



HARRISONS MALAYALAM LIMITED

Registered Office :24/1624 BRISTOW ROAD, WILLINGDON ISLAND, COCHIN - 682 003, KERALA.

**COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF
HARRISONS MALAYALAM LIMITED
MCA 16 OF 2010**

Day : Friday

Date : 14th day of May, 2010

Time : 10.30 A.M.

Venue : Durbar Hall, Casino Hotel, Willingdon Island, Cochin - 682 003.

CONTENTS	PAGE NO.
Notice of Court Convened Meeting of the Equity Shareholders of Harrison's Malayalam Limited	3
Explanatory Statement under Section 393 of the Companies Act, 1956	5 to 16
Composite Scheme of Arrangement under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956	17 to 27
Form of Proxy	28
Attendance Slip	30

**IN THE HIGH COURT OF KERALA AT ERNAKULAM ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 16 OF 2010**

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

AND

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

AND

In the matter of Composite Scheme of Arrangement

between

Harrisons Malayalam Financial Services Limited (“the First Transferor Company”)

and

Harrisons Rubber Products Limited (“the Second Transferor Company”)

and

Harrisons Agro-Products Limited (“the Third Transferor Company”)

and

Harrisons Malayalam Limited (“the Transferee Company” or “the Demerged Company”)

and

Sentinel Tea and Exports Limited (“the Resulting Company”)

and

Their Respective Shareholders

Harrisons Malayalam Limited, a Company

incorporated under the Companies Act, 1956 and

having its Registered Office at 24/1624 Bristow Road,

Willingdon Island, Cochin - 682003, Kerala.

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NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS OF HARRISONS MALAYALAM LIMITED

To,
The Equity Shareholders of **Harrisons Malayalam Limited** ("the Applicant Company"),

TAKE NOTICE that by an Order made on the 24th day of March, 2010, in the above Company Application, the Hon'ble High Court of Kerala at Ernakulam has directed that a meeting of the **Equity Shareholders of Harrisons Malayalam Limited**, the Applicant Company, be convened and held at the Durbar Hall, Casino Hotel, Willingdon Island, Cochin - 682 003 on Friday, the 14th day of May, 2010 at 10.30 A.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 between Harrisons Malayalam Financial Services Limited and Harrisons Rubber Products Limited and Harrisons Agro-Products Limited and Harrisons Malayalam Limited and Sentinel Tea and Exports Limited and their Respective Shareholders. ("the Scheme")

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of Harrisons Malayalam Limited, the Applicant Company will be convened and held at the Durbar Hall, Casino Hotel, Willingdon Island, Cochin - 682 003 on Friday, the 14th day of May, 2010 at 10.30 A.M. at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorized representative, is deposited at the Registered Office of the Applicant Company at 24/1624 Bristow Road, Willingdon Island, Cochin - 682003, Kerala, not later than 48 hours before the said meeting.

The Hon'ble High Court of Kerala at Ernakulam has appointed G. Shrikumar, Advocate, Shrikumar & Co., Advocates, Mulloth Building, M.G. Road, Ravipuram Junction, Ernakulam, Cochin - 682 015, to be the Chairman of the said meeting.

A copy of the Statement under Section 393 of the Companies Act, 1956, the Scheme, Attendance Slip and Form of Proxy are enclosed.

Dated: 8th April, 2010

Sd/-
G. Shrikumar
Advocate, High Court of Kerala
Chairman appointed for the meeting

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

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 Equity 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.

Encl: As above

**IN THE HIGH COURT KERALA AT ERNAKULAM ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 16 OF 2010**

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

AND

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

AND

In the matter of Composite Scheme of Arrangement

between

Harrisons Malayalam Financial Services Limited (“the First Transferor Company”)

and

Harrisons Rubber Products Limited (“the Second Transferor Company”)

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Harrisons Agro-Products Limited (“the Third Transferor Company”)

and

Harrisons Malayalam Limited (“the Transferee Company” or “the Demerged Company”)

and

Sentinel Tea and Exports Limited (“the Resulting Company”)

and

Their Respective Shareholders

Harrisons Malayalam Limited, a Company

incorporated under the Companies Act, 1956 and

having its Registered Office at 24/1624 Bristow Road,

Willingdon Island, Cochin - 682003, Kerala.

