsidiary of HML. Subsequent to the above date and till the date of filing the scheme with the High Court, there has been no change in authorised, issued, subscribed and paid up share capital of HPL.

- (d) The main objects for which HPL has been established are set out in the Memorandum of Association. The main objects are as under:

"1. To cultivate, grow, cure, prepare for market, manufacture, blend, sell, dispose of and deal in or with tea, tea-seeds, rubber, rubber seeds, cocoa, cardamom, cloves, coconuts, copra, coconut fibre, sugar, spices, coffee, cinchona, palmarosa, vines, rice, paddy, cereals, cotton, flax, grain and fruit, silk, pepper, guano and agricultural and other products of all sorts and generally to carry on the business of planters in all its branches and growers of and dealers in produce and merchandise."

- (e) HPL is a newly incorporated company and is currently not carrying on any significant business activity. It proposes to engage in tea and rubber plantation activities.

6. Rationale of the Scheme

- (i) HML is engaged inter-alia in the business of production and sale of tea and rubber. The rubber and tea estates are situated in the states of Kerala and Tamil Nadu.
- (ii) On account of the large tracts of land and their widespread geographical locations and for proper growth and development of the business, it is necessary that the same be managed and administered, directly or indirectly, by different companies with undivided focus, care and attention.
- (iii) The management of the business by separate entities would assist in devoting necessary attention to cultivation activities mandated by the changing climatic conditions and other agricultural factor which would ultimately facilitate independent evaluation, operation and greater realisation of the potential of the business.
- (iv) Accordingly, it is proposed to restructure HML in the manner specified in this Scheme.
- (v) The proposed restructuring exercise would increase potential for further growth and diversification to achieve better synergy and optimisation of resources as well as to facilitate cost-effective fund raising and development of both HML and HPL. Further, the restructuring would facilitate the running of HML's business with a greater and focused approach to concentrate on its operations to its greater advantage while also providing an opportunity to optimally utilise assets within its control. Lastly, the restructuring would not lead to starving of any business as the management is convinced of the growth and value creation potential of all undertakings of HML.
- (vi) For the reasons stated above, the proposed restructuring is in the interest of the shareholders, creditors and all other stakeholders of all respective companies, and shall not in any manner be prejudicial to the interests of concerned shareholders and creditors or general public at large.

7. Salient features of the Scheme are as under:

- (a) Appointed Date means 1st April 2012 or such other date as may be approved by the Court.
- (b) Effective Date means the last of the dates on which the certified copies of the order sanctioning this Scheme, passed by the High Court, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Kerala, Ernakulam in accordance with the Act. Any references in the

Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.

(c) Transfer and Vesting of Kerala Plantations Undertaking of HML into MPL

- With effect from the Appointed Date and upon the Scheme becoming effective, Kerala Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into MPL, as of the Appointed Date and all the estate and interest of HML in Kerala Plantations Undertaking shall consequently vest into MPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to MPL.
- MPL is a wholly owned subsidiary of EPL, which in turn is a wholly owned subsidiary of HML. Hence such transfer and vesting shall be without any consideration and MPL shall not be required to issue any shares or pay any consideration to HML or to its shareholders for acquiring Kerala Plantations Undertaking.
- HML shall reduce the assets and liabilities pertaining to the Kerala Plantations Undertaking as on the Appointed Date from its books of accounts
- The difference, being the excess of the book value of assets of Kerala Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:
 - Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Kerala Plantations Undertaking;
 - Securities Premium Reserve; and
 - Profit and Loss account balance appearing in the balance sheet of HML
- The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.
- The difference, being the excess of the book value of liabilities of Kerala Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.
- Upon the Scheme becoming effective, all employees of Kerala Plantations Undertaking in service on the Effective Date shall be deemed to have become the employees of MPL without any interruption in their service as a result of the transfer of Kerala Plantations Undertaking to MPL on the same terms and conditions of employment as were with HML. On the basis of continuity of service, the terms and conditions of their employment with MPL shall not be less favorable than those applicable to them with reference to Kerala Plantations Undertaking on the Effective Date.

(d) Demerger of Tamil Nadu Plantations Undertaking of HML and merger of EPL with HPL:

- With effect from the Appointed Date and upon the Scheme becoming effective, Tamil Nadu Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into HPL, as of the Appointed Date and all the estate and interest of HML therein shall consequently vest into HPL with effect from the Effective date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to HPL.
- With effect from the Appointed Date and upon the Scheme becoming effective, EPL shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and without

any further act, instrument, deed or matter or thing, stand merged with HPL, as a going concern, as of the Appointed Date, and all its assets, liabilities, properties, rights, benefits and interest therein shall consequently vest into HPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part hereof and arising out of liabilities which shall also stand transferred to HPL.

ISSUE OF SHARES PURSUANT TO DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING

Upon the coming into effect of this Scheme, and in consideration of the demerger of Tamil Nadu Plantations Undertaking of HML into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot equity shares at par on a proportionate basis to each member of HML whose name is recorded in the register of members of HML as holding equity shares on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of HML and HPL in the following proportion:

"For every 1 (one) equity share of face value of Rs 10 held in HML, as on the Record Date, every equity shareholder of HML shall without any application, act or deed, be entitled to receive 1 (one) equity share of face value of Rs 7 each of HPL, credited as fully paid-up."

- Upon the coming into effect of this Scheme, the members of HML holding partly paid up equity shares, if any, shall be issued partly paid up equity shares in HPL in accordance with the Share Entitlement Ratio mentioned in Clause 12.1.1 of the Scheme.
- The equity shares of HPL issued pursuant to Clause 12.1.1 of the Scheme, shall be listed and / or admitted to trading on all the stock exchanges on which the shares of HML are listed as on the Effective Date. Such equity shares shall, however, be listed subject to HPL complying with all the applicable regulations and obtaining the requisite approvals from all the relevant regulatory authorities pertaining to the listing of the equity shares issued pursuant to the scheme.

ISSUE OF SHARES PURSUANT TO MERGER OF ENCHANTING PLANTATIONS LIMITED

EPL and HPL are both wholly owned subsidiaries of HML. Upon the coming into effect of this Scheme, and in consideration of the merger of EPL into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot preference shares at par to HML in the following proportion:

"For every 1 (one) equity share of face value of Rs 10 held in EPL, HML shall without any application, act or deed, be entitled to receive 1 (one) preference share of face value of Rs 10 each of HPL, credited as fully paid-up."

- All existing shares held by HML in HPL, i.e. 50,000 equity shares of Rs 10 each, shall stand cancelled, without any further act or deed as an integral part of this Scheme in accordance with the provisions of Sections 100 to 103 of the Act and the Order of the Court shall be deemed to be the Order under Section 102 of the Act for the purposes of confirming the reduction. The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of HPL, HPL shall not be required to add "And Reduced" as suffix to its name and HPL shall carry on with its current name, "Harmony Plantations Limited".
- Upon the Scheme becoming effective, all employees of EPL and Tamil Nadu Plantations Undertaking of HML in service on the Effective Date shall be deemed to have become the employees of HPL without any interruption in their service as a result of the merger of EPL with HPL and demerger of Tamil Nadu Plantations Undertaking of HML into HPL on the same terms and conditions of employment as were with EPL and HML respectively. On the basis of continuity of service, the terms and conditions of their employment with HPL shall not be less favorable than those applicable to them with reference to EPL and Tamil Nadu Plantations Undertaking of HML on the Effective Date.

The features set out above being only the salient features of the Scheme, the members are requested to read the entire text of the Scheme, annexed to this notice, to get fully acquainted with the provisions thereof.

8. The rights and interests of the members and the creditors of HML, EPL, MPL and HPL will not be prejudicially affected by the Scheme.
9. The Scheme was approved by the Board of Directors of HML on 10th February, 2012. Subsequently the Board

of Directors of HML vide Circular Resolution dated 31st May, 2012 approved the modification to the Scheme. The Board of Directors of EPL, MPL and HPL have approved the aforesaid Scheme at their respective meetings held on 10th February, 2012. Subsequently the Board of Directors of EPL, MPL and HPL vide resolution dated 31st May, 2012, approved the modification to the Scheme.

10. No investigation proceedings have been initiated or are pending under Sections 235 to 251 of the Companies Act, 1956 against HML.
11. On the Scheme being approved by the secured creditors as per the requirements of Section 391 of the Act, HML will seek sanction of the Hon'ble High Court of Kerala at Ernakulam.
12. HML has obtained the approval to the Scheme in terms of clause 24(f) of the Listing Agreement, from the Bombay Stock Exchange Limited vide its letter dated June 08, 2012, from the National Stock Exchange of India Limited vide its letter dated June 08, 2012 and from the Cochin Stock Exchange Limited vide its letter dated June 12, 2012.
13. In the event that this Scheme is not sanctioned by the Court or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme are not obtained or complied with or for any other reason, the Effective Date does not occur on or before 31st Day of March, 2013 or within such further time as may be agreed to by the Board of Directors of HML, EPL, MPL and HPL, the Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter se by the Parties or their shareholders or creditors or employees or any other person. In such an event, all the costs, charges and expenses in connection with this Scheme shall be borne equally by HML, EPL, MPL and HPL, unless otherwise mutually agreed.
14. The non-receipt of any sanctions or approvals for a particular asset or liability forming part of Kerala Plantations Undertaking, Tamil Nadu Plantations Undertaking and EPL getting transferred pursuant to this Scheme, shall not affect the effectiveness of the respective section of the Scheme if the Boards of HML, EPL, MPL and HPL so decide.
15. The directors of HML, EPL, MPL and HPL may be deemed to be concerned and / or interested in the Scheme only to the extent of their shareholding in the companies, or to the extent the said directors are common directors in the companies, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and / or beneficiary of trust that hold shares in any of the companies or to the extent they may be allotted shares in HPL as a result of the Scheme. Save as aforesaid, none of the directors of the companies have any material interest in the proposed Scheme.
16. The details of shareholding of Directors of HML in HML, EPL, MPL and HPL, either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in HML	No. of shares held in EPL	No. of shares held in MPL	No. of shares held in HPL
Mr. Sanjiv Goenka	35,000	NIL	NIL	NIL
Mr. Haigreve Khaitan	NIL	NIL	NIL	NIL
Mr. P. K. Chowdhary	NIL	NIL	NIL	NIL
Mr. G. Momen	560	NIL	NIL	NIL
Mr. Umang Kanoria	NIL	NIL	NIL	NIL
Mr. Ajit Singh Chouhan	NIL	NIL	NIL	NIL
Mr. Pankaj Kapoor	1,09,001	NIL	NIL	NIL
Mr. Ashok Bachan Goyal	NIL	NIL	NIL	NIL