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EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated the 24th day of March, 2010 passed by the Hon'ble High Court of Kerala at Ernakulam in the Company Application referred to hereinabove, a meeting of the **Equity Shareholders of Harrisons Malayalam Limited**, the Applicant Company is being convened and held at the Durbar Hall, Casino Hotel, Willingdon Island, Cochin - 682 003 on Friday, the 14th day of May, 2010 at 10.30 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 between Harrisons Malayalam Financial Services Limited and Harrisons Rubber Products Limited and Harrisons Agro-Products Limited and Harrisons Malayalam Limited and Sentinel Tea and Exports Limited and their Respective Shareholders ("the Scheme").
2. In this statement, **Harrisons Malayalam Limited** is hereinafter referred to as "HML" or 'the Applicant Company'. The other definitions contained in the Scheme shall apply to this Explanatory Statement also.
3. The Scheme envisages (a) merger of **Harrisons Malayalam Financial Services Limited, Harrisons Rubber Products Limited and Harrisons Agro-Products Limited** into **Harrisons Malayalam Limited** and (b) demerger of Investment Undertaking (as defined in clause 1.14 of the Scheme) of Harrisons Malayalam Limited into Sentinel Tea and Exports Limited, pursuant to Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956.
4. A copy of the Scheme setting out the terms and conditions of the arrangement, which has been approved by the Board of Directors of the Applicant Company at its meeting, held on 29th day of January, 2010, is attached to this explanatory statement.
5. Background of the companies:

5.1 Harrisons Malayalam Limited

- i. The Applicant Company ("the Transferee Company" or "the Demerged Company") was incorporated in the State of Kerala under the Companies Act, 1956 on 5th January, 1978 under the name "Malayalam Plantations (India) Limited". It received certificate of commencement of business on 14th June, 1978. The name Malayalam Plantations (India) Limited was subsequently changed to Harrisons Malayalam Limited with effect from 29th October, 1984.
- ii. The Registered Office of the Applicant Company is situated at 24/1624 Bristow Road, Willingdon Island, Cochin - 682003, Kerala.
- iii. The share capital of the Applicant Company as on 31st March, 2009 is as under:

Particulars	Amount (in Rs.)
Authorised Capital	
3,00,00,000 Equity Shares of Rs.10/- each	30,00,00,000
Total	30,00,00,000
Issued Capital	
1,84,55,405 Equity Shares of Rs.10/- each	18,45,54,050
Less: Allotment money in Arrears	16,000
Total	18,45,38,050

There has been no change in the capital structure of the Applicant Company subsequent to 31st March, 2009.

iv. The objects of the Applicant Company are interalia as hereunder:

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, Cochin-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, business, or works thereon and to convert and appropriate any such land into and for roads, street, 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.
 - a. To undertake research in various fields of biotechnology in collaboration with Foreign/Indian parties having requisite knowhow, including micropropagation and related fields.
 - b. 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.
 - c. To export products/knowhow developed in various markets and also market the same locally in conformity with prevailing rules.
 - d. To operate commercially in the field of aquaculture, comprising aquafarms, hatcheries; process plants and feed mills; canning, cold storage and freezing units; trawling in all waters; deal in all marine products and by-products as breeders, exporters, importers, packers and generally to do all things that may be necessary to or incidental to the attainment of these objects.
- v. The Applicant Company is presently engaged in the business of plantations of tea, rubber, fruits, spices and other crops, structural, civil, mechanical and electrical engineering, trading and exports in tea, coffee and rubber, clearing and shipping, plant tissue culture.

5.2 Harrisons Malayalam Financial Services Limited

- i. Harrisons Malayalam Financial Services Limited (hereinafter referred to as "HMFSL" or "the First Transferor Company") was incorporated in the State of Kerala under the Companies Act, 1956 on 23rd March, 1989 under the name "Cherambadi Leasing and Finance Company Limited". It received certificate of commencement of business on 13th April, 1989. The name Cherambadi Leasing and Finance Company Limited was subsequently changed to Harrisons Malayalam Financial Services Limited with effect from 27th March, 1992.
- ii. The Registered Office of HMFSL is situated at 24/1624 Bristow Road, Willingdon Island, Cochin - 682003, Kerala.

iii. The share capital of HMFSL as on 31st March, 2009 is as under:

Particulars	Amount (in Rs.)
Authorised Capital	
250 Preference Shares of Rs 100/- each	25,000
1,20,00,000 Equity Shares of Rs.10/- each	12,00,00,000
Total	12,00,25,000
Issued, Subscribed and Paid-up	
1,00,35,220 Equity Shares of Rs.10/- each	10,03,52,200
Total	10,03,52,200

There has been no change in the capital structure of HMFSL subsequent to 31st March, 2009.

iv. The objects of HMFSL are interalia as hereunder:

1. To carry on and undertake the business of hire purchase, leasing and to finance lease operations of all kinds, purchasing, selling, hiring, or letting on hire all kinds of plant and machinery and equipment that the company may think fit and to assist in financing of all and every kind and description of hire purchase and to subsidise finance or assist in subsidising or financing the sale and maintenance of any goods, articles or commodities of all and every description upon any terms whatsoever and to purchase or take on lease all forms of immovable and movable property including land, of every description including agricultural land, mines, quarries, farms, gardens, orchards, groves, tea, coffee, rubber or cardamom plantations or any other type of plantation or estate or interest therein, plant and machinery, equipment, computers, ships, aircrafts, automobiles, cinema houses, animals, restaurants, hotels, flats, rooms, houses, shops, markets, workshops, mills, factories, warehouses, cold storages, wharves, godowns, offices, swimming pools, playgrounds, buildings, works and conveniences of all kinds and all consumer commercial and industrial items and to lease them in any manner whatsoever including resale thereof regardless of whether the property purchased, leased be new and/or used

v. HMFSL presently holds investments in other companies of the group.

5.3 Harrisons Rubber Products Limited

- i. Harrisons Rubber Products Limited (hereinafter referred to as "HRPL" or "the Second Transferor Company") was incorporated in the State of Kerala under the Companies Act, 1956 on 13th February, 1996 under the name "Harrisons Greenwood Limited". It received certificate of commencement of business on 14th March, 1996. The name Harrisons Greenwood Limited was subsequently changed to Harrisons Rubber Products Limited with effect from 7th June, 1996.
- ii. The Registered Office of HRPL is situated at 24/1624 Bristow Road, Willingdon Island, Cochin - 682003, Kerala.

iii. The share capital of HRPL, as on 31st March, 2009 is as under:

Particulars	Amount (in Rs.)
Authorised Capital	
30,00,000 Equity Shares of Rs.10/- each	3,00,00,000
Total	3,00,00,000
Issued, Subscribed and Paid-up	
20,00,007 Equity Shares of Rs.10/- each	2,00,00,070
Total	2,00,00,070

There has been no change in the capital structure of HRPL subsequent to 31st March, 2009.

iv. The objects of HRPL are interalia as hereunder:

1. To buy, source, import, export and process any specie of timber into semi finished, value added products for both local and export market.
2. Process and manufacture doors, louvered doors and frames, cupboards and shelves, various furniture components both smooth and rough, panel boards and blocks, table tops and article turned, wood cement, Medium Density Fibre and High Density Fibre boards, completed and finished wooden furniture products either in whole or knocked down condition, 3 layered parquet plain and laminated or grooved, veneers and laminates, carved and specially designed furniture doors and any other wooden products.
3. TConsultancy services in timber processing, establishing timber plantations maintenance and management, project proposals and marketing.

v. HRPL was formed with the objective of engaging in products made out of timber. It presently does not carry on any business.