Note: EPL, MPL and HPL are wholly owned subsidiaries of HML and therefore none of the Directors of HML hold any shares in EPL, MPL and HPL

17. The details of shareholding of Directors of EPL in EPL, HML, MPL and HPL, either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in EPL	No. of shares held in HML	No. of shares held in MPL	No. of shares held in HPL
V. Venugopal	1	50	1	1
K.N. Mathew	1	100	1	1
P.A. Krishnamoorthy	1	50	1	1

18. The details of shareholding of Directors of MPL in MPL, HML, EPL and HPL, either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in MPL	No. of shares held in HML	No. of shares held in EPL	No. of shares held in HPL
V. Venugopal	1	50	1	1
P. A. Krishnamoorthy	1	50	1	1
C. Vinayaraghavan	NIL	350	NIL	NIL
P. N. Ravunni	NIL	200	NIL	NIL

19. The details of shareholding of Directors of HPL in HPL, HML, EPL and MPL either singly or jointly or as nominee, as on February 17th, 2012 is as under:

Name of Directors	No. of shares held in HPL	No. of shares held in HML	No. of shares held in EPL	No. of shares held in MPL
V. Venugopal	1	50	1	1
C. Vinayaraghavan	NIL	350	NIL	NIL
P. N. Ravunni	NIL	200	NIL	NIL
P. A. Krishnamoorthy	1	50	1	1

20. Pre and Post Scheme shareholding pattern of HML based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding		Post-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)	No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals / Hindu Undivided Family	90,000	0.49	90,000	0.49
(b)	Bodies Corporate	5,553,555	30.09	5,553,555	30.09
	Sub-Total (A) (1)	5,643,555	30.58	5,643,555	30.58
2	Foreign				
(a)	Bodies Corporate	3,640,000	19.72	3,640,000	19.72
	Sub-Total (A) (2)	3,640,000	19.72	3,640,000	19.72
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	9,283,555	50.30	9,283,555	50.30
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds / UTI	7,020	0.04	7,020	0.04
(b)	Financial Institutions / Banks	2,483	0.01	2,483	0.01
(c)	Insurance Companies	33,895	0.29	33,895	0.18
(d)	Any Other(Specify) Trust	2,240	0.01	2,240	0.01
	Sub-Total (B) (1)	45,638	0.25	45,638	0.25
2	Non-Institutions				
(a)	Bodies Corporate	796,687	4.32	796,687	4.32
(b)	Individuals				
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	6,003,417	32.53	6,003,417	32.53
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,910,981	10.35	1,910,981	10.35
(c)	Any Other				
i	Market Maker	112,731	0.61	112,731	0.61
ii	NRI	145,332	0.79	145,332	0.79
iv	HUF	90,545	0.49	90,545	0.49
v	Clearing Member	66,519	0.36	66,519	0.36
	Sub-total (B) (2)	9,126,212	49.45	9,126,212	49.45
	Total Public Shareholding (B) = (B)(1)+(B)(2)	9,171,850	49.70	9,171,850	49.70
	TOTAL (A)+(B)	18,455,405	100	18,455,405	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil
	GRAND TOTAL (A)+(B)+(C)	18,455,405	100	18,455,405	100

21. Pre Scheme shareholding pattern of EPL based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals / Hindu Undivided Family	6	0.01
(b)	Bodies Corporate	99,994	99.99
	Sub-Total (A) (1)	1,00,000	100
2	Foreign		
(a)	Bodies Corporate	Nil	Nil
	Sub-Total (A) (2)	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	1,00,000	100
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	Nil	Nil
(b)	Financial Institutions / Banks	Nil	Nil
(c)	Insurance Companies	Nil	Nil
(d)	Any Other(Specify) Trust	Nil	Nil
	Sub-Total (B) (1)	Nil	Nil
2	Non-Institutions		
(a)	Bodies Corporate	Nil	Nil
(b)	Individuals		
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil
(c)	Any Other (Market Maker)		
ii	(NRI)		
iv	(HUF)	Nil	Nil
v	(Clearing Member)	Nil	Nil
	Sub-total (B) (2)	Nil	Nil
	Total Public Shareholding (B) = (B)(1)+(B)(2)	Nil	Nil
	TOTAL (A)+(B)	1,00,000	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil
	GRAND TOTAL (A)+(B)+(C)	1,00,000	100

22. Pre and Post Scheme shareholding pattern of MPL based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding		Post-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)	No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals / Hindu Undivided Family	6	0.01	6	0.01
(b)	Bodies Corporate	49,994	99.99	49,994	99.99
	Sub-Total (A) (1)	50,000	100	50,000	100
2	Foreign				
(a)	Bodies Corporate				
	Sub-Total (A) (2)				
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	50,000	100	50,000	100
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds / UTI				
(b)	Financial Institutions / Banks				
(c)	Insurance Companies				
(d)	Any Other(Specify) Trust				
	Sub-Total (B) (1)				
2	Non-Institutions				
(a)	Bodies Corporate				
(b)	Individuals				
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh				
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh				
(c)	Any Other (Market Maker)				
i	(NRI)				
ii	(HUF)				
iv	(Clearing Member)				
	Sub-total (B) (2)				
	Total Public Shareholding (B) = (B)(1)+(B)(2)				
	TOTAL (A)+(B)	50,000	100	50,000	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued				
	GRAND TOTAL (A)+(B)+(C)	50,000	100	50,000	100

23. Pre and Post Scheme shareholding pattern of HPL based on shareholding as on February 17th 2012 is as follows:

Category code	Category of Shareholder	Pre-Arrangement shareholding		Post-Arrangement shareholding	
		No of Shares	As a percentage of (A+B+C)	No of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals / Hindu Undivided Family	6	0.01	90,000	0.49
(b)	Bodies Corporate	49,994	99.99	5,553,555	30.09
	Sub-Total (A) (1)	50,000	100	5,643,555	30.58
2	Foreign				
(a)	Bodies Corporate	Nil	Nil	3,640,000	19.72
	Sub-Total (A) (2)	50,000	100	3,640,000	19.72
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	50,000	100	9,283,555	50.30
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds / UTI	Nil	Nil	7,020	0.04
(b)	Financial Institutions / Banks	Nil	Nil	2,483	0.01
(c)	Insurance Companies	Nil	Nil	33,895	0.18
(d)	Any Other(Specify) Trust	Nil	Nil	2,240	0.01
	Sub-Total (B) (1)			45,638	0.25
2	Non-Institutions				
(a)	Bodies Corporate	Nil	Nil	796,687	4.32
(b)	Individuals				
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	6,003,417	32.53
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil	1,910,981	10.35
(c)	Any Other (Market Maker)			112,731	0.61
i	(NRI)	Nil	Nil	145,332	0.79
ii	(HUF)	Nil	Nil	90,545	0.49
iv	(Clearing Member)	Nil	Nil	66,519	0.36
	Sub-total (B) (2)			9,126,212	49.45
	Total Public Shareholding (B) = (B)(1)+(B)(2)	Nil	Nil	9,171,850	49.70
	TOTAL (A)+(B)	50,000	100	18,455,405	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil
	GRAND TOTAL (A)+(B)+(C)	50,000	100	18,455,405	100

he entire existing issued and subscribed share capital of HPL will get cancelled pursuant to the Scheme and no new shares will be issued in lieu thereof.

24. Inspection of the following documents may be had at the Registered Office of HML at 24/1624 Bristow Road, Willingdon Island, Kochi - 682003, Kerala on all working days (except Saturdays) of the Company between 11.00 a.m. and 1.00 p.m. up to one day prior to the date of the Court Convened Meeting:

- Certified copy of the Order dated the 6th day of July, 2012 of the High Court of Kerala at Ernakulam passed in Company Application No. 34 of 2012 directing the convening of the meeting of the Equity Shareholders of the Company;
- Composite Scheme of Arrangement and Amalgamation;
- Memorandum and Articles of Association of HML, EPL, MPL and HPL;
- Audited financial statement of accounts as on March 31, 2009 of HML;
- Audited financial statement of accounts as on March 31, 2010 of HML;
- Audited financial statement of accounts as on March 31, 2011 of HML;
- Unaudited financial Statement of Accounts as on March 31, 2012 of HML;
- Audited financial statement of accounts as on March 31, 2012 of EPL, MPL and HPL;
- Valuation Report issued by Grant Thornton India LLP dated February 09, 2012 and addendum to their report dated May 30, 2012.
- Fairness Opinion Report issued by Keynote Corporate Services Limited dated February 10, 2012 and addendum to their report dated May 30, 2012.
- No objection certificates to the Scheme received from Bombay Stock Exchange Limited dated June 08, 2012, the National Stock Exchange of India Limited dated June 08, 2012 and the Cochin Stock Exchange Limited dated May 21, 2012.

This statement may be treated as an Explanatory Statement under section 173 and Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Company's Office at 24/1624 Bristow Road, Willingdon Island, Kochi - 682003, Kerala and/or at the office of the Advocates M/s Menon & Pai, Advocates, Post Box No. 1911, I. S. Press Road, Ernakulam, Cochin 682018.

Sd/-

Place: Kochi
Date: 12th day of July, 2012

K. Sreekumar
Advocate, High Court of Kerala
Chairman appointed for the Meeting

Registered Office:
24/1624 Bristow Road,
Willingdon Island,
Kochi - 682003, Kerala

**COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION
UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100
TO 103 OF THE COMPANIES ACT, 1956**

**AMONG
HARRISONS MALAYALAM LIMITED
AND
ENCHANTING PLANTATIONS LIMITED
AND
MALAYALAM PLANTATIONS LIMITED
AND
HARMONY PLANTATIONS LIMITED
AND
AND THEIR RESPECTIVE SHAREHOLDERS AND
THEIR RESPECTIVE CREDITORS**

A. PREAMBLE

The Composite Scheme of Arrangement and Amalgamation is divided into the following Parts:

- (i) Part I deals with Definitions and Interpretation and Share Capital;
- (ii) Part II deals with the transfer and vesting of Kerala Plantations Undertaking of Harrisons Malayalam Limited (HML) into Malayalam Plantations Limited (MPL) pursuant to the order of Hon'ble High Court of Judicature of Kerala at Ernakulam under sections 391 to 394 and other applicable provisions of the Companies Act, 1956;
- (iii) Part III deals with the demerger of Tamil Nadu Plantations Undertaking of Harrisons Malayalam Limited and merger of Enchanting Plantations Limited (EPL) with Harmony Plantations Limited (HPL); and
- (iv) Part IV deals with General/Residuary Terms and Conditions.

B. RATIONALE OF THE SCHEME

- (i) HML is engaged inter-alia in the business of production and sale of tea and rubber. The rubber and tea estates are situated in the states of Kerala and Tamil Nadu.
- (ii) On account of the large tracts of land and their widespread geographical locations and for proper growth and development of the business, it is necessary that the same be managed and administered, directly or indirectly, by different companies with undivided focus, care and attention.
- (iii) The management of the business by separate entities would assist in devoting necessary attention to cultivation activities mandated by the changing climatic conditions and other agricultural factor which would ultimately facilitate independent evaluation, operation and greater realisation of the potential of the business.
- (iv) Accordingly, it is proposed to restructure HML in the manner specified in this Scheme.
- (v) The proposed restructuring exercise would increase potential for further growth and diversification to achieve better synergy and optimisation of resources as well as to facilitate cost-effective fund raising and development of both HML and HPL. Further, the restructuring would facilitate the running of HML's business with a greater and focused approach to concentrate on its operations to its greater advantage while also providing an opportunity to optimally utilise assets within its control. Lastly, the restructuring would not lead to starving of any business as the management is convinced of the growth and value creation potential of all undertakings of HML.
- (vi) For the reasons stated above, the proposed restructuring is in the interest of the shareholders, creditors and all other stakeholders of all respective companies, and shall not in any manner be prejudicial to the interests of concerned shareholders and creditors or general public at large.

PART I

1 DEFINITIONS AND INTERPRETATION AND SHARE CAPITAL

1.1 Definitions

- 1.1.1 "Act" means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof;
- 1.1.2 "Appointed Date" means 1 April 2012 or such other date as may be approved by the Court;
- 1.1.3 "Court" or "High Court" means the Hon'ble High Court of Kerala at Ernakulam, to which this Scheme is submitted for its sanctioning under Sections 391 to 394 read with Sections 78, 100 to 103 of the Act;
- 1.1.4 "Effective Date" means the last of the dates on which the certified copies of the order sanctioning this Scheme, passed by the High Court, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Kerala in accordance with the Act. Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date;
- 1.1.5 "EPL" means Enchanting Plantations Limited a company incorporated under the Act having its registered office at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala;
- 1.1.6 "HML" means Harrisons Malayalam Limited a company incorporated under the Act having its registered office at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala;
- 1.1.7 "HML Residual Entity" means all the businesses, assets, properties and liabilities of HML other than Tamil Nadu Plantations Undertaking and Kerala Plantations Undertaking;
- 1.1.8 "HPL" means Harmony Plantations Limited, a company incorporated under the Act having its registered office at 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala;
- 1.1.9 "Kerala Plantations Undertaking" means the business of HML, as a going concern, pertaining to the Venture rubber estate, Isfield rubber estate, Koney rubber estate, Lahai rubber estate, Kaliyar rubber estate, Palapilly rubber estate, Upper Surianalle tea estate, Achoor tea estate, Chundale tea estate, Sentinel Rock tea estate, Touramulla tea estate and Arrapetta tea estate and shall mean and include (without limitation):
- (i) All assets and liabilities of HML identified as pertaining to the estates of Kerala Plantations Undertaking, wherein certain lands are remaining vested under the Kerala Private Forest (Vesting & Assignment) Act, 1971 and are in the possession of the Kerala Government since 1971;
 - (ii) Notwithstanding the generality of the provisions of Clause (i) above, the above undertaking shall include:
 - (a) all properties and assets, whether moveable or immoveable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, bills of exchange, covenant and undertakings of HML pertaining to Kerala Plantations Undertaking;
 - (b) all assets (whether moveable or immoveable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) of HML pertaining to Kerala Plantations Undertaking including but not limited to the plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits including deposits or outstandings in litigations or paid under protest, provisions, advances, receivables, funds, leases, licences, tenancy rights, premises, hire purchase and lease arrangements including benefits

of agreements, contracts and arrangements, powers, authorities, industrial and other licences, registrations, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by HML pertaining to Kerala Plantations Undertaking;

- (c) all identified liabilities/claims present and future, income tax payable, if any, to the tax authorities in respect of assessments pertaining to periods prior to the Appointed Date, and the specific contingent liabilities pertaining to or relatable to the Kerala Plantations Undertaking, as may be determined by the Board of Directors of HML;
- (iii) All intellectual property rights, including patents, trademarks and copyrights of HML pertaining to Kerala Plantations Undertaking;
- (iv) All books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to Kerala Plantations Undertaking;
- (v) All employees of HML engaged in Kerala Plantations Undertaking;
- (vi) All earnest monies, security deposits, or other entitlements, if any, in connection with or relating to HML pertaining to Kerala Plantations Undertaking;

Explanation: Whether any particular asset, liability or reserve should be included as asset, liability or reserve of the Kerala Plantations Undertaking or otherwise shall be decided mutually by the Board of Directors of HML and MPL or any committee thereof;

- 1.1.10 "MPL" means Malayalam Plantations Limited, a company incorporated under the Act having its registered office at 24/1624, Bristow Road, Willingdon Island, Kochi - 682003, Kerala;
- 1.1.11 "Record Date" means the date to be fixed jointly by the Board of HML and HPL for the purposes of determining the shareholders of HML to whom shares would be issued on demerger of Tamil Nadu Plantations Undertaking to HPL pursuant to Part III of this Scheme;
- 1.1.12 "Scheme" or "the Scheme" or "this Scheme" means this composite scheme of arrangement and amalgamation submitted to the Court with any modification/amendments;
- 1.1.13 "Tamil Nadu Plantations Undertaking" means the business of HML, as a going concern, pertaining to the Mayfield tea estate and shall mean and include (without limitation):
 - (i) All assets and liabilities of HML pertaining to the business of Mayfield tea estate, wherein approximately 827 acres are currently remaining notified as forests by the Government of Tamil Nadu as of August 2011;
 - (ii) Notwithstanding the generality of the provisions of Clause (i) above, the said undertaking shall include:
 - (a) all properties and assets, whether moveable or immoveable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, bills of exchange, covenant and undertakings of HML pertaining to Tamil Nadu Plantations Undertaking;
 - (b) all assets (whether moveable or immoveable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) of HML pertaining to Tamil Nadu Plantations Undertaking including but not limited to the plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles,

all stocks, sundry debtors, deposits including deposits or outstandings in litigations or paid under protest, provisions, advances, receivables, funds, leases, licences, tenancy rights, premises, hire purchase and lease arrangements including benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licences, registrations, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by HML pertaining to Tamil Nadu Plantations Undertaking;

- (c) all debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of HML pertaining to Tamil Nadu Plantations Undertaking, comprising of:
 - (i) the liabilities which arise out of the activities or operations of HML pertaining to Tamil Nadu Plantations Undertaking;
 - (ii) the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of HML pertaining to Tamil Nadu Plantations Undertaking; and
 - (iii) so much of the amounts of general or multipurpose borrowings of HML as stand in the same proportion which the value of assets transferred of Tamil Nadu Plantations Undertaking bears to the total value of the assets of HML immediately before the Appointed Date; and
- (d) all other debts, duties, obligations and liabilities including contingent liabilities of HML pertaining to Tamil Nadu Plantations Undertaking as a going concern for transfer to MPL.
- (iii) All intellectual property rights, including patents, trademarks and copyrights of HML pertaining to the business of Tamil Nadu Plantations Undertaking;
- (iv) All books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to Tamil Nadu Plantations Undertaking;
- (v) All employees of HML engaged in Tamil Nadu Plantations Undertaking;
- (vi) All earnest monies, security deposits, or other entitlements, if any, in connection with or relating to HML pertaining to Tamil Nadu Plantations Undertaking;

Explanation: Whether any particular asset, liability or reserve should be included as asset, liability or reserve of the Tamil Nadu Plantations Undertaking or otherwise shall be decided mutually by the Board of Directors of HML and HPL or any committee thereof;

1.2 Interpretation

The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made there under), the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

1.3 Date of Taking Effect and Operative Date

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

1.4 Share Capital

1.4.1 The share capital of HML as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
3,00,00,000 equity shares of Rs 10 each	30,00,00,000
Total	30,00,00,000
Issued and Subscribed Capital	
1,84,55,405 equity shares of Rs 10 each	18,45,54,050
Less: Calls in Arrears	11,000
Paid-Up Capital	18,45,43,050

Subsequent to February 15, 2012 and till the date of filing the Scheme with the stock exchanges, there has been no change in the issued, subscribed and paid up capital of HML. The shares of HML are listed on the Bombay Stock Exchange, National Stock Exchange and Cochin Stock Exchange

1.4.2 The share capital of EPL as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
100,000 equity shares of Rs 10 each	10,00,000
Total	10,00,000
Issued, Subscribed and Paid-Up Capital	
100,000 equity shares of Rs 10 each fully paid up	10,00,000
Total	10,00,000

EPL is a wholly owned subsidiary of HML. Subsequent to February 15, 2012 and till the date of filing the scheme with stock exchanges, there has been no change in the issued, subscribed and paid up capital of EPL.

1.4.3 The share capital of the MPL as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-Up Capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
Total	5,00,000

MPL is a wholly owned subsidiary of EPL. Subsequent to February 15, 2012 and till the date of filing the scheme with the stock exchanges, there has been no change in the issued, subscribed and paid up capital of MPL.

1.4.4 The share capital of HPL as on February 15, 2012 was as under:

Particulars	(Amount in Rupees)
Authorised Capital	
50,000 equity shares of Rs 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-Up Capital	
50,000 equity shares of Rs 10 each fully paid up	5,00,000
Total	5,00,000

HPL is a wholly owned subsidiary of HML. Subsequent to February 15, 2012 and till the date of filing the scheme with the stock exchanges, there has been no change in the issued, subscribed and paid up capital of HPL.