5.4 Harrisons Agro-Products Limited

i. Harrisons Agro-Products Limited (hereinafter referred to as "HAPL" or "the Third Transferor Company") was incorporated in the State of Kerala under the Companies Act, 1956 on 11th June, 1993 under the name "Harrisons Vanderhave Pvt. Limited". It became as a deemed Public Limited Company under the Provisions of Section 43A (1) of the Act and accordingly the word Private was deleted from its name with effects from 10th July, 1993. The name Harrisons Vanderhave Limited was subsequently changed to Harrisons Agro-Products Limited with effect from 12th December, 1996.

ii. The Registered Office of HAPL is situated at 24/1624, Bristow Road, Willingdon Island, Cochin - 682003, Kerala.

iii. The share capital of HAPL as on 31st March, 2009 is as under:

Particulars	Amount (in Rs.)
31,00,000 Equity Shares of Rs.10/- each	3,10,00,000
Total	3,10,00,000
Issued, Subscribed and Paid-up	
30,76,600 Equity Shares of Rs.10/- each	3,07,66,000
Total	3,07,66,000
Called and Paid up	
30,76,600 Equity Shares of Rs.0.50 each	15,38,300
Total	15,38,300

There has been no change in the capital structure of HAPL subsequent to 31st March, 2009.

iv. The objects of HAPL are interalia as hereunder:

1. To operate commercially in various fields of seed industry including, among others, the production, processing, marketing and sale of high-yielding varieties of seeds for various plantation crops, flowers, ornamental plants, horticulture and also in biotechnical inputs for agro-forestry, wasteland development and ecology improvement.
2. To carry on the business of farming, agriculture, horticulture, floriculture, sericulture, forestry, cultivators of all kinds of food grains, seeds, fruits, flowers, proprietors of orchids and traders, exporters and sellers of and dealers in products of farming, horticulture, floriculture, sericulture, apiculture and manufacture of foods and drinks, alcoholic or otherwise, including beverages, produced from such products or otherwise.
3. To carry on the business of cultivators, growers, manufactures, millers, grinders, rollers, processors, cold storers, canners and preservers and dealers of food grains and other agricultural, dairy, horticulture, fruits, vegetables, herbs, medicines, flowers, drinks, extraction of by-products and derivatives whether as edibles, pharmaceuticals, or any kind or nature and food preparations of every kind and description.
4. To conduct research work in the field of breeding and biotechnology for various plantation crops, biotechnological inputs for agro-forestry, raw materials and components required for these items.
5. To establish, provide, maintain and conduct or otherwise subsidise research laboratories, trial fields, initiations and experimental workshops for the purpose of biotechnological, medical, scientific, technical research and experiments.

v. HAPL was formed with the objective of engaging in Agro-Products. It presently does not carry on any business.

5.5 Sentinel Tea and Exports Limited

- i. Sentinel Tea and Exports Limited (hereinafter referred to as “STEL” or “the Resulting Company”) was incorporated in the State of Kerala under the Companies Act, 1956 on 21st September, 1990 and received its certificate of commencement of business on 21st January, 1991.
- ii. The Registered Office of STEL is situated at 24/1624 Bristow Road, Willingdon Island, Cochin - 682003, Kerala.
- iii. The share capital of STEL as on 31st March, 2009, is as under:

Particulars	Amount (in Rs.)
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	5,00,000
Total	5,00,000

There has been no change in the capital structure of STEL subsequent to 31st March, 2009.

iv. The objects of STEL are interalia as hereunder:

1. To cultivate, grow, cure, prepare for market, manufacture, blend, export, import, purchase, sell, dispose of and deal in or with all varieties of tea viz. green tea, black tea, decaffeinated tea, organic tea, flavoured tea, tea packets, tea bags and in bulk tea seeds, seedlings and generally to carry on the business of planters of Tea and exporting spices.

v. STEL was formed with the objective of engaging in tea related business. However, it presently does not have any activities.