PART II

TRANSFER AND VESTING OF KERALA PLANTATIONS UNDERTAKING OF HML INTO MPL

2 TRANSFER AND VESTING OF KERALA PLANTATIONS UNDERTAKING OF HML INTO MPL

2.1 With effect from the Appointed Date and upon the Scheme becoming effective, Kerala Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into MPL, as of the Appointed Date and all the estate and interest of HML in Kerala Plantations Undertaking shall consequently vest into MPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to MPL. The transfer and vesting shall be effected as follows:

2.1.1 Without prejudice to the generality of Clause 2.1, in respect of such of the assets of Kerala Plantations Undertaking as are moveable in nature or are otherwise capable of transfer and vesting by manual delivery or by endorsement and/or delivery or by physical possession including plant, machinery and equipment, the same may be transferred to and vested into, at the option of the Board of HML and MPL, as follows:

- (i) All the moveable assets capable of being transferred and vested by delivery, including plant and machinery, shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to MPL along with such other documents as may be necessary towards the end and intent that the property therein passes to MPL on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of MPL accordingly. The investments held in dematerialized form will be transferred to MPL by issuing appropriate delivery instructions to the depository participant with whom HML has an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of Directors of HML and MPL, being a date after the sanction of the Scheme by the High Court.
- (ii) The moveable assets, other than those specified in Clause 2.1.1 (i) above, including actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested into as the property of MPL. MPL may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of MPL to recover or realise the same is in substitution of the right of HML and that appropriate entry should be passed in their respective books to record the aforesaid charges.

2.2 Without prejudice to Clause 2.1 above, with effect from the Appointed Date and upon the Scheme becoming effective, all immoveable properties, including land together with the trees, crops, buildings and structure standing thereon, whether freehold or leasehold, relating to Kerala Plantations Undertaking and any documents of title, rights, interests, claims, including leases, licenses and easements in relation thereto, shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into MPL, as of the Appointed Date. With effect from the Appointed Date, MPL shall be accountable for ground rent and municipal taxes. The mutation of the title to the immoveable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of MPL. Any inchoate title or possessory title of HML or its predecessor companies in relation to Kerala Plantations Undertaking shall be deemed to be the title of MPL. In respect of all such lands relating to Kerala Plantations Undertaking as are vested with the Government under the Kerala Private Forests (Vesting and Assignment) Act, 1971 and which as and when restored to HML, shall, without any further act, instrument or deed, be deemed to have been restored to MPL and shall belong to MPL and HML shall fully cooperate and facilitate and carry out all such steps as are necessary for restoration of such lands to MPL.

2.3 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, of every kind, nature and description of HML relating to Kerala Plantations Undertaking, shall, under the provisions of Sections 391 to 394, without any further act or deed, be transferred to or be deemed to be transferred to MPL so as to become, from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of MPL 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 Clause 2.3.

2.4 The transfer and vesting of the Kerala Plantations Undertaking as aforesaid of HML, 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.

Provided however, any reference in any security documents or arrangements (to which HML is a party) to the assets of Kerala Plantations Undertaking 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 Kerala Plantations Undertaking as are vested into MPL 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 HML or any of the assets of MPL.

Provided further that in so far as the assets comprised in Kerala Plantations Undertaking are concerned, the security and charge over such assets relating to any loans or liabilities which are not transferred under Part II of this Scheme and which are part of Tamil Nadu Plantations Undertaking or HML Residual Entity shall, without any further act or deed, be released from such encumbrance and shall no longer be available as security in relation to such liabilities.

Provided further that in so far as the assets of HML other than those comprised in Kerala Plantations Undertaking are concerned, the security over the assets relating to the loans, borrowings, debts and financial assistance of Kerala Plantations Undertaking shall, without further act, instrument or deed be released and discharged from the obligations and security relating to the same. With effect from the Appointed Date and upon the Scheme becoming effective, MPL undertakes to meet, discharge and satisfy the said loans, borrowings, debts and financial assistance to the exclusion of HML Residual Entity and to keep HML Residual Entity indemnified at all times from and against all such debts, liabilities, contingent liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereto.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of MPL 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 Kerala Plantations Undertaking vested into MPL.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility

created by HML in relation to Kerala Plantations Undertaking by virtue of this Scheme and MPL shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 2.5 Where any of the liabilities and obligations attributed to Kerala Plantations Undertaking on the Appointed Date has been discharged by HML on behalf of Kerala Plantations Undertaking after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of MPL. Where HML has taken any further loans, liabilities or obligations pertaining to Kerala Plantations Undertaking, or provides any security on the existing loans of Kerala Plantations Undertaking, such further loan shall also be deemed to have been for and on behalf of MPL and MPL shall assume liability for the same.
- 2.6 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory or other licences, permissions or approvals or consents held by HML required to carry on operations in Kerala Plantations Undertaking shall stand transferred to or vested into MPL, without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory or other authorities concerned therewith in favour of MPL. The benefit of all statutory and regulatory permissions including the statutory or other licences, tax registrations, permits, permissions or approvals or consents required to carry on the operations of Kerala Plantations Undertaking shall vest into and become available to MPL pursuant to the Scheme. Any no-objection certificates, licences, permissions, consents, approvals, authorisations, registrations or statutory rights as are jointly held by Kerala Plantations Undertaking and any other undertaking of HML shall be deemed to constitute separate licences, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights of Kerala Plantations Undertaking on the one hand and HML Residual Entity or Tamil Nadu Plantations Undertaking on the other. The concerned statutory or other authorities and licensors shall endorse and/or mutate or record the separation, make entry in their records and/or upon the relevant document itself so as to give effect to this Scheme in order to facilitate the continuation of operations of Kerala Plantations Undertaking in MPL, without any hindrance, from the Effective Date.
- 2.7 HML may be entitled to various benefits under incentive schemes and policies in relation to Kerala Plantations Undertaking and pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies pertaining to Kerala Plantations Undertaking shall be transferred to and vested into MPL and all benefits, entitlements and incentives of any nature whatsoever including benefits under income tax, excise (including modified value added tax, central value added tax), sales tax (including deferment of any tax), service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to Kerala Plantations Undertaking, to the extent statutorily available, shall be claimed by MPL, and these shall relate to the Appointed Date, subject to continued compliance by MPL of all the terms and conditions subject to which the benefits under the incentive schemes were made available to HML.

3 ISSUE OF SHARES

- 3.1 MPL is a wholly owned subsidiary of EPL, which in turn is a wholly owned subsidiary of HML. Hence such transfer and vesting shall be without any consideration and MPL shall not be required to issue any shares or pay any consideration to HML or to its shareholders for acquiring Kerala Plantations Undertaking.

4 ACCOUNTING TREATMENT IN THE BOOKS OF MPL

- 4.1 Upon the Scheme becoming effective, MPL shall record all the assets and liabilities of Kerala Plantations Undertaking vested into it in pursuance to Part II of the Scheme, at their respective fair values.
- 4.2 MPL shall credit an amount equal to the difference in fair values of assets and liabilities of Kerala Plantations Undertaking as general reserve, which shall constitute Free Reserves available to MPL for all purposes as it may consider proper including in particular for off-setting any Additional Depreciation that may be charged by MPL on revaluation component of the cost of any asset or for declaration of dividends, issue of bonus shares, etc. Such general reserve shall be a reserve which arises pursuant to this Scheme and shall not be and shall not for any purpose be considered to be a reserve created by MPL.

Explanation: Additional Depreciation includes in particular depreciation provided, charged or suffered by MPL on the respective assets transferred by HML under the Scheme in excess of that which would be chargeable on the book value of these assets as if there had been no revaluation of these assets in HML.

5 ACCOUNTING TREATMENT IN THE BOOKS OF HML

Upon the Scheme becoming effective:

- 5.1 HML shall reduce the assets and liabilities pertaining to the Kerala Plantations Undertaking as on the Appointed Date from its books of accounts.
- 5.2 The difference, being the excess of the book value of assets of Kerala Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:
 - 5.2.1 Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Kerala Plantations Undertaking;
 - 5.2.2 Securities premium reserve; and
 - 5.2.3 Profit and Loss account balance appearing in the balance sheet of HML
- 5.3 The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.
- 5.4 The difference, being the excess of the book value of liabilities of Kerala Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.

6 CONDUCT OF BUSINESS OF KERALA PLANTATIONS UNDERTAKING

- 6.1 Upon filing of the Scheme with the High Court until the Effective Date:
 - 6.1.1 HML shall carry on and be deemed to have carried on its business and activities in relation to Kerala Plantations Undertaking and shall hold and deal with all assets and properties of Kerala Plantations Undertaking for and on account of and in trust for MPL;
 - 6.1.2 Any income or profit accruing or arising to HML in relation to Kerala Plantations Undertaking and all costs, charges, expenses and losses incurred by HML in relation to Kerala Plantations Undertaking shall, for all purposes, be treated as the income, profits, costs, charges, expenses and losses, as the case may be, of MPL;
 - 6.1.3 HML shall not utilise the profits or income, if any, relating to Kerala Plantations Undertaking for the purpose of declaring or paying any dividend or for any other purpose in respect of the period from and after the Appointed Date, without the prior written consent of MPL;
 - 6.1.4 HML shall carry on the business of Kerala Plantations Undertaking with reasonable diligence, in the ordinary course of business and HML shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with Kerala Plantations Undertaking, save and except, in each case, in the following circumstances:
 - (i) if the same is in the ordinary course of business as carried on by it as on the date of filing this Scheme with the Court; or
 - (ii) if the same is expressly permitted by this Scheme; or
 - (iii) if the written consent of MPL, as the case may be, has been obtained.
 - 6.1.5 HML shall not vary or alter, except in the ordinary course of its business and as may be required for reorganisation, the terms and conditions of employment of any of its employees in relation to Kerala Plantations Undertaking;
 - 6.1.6 All assets acquired and all liabilities incurred by HML for operation of and in relation to Kerala Plantations Undertaking shall also, without any further act, instrument or deed, stand

transferred to and vested into or to be deemed to have been transferred to or vested into MPL upon the coming into effect of the Scheme; and

- 6.1.7 Any of the rights, powers, authorities, privileges, attached, related or pertaining to Kerala Plantations Undertaking that have been exercised by HML shall be deemed to have been exercised by HML for and on behalf of, and in trust for and as an agent of MPL. Similarly, any of the obligations, duties and commitments attached, related or pertaining to Kerala Plantations Undertaking that have been undertaken or discharged by HML shall be deemed to have been undertaken for and on behalf of, and in trust for and as an agent of MPL.
- 6.2 HML and/or MPL shall be entitled, pending the sanction of the Scheme by the Court, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which MPL may require to own and carry on the business of Kerala Plantations Undertaking.

7 EMPLOYEES OF KERALA PLANTATIONS UNDERTAKING

- 7.1 Upon the Scheme becoming effective, all employees of Kerala Plantations Undertaking in service on the Effective Date shall be deemed to have become the employees of MPL without any interruption in their service as a result of the transfer of Kerala Plantations Undertaking to MPL on the same terms and conditions of employment as were with HML. On the basis of continuity of service, the terms and conditions of their employment with MPL shall not be less favorable than those applicable to them with reference to Kerala Plantations Undertaking on the Effective Date.
- 7.2 With regard to provident fund, gratuity fund, superannuation fund or any other special fund or any other special scheme created or existing for the benefit of employees engaged in Kerala Plantations Undertaking, upon the Scheme becoming effective, the existing amounts, whether held by way of cash and/or investments, in the gratuity fund, provident fund and superannuation fund trusts, if any, created by HML shall be transferred to the gratuity fund, provident fund and superannuation fund schemes created by MPL on the same terms and conditions in relation to employees. With effect from the Effective Date but subject to getting the Scheme approved by relevant authorities, MPL shall make the necessary contributions for such employees in relation to the existing gratuity fund, superannuation fund, provident fund benefits and benefits under any other special fund or scheme. Provided that MPL may continue to make contributions in the gratuity fund, provident fund and superannuation fund trusts, if any, created by HML for such employees till such time as necessary statutory approvals are received by MPL for setting up its own gratuity fund, provident fund, superannuation fund or any other special fund.
- 7.3 In relation to employees engaged in Kerala Plantations Undertaking who are not covered under the provident fund trust of HML, and for whom HML is making contributions to the Government provident fund, MPL shall stand substituted for HML for all purposes whatsoever, including those relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc in respect of such employees.
- 7.4 In relation to any other fund created or existing for the benefit of employees engaged in Kerala Plantations Undertaking, MPL shall stand substituted for HML, for all purposes whatsoever, including those relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc in respect of such employees.
- 7.5 MPL undertakes to continue to abide by any agreement(s)/settlement(s) entered into with any labour unions/ permanent employees by HML in relation to Kerala Plantations Undertaking. MPL agrees that, for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such permanent employees with HML shall also be taken into account, and agrees and undertakes to pay the same as and when payable under applicable law.

8 LEGAL PROCEEDINGS

- 8.1 Upon the Scheme becoming effective on the Effective Date, all suits, appeals, legal, administrative or other proceedings of whatsoever nature, including those relating to indirect taxation, by or against HML in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority pending and/or arising on or after the Appointed Date and relating to Kerala Plantations Undertaking including the pending suits under labour laws pertaining to the estates comprised in the Kerala Plantations Undertaking, shall be continued and enforced by or against MPL only to the exclusion

of HML in the manner and to the same extent as would have been continued and enforced by or against HML. HML shall not be liable to pay any amounts arising out of such proceedings including interest, penalties, damages, costs etc and the same shall be paid only by MPL. On and from the Effective Date, MPL shall and may, if required, with prior consent from HML, initiate any legal proceedings in relation to Kerala Plantations Undertaking in the name of HML.

- 8.2 After the Appointed Date, if any proceedings are taken against HML in respect of the matters referred to in the Clause 8.1 above, HML shall defend the same at the cost of MPL and MPL shall reimburse and indemnify HML against all liabilities and obligations incurred by HML in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc which HML may be called upon to pay or secure in respect of any liability or obligation relating to Kerala Plantations Undertaking.
- 8.3 MPL undertakes to have all legal or other proceedings initiated by or against HML referred to in Clause 8.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against MPL to the exclusion of HML to the extent legally permissible after the Scheme being effective. To the extent such proceedings cannot be taken over by MPL, the proceedings shall be pursued by HML for and on behalf of MPL as per the instructions of and entirely at the cost and expenses of MPL.
- 8.4 Without prejudice to provisions of Clauses 8.1 to 8.3 above, HML shall continue the contesting litigation pending under the Kerala Land Reforms Act before the Taluk Land Board. All costs and expenses incurred thereto shall be shared equally between HML and MPL. As and when the ceiling case is finally disposed of, lands, if any, identified as excess lands in the estates of HML Residual Entity and the Kerala Plantations Undertaking and hence, retained by the authorities shall be deemed to have been so surrendered by HML and MPL respectively from such estates and in case of lands in relation to Kerala Plantations Undertaking, if any, restored to HML shall be deemed to have been restored to MPL.

9 CONTRACTS, DEEDS, ETC.

- 9.1 Notwithstanding anything else contained in this Clause 9, but subject to the other provisions of this Part II, all contracts, deeds, bonds, insurance policies (other than those taken for HML as a whole or without reference to specific assets pertaining to Kerala Plantations Undertaking), agreements and other instruments, if any, of whatsoever nature relating to Kerala Plantations Undertaking and to which HML is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of MPL, as the case may be, and may be enforced by or against MPL as fully and effectually as if, instead of HML, MPL had been a party thereto.
- 9.2 MPL shall take prior consent from HML in writing before executing any such deeds, writings or confirmations on behalf of HML and for implementing or carrying out all formalities required on the part of HML to give effect to the provisions of this Scheme.
- 9.3 Even after this Scheme becomes effective, MPL shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of Kerala Plantations Undertaking in the name of HML, in so far as may be necessary, until the transfer of rights and obligations of HML to MPL under this Scheme is formally accepted by the Parties concerned.
- 9.4 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to Kerala Plantations Undertaking which HML owns or to which HML is a party, cannot be transferred to MPL for any reason whatsoever, HML shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of MPL, in so far as it is permissible so to do, till such time as the transfer is effected.

10 SAVING OF CONCLUDED TRANSACTIONS

- 10.1 The transfer of properties and liabilities relating to Kerala Plantations Undertaking pursuant to Clause 2 of Part II of this Scheme and the continuance of proceedings by or against HML under Clause 8 above shall not affect any transaction or proceedings already concluded or liabilities incurred, or any liabilities discharged by HML in connection with Kerala Plantations Undertaking, subject to the provisions of Clause 9 above, on or after the Appointed Date and until the Effective Date, to the end and intent that MPL shall accept and adopt all acts, deeds and things done and executed by HML in respect thereto as done and executed on behalf of itself.

PART III

DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING OF HML AND MERGER OF EPL INTO HPL

11 TRANSFER AND VESTING OF TAMIL NADU PLANTATIONS UNDERTAKING OF HML AND MERGER OF EPL INTO HPL

- 11.1 With effect from the Appointed Date and upon the Scheme becoming effective, Tamil Nadu Plantations Undertaking shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961, without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into HPL, as of the Appointed Date and all the estate and interest of HML therein shall consequently vest into HPL with effect from the Effective date, subject however, to all the encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to HPL.
- 11.2 With effect from the Appointed Date and upon the Scheme becoming effective, EPL shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and without any further act, instrument, deed or matter or thing, stand merged with HPL, as a going concern, as of the Appointed Date, and all its assets, liabilities, properties, rights, benefits and interest therein shall consequently vest into HPL with effect from Effective Date, subject however, to all the encumbrances, if any, affecting the same or any part hereof and arising out of liabilities which shall also stand transferred to HPL.
- 11.3 The transfer, vesting and merger as provided in Clauses 11.1 and 11.2 above shall be effected as follows:
- 11.3.1 Without prejudice to the generality of Clause 11.1 and Clause 11.2, in respect of such of the assets of EPL and Tamil Nadu Plantations Undertaking of HML as are moveable in nature or are otherwise capable of transfer and vesting by manual delivery or by endorsement and/or delivery or by physical possession including plant, machinery and equipment, the same may be transferred to and vested into at the option of the Board of HML, EPL and HPL as follows:
- (i) All the moveable assets capable of being transferred and vested by delivery, including plant and machinery, shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to HPL along with such other documents as may be necessary towards the end and intent that the property therein passes to HPL on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of HPL accordingly. The investments held in dematerialized form will be transferred to HPL by issuing appropriate delivery instructions to the depository participant with whom HML and EPL have an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of Directors of HML, EPL and HPL, being a Date after the sanction of the Scheme by the High Court.
 - (ii) The moveable assets, other than those specified in Clause 11.3.1 (i) above, including actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested into as the property of HPL. HPL may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of HPL to recover or realise the same is in substitution of the right of HML or EPL, as the case may be, and that appropriate entry should be passed in their respective books to record the aforesaid charges.
- 11.4 Without prejudice to Clause 11.1 and 11.2 above, with effect from the Appointed Date and upon the Scheme becoming effective, all immoveable properties, including land together with the trees, crops, buildings and structure standing thereon, whether freehold or leasehold, relating to EPL and Tamil Nadu

Plantations Undertaking of HML and any documents of title, rights, interests, claims, including leases, licenses and easements in relation thereto, shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into HPL, as of the Appointed Date. With effect from the Appointed Date, HPL shall be accountable for ground rent and municipal taxes. The mutation of the title to the immoveable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of HPL. Any inchoate title or possessory title of EPL or HML in relation to Tamil Nadu Plantations Undertaking or any of their predecessor companies shall be deemed to be the title of HPL.

- 11.5 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, of every kind, nature and description of EPL and Tamil Nadu Plantations Undertaking of HML, shall, under the provisions of Sections 391 to 394 of the Act and without any further act or deed, be transferred to or be deemed to be transferred to HPL so as to become, from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of HPL 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 Clause 11.5.
- 11.6 The transfer and vesting of the Tamil Nadu Plantations Undertaking of HML and merger of EPL, 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 Tamil Nadu Plantations Undertaking of HML and EPL, as the case may be.

Provided however, any reference in any security documents or arrangements to which HML or EPL are a party, shall be construed as reference only to the assets pertaining to Tamil Nadu Plantations Undertaking of HML and EPL respectively as are vested into HPL 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 HML or any of the assets of HPL.

Provided further that in so far as the assets comprised in Tamil Nadu Plantations Undertaking of HML and EPL are concerned, the security and charge over such assets relating to any loans or liabilities which are not transferred under Part III of this Scheme and which are part of Kerala Plantations Undertaking or HML Residual Entity shall, without any further act or deed, be released from such encumbrance and shall no longer be available as security in relation to such liabilities.