6. The Proposed Scheme is with a view to minimize the cost and enable the management to focus on its business activities. The proposed Scheme aims to consolidate and merge the wholly owned subsidiaries of HML i.e. HMFSL, HRPL and HAPL into HML. The Scheme also provides for demerger of the Investment Undertaking of HML into STEL.
7. Accordingly, the Board of Directors of Applicant Company vide their resolution dated 29th day of January, 2010 approved the Scheme between Harrisons Malayalam Financial Services Limited and Harrisons Rubber Products Limited and Harrisons Agro-Products Limited and Harrisons Malayalam Limited and Sentinel Tea and Exports Limited and their Respective Shareholders.
8. The Board of Directors of HMFSL, HRPL, HAPL and STEL have approved the Scheme at their respective meetings held on the 29th day of January, 2010.
9. The Scheme is not prejudicial to the interests of the creditors of the Applicant Company.
10. The salient features of the Scheme are as follows:
 - (a) The Scheme envisages the merger of HMFSL, HRPL and HAPL into HML and demerger of Investment Undertaking (as defined in clause 1.14 of the Scheme) of HML into STEL, pursuant to Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Act.
 - (b) The Appointed date for Merger of HMFSL, HRPL and HAPL into HML and Demerger of Investment Undertaking of HML into STEL is 1st April, 2009 and 2nd April, 2009 respectively.
 - (c) Hereinafter, 1st April, 2009 is referred as Merger Appointed Date and 2nd April, 2009 is referred as Demerger Appointed Date.
 - (d) Effective date for the Scheme is the date on which the certified copies of the Orders sanctioning this Scheme passed by the Hon'ble High Court of Kerala at Ernakulam or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Kerala.
 - (e) HMFSL, HRPL and HAPL collectively referred to as the Transferor Companies.

Merger of the Transferor Companies into HML:

- (f) With effect from the Merger Appointed Date and upon the Scheme becoming effective, the entire business and the whole of the undertaking of the Transferor Companies including all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal) of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession and/or in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies shall under the provisions of Sections 391 to 394 of the Act and pursuant to the orders of the Hon'ble High Court of Kerala at Ernakulam sanctioning this Scheme and without any further act or deed be transferred and/or deemed to be transferred to and vested in HML so as to become the properties of HML subject to subsisting charges, encumbrances.

- (g) Upon this Scheme becoming effective, in consideration for the merger, HML would not be required to issue shares for consideration since HMFSL, HRPL and HAPL are wholly owned subsidiaries of HML.
- (h) On the Scheme becoming effective, the Transferor Companies shall stand dissolved without being wound-up.

Demerger of the Investment Undertaking of HML into STEL:

- (i) With effect from the Demerger Appointed Date and upon the Scheme becoming effective, Investment Undertaking, all debts, liabilities, duties and obligations of every kind, nature and description of HML relating to the Investment Undertaking shall also, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or deemed to be transferred to STEL so as to become as from the Demerged Appointed Date the debts, liabilities, duties and obligations relating to the Investment Undertaking of STEL 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, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- (j) Upon coming into effect of the Scheme, and in consideration for the transfer and vesting of the Investment Undertaking to STEL, the members of HML holding fully paid-up equity shares in HML and whose names appear in the register of members on the records of the depositories of HML, on the Record Date would be entitled to equity shares in STEL (hereinafter referred to as "New Equity Shares of STEL") as follows:

"1 (One) fully paid up equity share of Rs.10/- each of STEL shall be issued and allotted for every 1(One) equity share of Rs.10/- each held in HML. "

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

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

- (k) New Equity Shares of STEL issued and allotted in terms of this Scheme shall be listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE'). Listing of New Equity Shares of STEL will be subject to fulfilment of listing criteria of BSE and NSE for such issue and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of STEL seeking listing of its shares.
- (l) Accounting Treatment

In the books of STEL

On the Scheme becoming effective, STEL shall account for the Scheme and its effects in its books of accounts with effect from the demerger appointed date as under:

- (i) STEL shall record the assets and liabilities of Investment Undertaking vested in it pursuant to the Scheme at book values as appearing in the books of HML on the demerger appointed date. However, revaluation of assets, if any, in the books of HML, shall be ignored.
- (ii) STEL shall credit the aggregate face value of New Equity Shares of STEL issued by it (pursuant to the Scheme) to the members of HML to the Share Capital Account in its books of account.
- (iii) Any difference between the value of assets and liabilities of Investment Undertaking transferred to STEL pursuant to the order of the Hon'ble High Court of Kerala at Ernakulam and the face value of New Equity Shares of STEL allotted by STEL shall be credited to the Securities Premium Account.