Provided further that in so far as the assets of HML other than those comprised in Tamil Nadu Plantations Undertaking are concerned, the security over the assets relating to the loans, borrowings, debts and financial assistance of Tamil Nadu Plantations Undertaking shall, without further act, instrument or deed be released and discharged from the obligations and security relating to the same. With effect from the Appointed Date and upon the Scheme becoming effective, HPL undertakes to meet, discharge and satisfy the said loans, borrowings, debts and financial assistance to the exclusion of HML Residual Entity and to keep HML Residual Entity indemnified at all times from and against all such debts, liabilities, contingent liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereto.

Provided further that the securities, charges and mortgages, if any subsisting over and in respect of the assets or any part thereof of HPL 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 Tamil Nadu Plantations Undertaking of HML and EPL vested into HPL.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by EPL and HML in relation to Tamil Nadu Plantations Undertaking by virtue of this Scheme and HPL shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 11.7 Where any of the liabilities and obligations attributed to EPL and Tamil Nadu Plantations Undertaking of HML on the Appointed Date has been discharged by EPL and HML respectively after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of HPL. Where EPL or HML in relation to Tamil Nadu Plantations Undertaking has taken any further loans,

liabilities or obligations, or provides any security on the existing loans of EPL and Tamil Nadu Plantations Undertaking respectively, such further loan shall also be deemed to have been for and on behalf of HPL and HPL shall assume liability for the same.

- 11.8 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory or other licences, permissions or approvals or consents held by EPL and HML in relation to Tamil Nadu Plantations Undertaking shall stand transferred to and vested into HPL, without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory or other authorities concerned therewith in favour of HPL. The benefit of all statutory and regulatory permissions including the statutory or other licences, tax registrations, permits, permissions or approvals or consents required to carry on the operations of EPL and Tamil Nadu Plantations Undertaking shall vest into and become available to HPL pursuant to this Scheme. Any no-objection certificates, licences, permissions, consents, approvals, authorisations, registrations or statutory rights as are jointly held by Tamil Nadu Plantations Undertaking and any other undertaking of HML shall be deemed to constitute separate licences, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights of Tamil Nadu Plantations Undertaking on the one hand and HML Residual Entity or Kerala Plantations Undertaking on the other. The concerned statutory or other authorities and licensors shall endorse and/or mutate or record the separation, make entry in their records and/or upon the relevant document itself so as to give effect to this Scheme in order to facilitate the continuation of operations of Tamil Nadu Plantations Undertaking in HPL, without any hindrance, from the Effective Date.
- 11.9 EPL and HML in relation to Tamil Nadu Plantations Undertaking may be entitled to various benefits under incentive schemes and policies, and pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies pertaining to EPL and Tamil Nadu Plantations Undertaking of HML shall be transferred to and vested into HPL and all benefits, entitlements and incentives of any nature whatsoever including benefits under income tax, excise (including modified value added tax, central value added tax), sales tax (including deferment of any tax), service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to EPL and Tamil Nadu Plantations Undertaking of HML, to the extent statutorily available, shall be claimed by HPL, and these shall relate to the Appointed Date, subject to continued compliance by HPL of all the terms and conditions subject to which the benefits under the incentive schemes were made available to EPL and HML.
- 11.10 Part III of the Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961 and "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of Part III of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including those resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Sections of the Income Tax Act, 1961 shall prevail and Part III of the Scheme shall stand modified to the extent determined necessary to comply with conditions contained in Section 2(19AA) and Section 2(1B) of the Income Tax Act, 1961. Such modification shall, however, not affect other terms of Part III of the Scheme.

12 ISSUE OF SHARES BY HPL

12.1 ISSUE OF SHARES PURSUANT TO DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING

- 12.1.1 Upon the coming into effect of this Scheme, and in consideration of the demerger of Tamil Nadu Plantations Undertaking of HML into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot equity shares at par on a proportionate basis to each member of HML whose name is recorded in the register of members of HML as holding equity shares on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of HML and HPL in the following proportion:

"For every 1 (one) equity share of face value of Rs 10 held in HML, as on the Record Date, every equity shareholder of HML shall without any application, act or deed, be entitled to receive 1 (one) equity share of face value of Rs 7 each of HPL, credited as fully paid-up."

- 12.1.2 Upon the coming into effect of this Scheme, the members of HML holding partly paid up equity shares, if any, shall be issued partly paid up equity shares in HPL in accordance with the Share Entitlement Ratio mentioned in Clause 12.1.1 above.

- 12.1.3 The Equity Shares shall be issued in dematerialised form to those equity shareholders who hold the shares of HML in dematerialised form provided that they shall be required to provide details of their respective accounts with the depository participant and such other confirmations as may be required. All those equity shareholders who hold shares of HML in physical form shall be issued Equity Shares in dematerialised form, provided that they provide details of their respective accounts with the depository participant. The shareholders who fail to provide such details shall be issued Equity Shares in physical form unless otherwise communicated in writing by such shareholders on or before such date as may be determined by the Board of HML and HPL or by a committee created thereof.
- 12.1.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of HML, the Board of HML shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in HML, after the effectiveness of this Scheme.
- 12.1.5 The equity shares to be issued by HPL to the members of HML pursuant to Clause 12.1.1 of this Scheme, in respect of any shares in HML which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by HPL.
- 12.1.6 The Equity Shares to be issued to the members of HML under Clause 12.1.1 shall be subject to the terms of the Memorandum and Articles of Association of HPL and shall rank *pari passu* with the existing equity shares of HPL in all respects including, but subject to the provisions of Section 205 of the Act, dividend (including interim dividend) for the financial year starting from the Appointed Date. The holders of the equity shares of HPL and HML shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective companies of which they are members for the financial year upto the Appointed Date. It is clarified that the aforesaid provision in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of HPL and HML to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of HPL and HML and subject to the approval of the shareholders of HPL and HML.
- 12.1.7 The equity shares of HPL issued pursuant to Clause 12.1.1 above, shall be listed and / or admitted to trading on all the stock exchanges on which the shares of HML are listed as on the Effective Date. Such equity shares shall, however, be listed subject to HPL complying with all the applicable regulations and obtaining the requisite approvals from all the relevant regulatory authorities pertaining to the listing of the equity shares issued pursuant to the scheme. Further the shares allotted by HPL pursuant to Clause 12.1.1 above shall remain frozen in the depositories system till listing/trading permission is given by the stock exchanges.
- 12.1.8 Statutory exemptions available for inter-se transfer of promoter/group shareholding in HML are deemed to be available for the shareholding of the promoters/group in HPL in relation to any transfer of shares between them.
- 12.1.9 HPL shall take necessary steps to increase or alter or re-classify, (if necessary), its Authorized Share Capital suitably to enable it to issue and allot the shares required to be issued and allotted by it under this Scheme.
- 12.1.10 For the purpose of issue of Equity Shares to the shareholders of HML, HPL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities and undertake necessary compliances for the issue and allotment by HPL of Equity Shares to the members of HML under this Scheme.
- 12.1.11 The issue and allotment of the Equity Shares by HPL to the shareholders of HML as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by HPL as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with. HPL shall obtain the

necessary approval from its shareholders, as required and as may be directed by the Court, in terms of the Scheme only, under and pursuant to provisions of Section 391 to Section 394 of the Act.

12.2 ISSUE OF SHARES PURSUANT TO MERGER OF ENCHANTING PLANTATIONS LIMITED

- 12.2.1 EPL and HPL are both wholly owned subsidiaries of HML. Upon the coming into effect of this Scheme, and in consideration of the merger of EPL into HPL, and transfer and vesting thereof with HPL pursuant to Part III of this Scheme, HPL shall, without any further act or deed and without any further payment, issue and allot preference shares at par to HML in the following proportion:

"For every 1 (one) equity share of face value of Rs 10 held in EPL, HML shall without any application, act or deed, be entitled to receive 1 (one) preference share of face value of Rs 10 each of HPL, credited as fully paid-up."

- 12.2.2 The Preference Shares shall be issued in physical form to HML. The key terms and conditions of Preference Shares to be issued pursuant to Clause 12.2.1 above are specified in Schedule I hereto.

- 12.2.3 The Preference Shares to be issued to HML under Clause 12.2.1 shall be subject to the terms of the Memorandum and Articles of Association of HPL.

- 12.2.4 HPL shall take necessary steps to increase or alter or re-classify, (if necessary), its Authorized Share Capital suitably to enable it to issue and allot the preference shares required to be issued and allotted by it under this Scheme.

- 12.2.5 For the purpose of issue of Preference Shares to HML, HPL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities and undertake necessary compliances for the issue and allotment by HPL of Preference Shares to HML under this Scheme.

- 12.2.6 The issue and allotment of the Preference Shares by HPL to HML as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by HPL as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with. HPL shall obtain the necessary approval from its shareholders, as required and as may be directed by the Court, in terms of this Scheme only, under and pursuant to provisions of Section 391 to Section 394 of the Act.

13 ACCOUNTING TREATMENT IN THE BOOKS OF HPL

- 13.1 Upon the Scheme becoming effective, HPL shall record all the assets and liabilities of Tamil Nadu Plantations Undertaking vested into it in pursuance to Part III of this Scheme, at their respective book values, as appearing in the books of account of HML immediately before the Appointed Date in accordance with Section 2(19AA) of the Income Tax Act, 1961.

- 13.2 Upon the Scheme becoming effective, HPL shall record all the assets and liabilities of EPL vested into it in pursuance to Part III of this Scheme, at their respective fair values.

- 13.3 All existing shares held by HML in HPL, i.e. 50,000 equity shares of Rs 10 each, shall stand cancelled, without any further act or deed as an integral part of this Scheme in accordance with the provisions of Sections 100 to 103 of the Act and the Order of the Court shall be deemed to be the Order under Section 102 of the Act for the purposes of confirming the reduction. The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of HPL, HPL shall not be required to add "And Reduced" as suffix to its name and HPL shall carry on with its current name, "Harmony Plantations Limited".

- 13.4 HPL shall credit the aggregate face value of the Equity Shares issued by it to the members of HML pursuant to Part III of this Scheme to the Share Capital Account in its books of account.

- 13.5 HPL shall credit the aggregate face value of the Preference Shares issued by it to the members of EPL viz. HML pursuant to Part III of this Scheme to the Share Capital Account in its books of accounts.

13.6 The difference, being the excess of the value of the assets of Tamil Nadu Plantations Undertaking of HML and EPL being recorded by HPL over the value of liabilities recorded, and after giving effect to clauses 13.3 to 13.5, shall be credited by HPL to its Capital Reserve Account. The deficit, if any, shall be debited to Goodwill Account of HPL.