In the books of HML

- (i) On the Scheme becoming effective, the accounting for arrangement would be done in accordance with the "Purchase Method" referred in Accounting Standard 14 – Accounting for Amalgamation (AS 14).
- (ii) The difference between fair value of Net Assets (as decided by the Board of Directors of HML) transferred to HML pursuant to the merger after adjusting inter-company deposits, loans & advances outstanding and investments in the capital of the Transferor Companies as appearing in the books of HML and the book value of assets & liabilities transferred pursuant to the demerger after considering the fair value of land of HML (as decided by the Board of Directors of HML), shall be debited to the Goodwill Account or credited to Capital Reserve Account, as the case may be.

Explanation: Net Assets shall be computed as the value of the assets of the Transferor Companies transferred to HML less the value of the liabilities becoming liabilities of HML.

(m) The Scheme is conditional upon and subject to the following:

- (i) The Scheme being approved by the requisite consent of the respective members and/or creditors of the Transferor Companies, HML and STEL as may be directed by the Hon'ble High Court of Kerala at Ernakulam.
- (ii) The sanction of the Hon'ble High Court of Kerala at Ernakulam under Sections 391 to 394 of the said Act in favour of the Transferor Companies, HML and STEL under the said provisions and to the necessary Order under Section 394 of the said Act being obtained.
- (iii) Certified copies of the Orders of the Hon'ble High Court of Kerala at Ernakulam sanctioning the Scheme being filed with the Registrar of Companies, Kerala.

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 hereto to get fully acquainted with the provisions thereof.

11. The pre and post arrangement (expected) shareholding pattern of the Applicant Company, based on shareholding as on 31st December, 2009 is as under:

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	5,554,005	30.09	5,554,005	30.09
Sub-Total (A) (1)		5,644,005	30.58	5,644,005	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)		9,284,005	50.31	9,284,005	50.31
(B)	Public Shareholding				
(1)	Institutions				
(a)	Mutual Funds / UTI	52,772	0.29	52,772	0.29
(b)	Financial Institutions / Banks	2,483	0.01	2,483	0.01
(c)	Insurance Companies	53,895	0.29	53,895	0.29
Sub-Total (B) (1)		1 09,150	0.59	109,150	0.59
(2)	Non-Institutions				
(a)	Bodies Corporate	1,381,903	7.49	1,381,903	7.49
(b)	Individuals -				
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	6,185,119	33.51	6,185,119	33.51
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	865,850	4.69	865,850	4.69
(c)	Any Other Market Maker	130,839	0.71	130,839	0.71
	NRI	251,486	1.36	251,486	1.36
	HUF	100,581	0.54	100,581	0.54
	Clearing Member	146,472	0.79	146,472	0.79
Sub-total (B) (2)		9,062,250	49.10	9,062,250	49.10
Total Public Shareholding (B) = (B)(1)+(B)(2)		9,171,400	49.69	9,171,400	49.69
TOTAL (A)+(B)		18,455,405	100.00	18,455,405	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	0.00	-	0.00
GRAND TOTAL (A)+(B)+(C)		18,455,405	100.00	18,455,405	100.00

Note - The Shareholding pattern of Harrisons Malayalam Limited as on 31st December, 2009 is considered for the above purpose

12. Pre and Post arrangement (expected) shareholding pattern of STEL based on the shareholding pattern of HML as on 31st December, 2009.