13.7 In case of any differences in accounting policy between HML, EPL and HPL, the impact of such differences shall be quantified and adjusted in the Capital Reserve Account of HPL to ensure that the true financial statements of HPL on the Appointed Date are on the basis of consistent accounting policy.

14 ACCOUNTING TREATMENT IN THE BOOKS OF HML ON DEMERGER OF TAMIL NADU PLANTATIONS UNDERTAKING

14.1 Upon the coming into effect of this Scheme, HML shall reduce the book value of assets and liabilities pertaining to the Tamil Nadu Plantations Undertaking transferred to HPL from its books of accounts.

14.2 The difference, being the excess of the book value of assets of Tamil Nadu Plantations Undertaking over the book value of liabilities, shall be debited by HML to various reserves in the following order:

14.2.1 Revaluation Reserve to the extent it was created in the past by revaluation of the assets comprised in the Tamil Nadu Plantations Undertaking;

14.2.2 Securities premium reserve; and

14.2.3 Profit and Loss account balance appearing in the balance sheet of HML

14.3 The utilization of securities premium account of HML as above, if any, shall be effected as an integral part of this Scheme in accordance with the provisions of Section 78 and Sections 100 to 103 and other applicable provisions of the Act. The reduction of securities premium account, however, shall not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act shall not be applicable.

14.4 The difference, being the excess of the book value of liabilities of Tamil Nadu Plantations Undertaking over the book value of assets, if any, shall be credited to the general reserve account of HML.

14.5 In line with Clause 13.3, all existing shares held by HML in HPL, i.e. 50,000 equity shares of Rs 10 each, shall stand cancelled, without any further act or deed as an integral part of this Scheme. The loss on such cancellation shall be debited to Profit and Loss Account of HML.

14.6 Notwithstanding the above, the Board of HML is authorised to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed Accounting Standards issued by the Institute of Chartered Accountants of India and applicable generally accepted accounting principles.

15 CONDUCT OF BUSINESS OF TAMIL NADU PLANTATIONS UNDERTAKING AND EPL

15.1 Upon filing of the Scheme with High Court and until the Effective Date:

15.1.1 EPL and HML in relation to Tamil Nadu Plantations Undertaking shall carry on and be deemed to have carried on their business and activities and shall hold and deal with all respective assets and properties for and on account of and in trust for HPL.

15.1.2 Any income or profit accruing or arising to EPL and HML in relation to Tamil Nadu Plantations Undertaking and all costs, charges, expenses and losses incurred by EPL and HML in relation to Tamil Nadu Plantations Undertaking shall, for all purposes, be treated as the income, profits, costs, charges, expenses and losses, as the case may be, of HPL.

15.1.3 EPL and HML in relation to Tamil Nadu Plantations Undertaking shall not utilise the profits or income, if any, for the purpose of declaring or paying any dividend or for any other purpose in respect of the period from and after the Appointed Date, without the prior written consent of HPL.

15.1.4 EPL and HML in relation to Tamil Nadu Plantations Undertaking shall carry on their respective businesses with reasonable diligence, in the ordinary course of business and shall not undertake

any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with their respective assets, save and except, in each case, in the following circumstances:

- (i) if the same is in the ordinary course of business as carried on by them as on the date of filing this Scheme with the Court; or
- (ii) if the same is expressly permitted by this Scheme; or
- (iii) if the written consent of HPL, as the case may be, has been obtained.

15.1.5 Pending sanction of this Scheme, HML, EPL and HPL shall not make any change in their respective capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, reorganisation, or in any other manner, affect the reorganisation of capital herein, except as may be expressly permitted under this Scheme or as may be required to give effect to this Scheme.

15.1.6 EPL and HML in respect of Tamil Nadu Plantations Undertaking shall not vary or alter, except in the ordinary course of their respective businesses and as may be required for reorganisation, the terms and conditions of employment of any of their respective employees.

15.1.7 All assets acquired and all liabilities incurred by EPL and HML for operation of and in relation to Tamil Nadu Plantations Undertaking shall also, without any further act, instrument or deed, stand transferred to and vested into or to be deemed to have been transferred to or vested into HPL upon the coming into effect of the Scheme; and

15.1.8 Any of the rights, powers, authorities, privileges, attached, related or pertaining to Tamil Nadu Plantations Undertaking, as the case may be, that have been exercised by HML or those attached, related or pertaining to EPL shall be deemed to have been exercised by HML or EPL, as the case may be, for and on behalf of, and in trust for and as an agent of HPL. Similarly, any of the obligations, duties and commitments attached, related or pertaining to Tamil Nadu Plantations Undertaking or those attached, related or pertaining to EPL that have been undertaken or discharged by HML or EPL, as the case may be, shall be deemed to have been undertaken for and on behalf of, and in trust for and as an agent of HPL.

15.2 HML and/or EPL and/or HPL shall be entitled, pending the sanction of the Scheme by the Court, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which HPL may require to own and carry on the business of EPL and Tamil Nadu Plantations Undertaking of HML.

16 EMPLOYEES OF TAMIL NADU PLANTATIONS UNDERTAKING AND EPL

16.1 Upon the Scheme becoming effective, all employees of EPL and Tamil Nadu Plantations Undertaking of HML in service on the Effective Date shall be deemed to have become the employees of HPL without any interruption in their service as a result of the merger of EPL with HPL and demerger of Tamil Nadu Plantations Undertaking of HML into HPL on the same terms and conditions of employment as were with EPL and HML respectively. On the basis of continuity of service, the terms and conditions of their employment with HPL shall not be less favorable than those applicable to them with reference to EPL and Tamil Nadu Plantations Undertaking of HML on the Effective Date.

16.2 With regard to provident fund, gratuity fund, superannuation fund or any other special fund or any other special scheme created or existing for the benefit of employees of EPL and Tamil Nadu Plantations Undertaking of HML, upon the Scheme becoming effective, the existing amounts, whether held by way of cash and/or investments, in the gratuity fund, provident fund and superannuation fund trusts, if any, created by EPL and HML for its employees engaged in Tamil Nadu Plantations Undertaking, shall be transferred to the gratuity fund, provident fund and superannuation fund schemes created by HPL on the same terms and conditions in relation to such respective employees. With effect from the Effective Date but subject to getting the Scheme approved by relevant authorities, HPL shall make the necessary contributions for such employees in relation to the existing gratuity fund, superannuation

fund, provident fund benefits and benefits under any other special fund or scheme. Provided that HPL may continue to make contributions in the gratuity fund, provident fund and superannuation fund trusts, if any, created by EPL and HML for employees engaged in Tamil Nadu Plantations Undertaking till such time as necessary statutory approvals are received by HPL for setting up its own gratuity fund, provident fund, superannuation fund or any other special fund.

- 16.3 In relation to employees engaged in EPL and Tamil Nadu Plantations Undertaking of HML who are not covered under the provident fund trust of EPL and HML as the case may be, and for whom EPL and HML as the case may be is making contributions to the Government provident fund, HPL shall stand substituted for EPL and HML as the case may be for all purposes whatsoever, including those relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc in respect of such employees.
- 16.4 In relation to any other fund created or existing for the benefit of employees engaged in EPL and Tamil Nadu Plantations Undertaking of HML, HPL shall stand substituted for EPL and HML as the case may be, for all purposes whatsoever, including those relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc in respect of such employees.
- 16.5 HPL undertakes to continue to abide by any agreement(s)/settlement(s) entered into with any labour unions/ permanent employees by EPL and HML in relation to Tamil Nadu Plantations Undertaking. HPL agrees that, for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such permanent employees of EPL and HML engaged in Tamil Nadu Plantations Undertaking shall also be taken into account, and agrees and undertakes to pay the same as and when payable under applicable law.

17 LEGAL PROCEEDINGS

- 17.1 Upon the Scheme becoming effective on the Effective Date, all suits, appeals, legal, administrative or other proceedings of whatsoever nature, including those relating to indirect taxation, by or against EPL and HML in respect of Tamil Nadu Plantations Undertaking in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority pending and/or arising on or after the Appointed Date including the pending suits under labour laws pertaining to the estates comprised in EPL and the Tamil Nadu Plantations Undertaking, shall be continued and enforced by or against HPL only to the exclusion of EPL and HML as the case may be in the manner and to the same extent as would have been continued and enforced by or against EPL and HML as the case may be. EPL and HML shall not be liable to pay any amounts arising out of such respective proceedings including interest, penalties, damages, costs etc and the same shall be paid only by HPL. On and from the Effective Date, HPL shall and may, if required, with prior consent from EPL and HML in relation to Tamil Nadu Plantations Undertaking, initiate any legal proceedings in relation to EPL and Tamil Nadu Plantations Undertaking of HML in the name of EPL and HML as the case may be.
- 17.2 After the Appointed Date, if any proceedings are taken against EPL and HML in relation to Tamil Nadu Plantations Undertaking in respect of the matters referred to in the Clause 17.1 above, EPL and HML as the case may be shall defend the same at the cost of HPL and HPL shall reimburse and indemnify EPL and HML as the case may be against all liabilities and obligations incurred by EPL and HML in relation to Tamil Nadu Plantations Undertaking in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc which EPL and HML in relation to Tamil Nadu Plantations Undertaking may be called upon to pay or secure in respect of any liability or obligation relating to EPL and Tamil Nadu Plantations Undertaking respectively.
- 17.3 HPL undertakes to have all legal or other proceedings initiated by or against EPL and HML in relation to the Tamil Nadu Plantations Undertaking referred to in Clause 17.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against HPL to the exclusion of EPL and HML to the extent legally permissible after the Scheme being effective. To the extent proceedings relating to Tamil Nadu Plantations Undertaking cannot be taken over by HPL, the said proceedings shall be pursued by HML for and on behalf of HPL as per the instructions of and entirely at the cost and expenses of HPL.

18 CONTRACTS, DEEDS, ETC.

- 18.1 Notwithstanding anything else contained in this Clause 18, but subject to the other provisions of this Part III, all contracts, deeds, bonds, insurance policies of EPL and HML in relation to Tamil Nadu Plantations Undertaking (other than those taken for HML as a whole or without reference to specific assets, agreements and other instruments) and to which EPL and HML is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of HPL, as the case may be, and may be enforced by or against HPL as fully and effectually as if, instead of EPL and HML, as the case may be, HPL had been a party thereto.
- 18.2 HPL shall take prior consent from EPL and HML in writing before executing any such deeds, writings or confirmations on behalf of EPL and HML, as the case may be, and for implementing or carrying out all formalities required on the part of EPL and HML to give effect to the provisions of this Scheme.
- 18.3 Even after this Scheme becomes effective, HPL shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of EPL and the Tamil Nadu Plantations Undertaking of HML in the name of EPL and HML, as the case may be, in so far as may be necessary, until the transfer of rights and obligations of EPL and HML to HPL under this Scheme is formally accepted by the parties concerned.
- 18.4 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to Tamil Nadu Plantations Undertaking of HML and which HML owns or to which HML is a party, cannot be transferred to HPL for any reason whatsoever, HML, shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of HPL, in so far as it is permissible so to do, till such time as the transfer is effected.

19 SAVING OF CONCLUDED TRANSACTIONS

- 19.1 The transfer of properties and liabilities relating to EPL and Tamil Nadu Plantations Undertaking of HML pursuant to Clause 11 of Part III of this Scheme, and the continuance of proceedings by or against EPL and HML, as the case may be, under Clause 17 above shall not affect any transaction or proceedings already concluded or liabilities incurred, or any liabilities discharged by EPL and HML in connection with Tamil Nadu Plantations Undertaking, subject to the provisions of Clause 18 above, on or after the Appointed Date and until the Effective Date, to the end and intent that HPL shall accept and adopt all acts, deeds and things done and executed by EPL and HML in respect thereto as done and executed on behalf of itself.

20 DISSOLUTION OF EPL

- 20.1 On the Scheme becoming effective, EPL shall be dissolved without being wound up.

PART IV

GENERAL/RESIDUARY TERMS AND CONDITIONS

21 REMAINING BUSINESS

- 21.1 HML Residual Entity and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested into and be continued to be owned and managed by HML. All legal or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against HML under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to HML Residual Entity (including those relating to any property, right, power, liability, obligation or duties of HML in respect of HML Residual Entity) shall be continued and enforced by or against HML after the Effective Date. MPL and HPL shall, in any event, not be responsible or liable in relation to any such legal, taxation or other proceeding against HML, which relate to HML Residual Entity.

Provided that all costs and liabilities in respect of cases under labour laws which are not relatable to any particular estate forming part of either Kerala Plantations Undertaking, Tamil Nadu Plantations Undertaking or HML Residual Entity shall be borne equally by HML and MPL.

Provided further that all taxes, duties, cess payable by HML in relation to pending taxation assessments or proceedings, under the Income Tax Act, 1961, Service Tax Act, 1994 and other such taxation acts, including amendments thereof, as on the Appointed Date shall be borne equally by HML and MPL. Further, any refunds received by HML in respect of the aforesaid assessments shall also be shared equally by HML and MPL. HML shall do all necessary things, acts and deeds to duly transfer the share of refund of MPL to it.

- 21.2 If proceedings are taken against MPL and HPL in respect of the matters referred to in Clause 21.1 above, it shall defend the same in accordance with the advice of HML and at the cost of HML, and the latter shall reimburse and indemnify MPL and HPL against all liabilities and obligations incurred by MPL and HPL in respect thereof.

22 APPLICATION TO HIGH COURT

- 22.1 HML, EPL, MPL and HPL shall, with all reasonable dispatch, make all necessary applications under Sections 391 and 394 read with Sections 78, 100 to 103 of the Act and other applicable provisions of the Act to the Court for seeking approval of this Scheme.

23 MODIFICATION OR AMENDMENTS TO THE SCHEME

- 23.1 HML, EPL, MPL and HPL by their respective Boards or any persons authorised by them, may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other authority may deem fit to direct or impose, or make such modifications/amendments which may otherwise be considered necessary, desirable or appropriate by them in their sole discretion (i.e. the 'Boards'). HML, EPL, MPL and HPL, by their respective Boards, be and are hereby authorised to take all such steps as may be necessary, desirable or proper for the purposes of implementing this Scheme and to resolve any doubts, difficulties or questions regarding the implementation of this Scheme or otherwise arising under this Scheme, whether by reason of any directive or orders of any other authorities or otherwise, howsoever arising out of or under or by virtue of this Scheme and/or any matter concerned or connected therewith.
- 23.2 In the event of any of the conditions that may be imposed by the Court or other authorities which HML, EPL, MPL or HPL may find unacceptable for any reason, HML, EPL, MPL or HPL are at liberty to withdraw the Scheme.

24 CONDITIONALITY OF THE SCHEME

- 24.1 This Scheme is and shall be conditional upon and subject to:
- 24.1.1 The approval by the requisite majorities of the classes of persons, including shareholders, creditors and such other class of HML, EPL, MPL and HPL as may be directed by the Court under Section 391 of the Act.
- 24.1.2 The sanctioning of this Scheme by the Court, whether with any modifications or amendments as the Court may deem fit or otherwise.
- 24.1.3 The filing of the certified copies of the order of the Court with the Registrar of Companies, Kerala by HML, EPL, MPL and HPL.
- 24.1.4 The approval, if and to the extent required, from the Reserve Bank of India and other concerned authorities, for the issue and allotment of equity shares, to the respective non-resident shareholders of HML, if any.
- 24.1.5 Any other sanctions and orders as may be directed by the Court in respect of this Scheme.
- 24.1.6 Each part of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by respective Board of Directors of HML, EPL, MPL and HPL or any Committee constituted by such Board.

25 EFFECT OF NON-RECEIPT OF APPROVALS

- 25.1 In the event that this Scheme is not sanctioned by the Court or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme are not obtained or complied with or for any other reason, the Effective Date does not occur on or before 31st Day of March, 2013 or within such further time as may be agreed to by the Board of Directors of HML, EPL, MPL and HPL, the Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter se by the Parties or their shareholders or creditors or employees or any other person. In such an event, all the costs, charges and expenses in connection with this Scheme shall be borne equally by HML, EPL, MPL and HPL, unless otherwise mutually agreed.
- 25.2 The non-receipt of any sanctions or approvals for a particular asset or liability forming part of Kerala Plantations Undertaking, Tamil Nadu Plantations Undertaking and EPL getting transferred pursuant to this Scheme, shall not affect the effectiveness of the respective section of the Scheme if the Boards of HML, EPL, MPL and HPL so decide.

26 COSTS, CHARGES & EXPENSES

- 26.1 All the costs, charges and expenses arising out of or incurred in connection with and in implementing this Scheme and matters incidental thereto, including those relating to transfer and vesting of all lands and assets covered by and consequent to this Scheme, shall be borne equally by HML and MPL.

SCHEDULE I

**TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES
BY HARMONY PLANTATIONS LIMITED PURSUANT TO AMALGAMATION OF ENCHANTING
PLANTATIONS LIMITED WITH HARMONY PLANTATIONS LIMITED**

Issuer	Harmony Plantations Limited (HPL)
Instrument	Redeemable Non-cumulative Preference Shares
Face value	Rs. 10 per Preference Share
Redemption	To be redeemed at par at the end of 18 months from the date of allotment
Coupon Rate	6% per annum non cumulative
Call Option	<p>HPL will have an option to redeem the Preference Shares at any time after the end of 12 months from the date of allotment. If HPL exercises its call option, it will pay the amount of the face value of the Preference Shares along with dividend declared, if any, up to the date on which it exercises the call option.</p> <p>In case HPL exercises the call option, its liability to the preference shareholders shall stand extinguished from the date of dispatch of the cheques / pay order for the redemption amount, along with dividend, if any</p>

**IN THE HIGH COURT OF KERALA AT ERNAKULAM
ORDINARY ORIGINAL CIVIL JURISDICTION
MISCELLANEOUS COMPANY APPLICATION NO. 34 OF 2012**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;

AND

In the matter of Composite Scheme of Arrangement and Amalgamation
among

Harrisons Malayalam Limited ('HML')

and

Enchanting Plantations Limited ('EPL')

and

Malayalam Plantations Limited ('MPL')

and

Harmony Plantations Limited ('HPL')

and

their respective Shareholders and their respective Creditors.

FORM OF PROXY

I / We _____ the undersigned, being the secured creditors(s) of Harrisons Malayalam Limited, the Applicant Company do hereby appoint _____ of _____ and failing him / her _____ of _____ as my / our proxy, to act for me / us at the meeting of the secured creditors of the Applicant Company to be held at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003, on Friday, 17th day of August 2012 at 2.00 p.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement and Amalgamation among Harrisons Malayalam Limited ('HML') and Enchanting Plantations Limited ('EPL') and Malayalam Plantations Limited ('MPL') and Harmony Plantations Limited ('HPL') and their respective Shareholders and their respective Creditors ('Scheme' or 'the Scheme') at such meeting, and at any adjournment or adjournments thereof, to vote, for me / us and in my / our name(s) _____ (here, if for, insert 'for', if against, insert 'against', and in the latter case, strike out the words "either with or without modifications" after the word "Arrangement and Amalgamations") the said arrangement embodied in the Scheme, either with or without modification(s)*, as my / our proxy may approve.

* strike out what is not necessary

Dated this ____ day of _____, 2012

Affix Rs.1/- Revenue Stamp

Signature across the stamp

Name : _____

Address : _____

NOTES:

1. Proxy need not be a Secured Creditor.
2. Alterations, if any, made in the Form of Proxy should be initialled.
3. Proxy must be deposited at the Registered Office of the Applicant Company, not later than FORTY EIGHT hours before the time scheduled / fixed for the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.

ATTENDANCE SLIP

HARRISONS MALAYALAM LIMITED

Registered Office: 24/1624 Bristow Road, Willingdon Island, Ernakulam, Kochi - 682003, Kerala

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Secured Creditors may obtain additional Attendance Slip at the venue of the meeting.

NAME AND ADDRESS OF THE SECURED CREDITOR / PROXY HOLDER (in block letters):

I/We hereby record my presence at the meeting of the Secured Creditors of the Company, convened pursuant to the Order dated 6th day of July, 2012 of the Hon'ble High Court of Judicature of Kerala at Ernakulam at Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003 on Friday, 17th day of August, 2012 at 2.00 p.m.

Signature of the secured creditor or proxy:

Notes:

1. Secured Creditors are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after fixing their signature on it.
2. Secured Creditors who come to attend the meeting are requested to bring with them copy of the Composite Scheme of Arrangement and Amalgamation.