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	7	0.001	90,000	0.49
(b)	Bodies Corporate	49,993	99.99	5,554,005	30.09
Sub-Total (A) (1)		50,000	100.00	5,644,005	30.58
(2)	Foreign				
(a)	Bodies Corporate			3,640,000	19.72
Sub-Total (A) (2)				3,640,000	19.72
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)				9,284,005	50.31
(B)	Public Shareholding				
(1)	Institutions				
(a)	Mutual Funds / UTI			52,772	0.29
(b)	Financial Institutions / Banks			2,483	0.01
(c)	Insurance Companies			53,895	0.29
Sub-Total (B) (1)				109,150	0.59
(2)	Non-Institutions				
(a)	Bodies Corporate			1,381,903	7.49
(b)	Individuals -				
	i. Individual shareholders holding nominal share capital upto Rs. 1 lakh			6,185,119	33.51
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh			865,850	4.69
(c)	Any Other Market Maker			130,839	0.71
	NRI			251,486	1.36
	HUF			100,581	0.54
	Clearing Member			146,472	0.79
Sub-total (B) (2)				9,062,250	49.10
Total Public Shareholding (B) = (B)(1)+(B)(2)		-	-	9,171,400	49.69
TOTAL (A)+(B)		50,000	100.00	18,455,405	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued			-	0.00
GRAND TOTAL (A)+(B)+(C)		50,000	100.00	18,455,405	100.00

13. The Directors of the Applicant Company, HMFSL, HRPL, HAPL and STEL may be deemed to be concerned and/or interested in the Scheme 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 STEL as a result of the Scheme. Save as aforesaid, none of the Directors of the companies have any material interest in the proposed Scheme.

14. (a) The extent of the shareholding of the directors of HML in HML, HMFSL, HRPL, HAPL and STEL either singly or jointly or as nominee as on 31st December, 2009 is as under:

Name of the Director	Number of equity shares				
	HML	HMFSL	HRPL	HAPL	STEL
Mr. Sanjiv Goenka	35000	-	-	-	-
Mr. Haigreve Khaitan	-	-	-	-	-
Mr. P.K. Chowdhary	-	-	-	-	-
Mr. G. Momen	560	-	-	-	-
Mr. Umang Kanoria	-	-	-	-	-
Mr. Pankaj Kapoor	90001	-	-	-	-
Mr. Ajit Singh Chouhan	-	-	-	-	-

b) The extent of the shareholding of the directors of HMFSL in HML, HMFSL, HRPL, HAPL and STEL either singly or jointly or as nominee as on 31st December, 2009 is as under:

Name of the Director	Number of equity shares				
	HML	HMFSL	HRPL	HAPL	STEL
Mr. K.N. Mathew	1100	-	-	-	-
Mr. Velayudhan Nair Venugopal	200	1	1	-	1
Mr. Subrangshu Chakrabarti	-	-	-	-	-

(c) The extent of the shareholding of the directors of HRPL in HML, HMFSL, HRPL, HAPL and STEL either singly or jointly or as nominee as on 31st December, 2009 is as under:

Name of the Director	Number of equity shares				
	HML	HMFSL	HRPL	HAPL	STEL
Mr. K.N. Mathew	1100	-	-	-	-
Mr. Velayudhan Nair Venugopal	200	1	1	-	1
Mr. Ravi A	200	-	-	-	-

(d) The extent of the shareholding of the directors of HAPL in HML, HMFSL, HRPL, HAPL and STEL either singly or jointly or as nominee as on 31st December, 2009 is as under:

Name of the Director	Number of equity shares				
	HML	HMFSL	HRPL	HAPL	STEL
Mr. K.N. Mathew	1100	-	-	-	-
Mr. Velayudhan Nair Venugopal	200	1	1	-	1
Mr. Ravi A	200	-	-	-	-

- (e) The extent of the shareholding of the directors of STEL in HML, HMFSL, HRPL, HAPL and STEL either singly or jointly or as nominee as on 31st December, 2009 is as under:

Name of the Director	Number of equity shares				
	HML	HMFSL	HRPL	HAPL	STEL
Mr. K.N. Mathew	1100	-	-	-	-
Mr. Velayudhan Nair Venugopal	200	1	1	-	1
Mr. P.N. Ravunni	200	-	-	-	-

15. The Applicant Company has obtained No Objection letters in terms of Clause 24(f) of the Listing Agreement from Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Cochin Stock Exchange vide their letters dated 2nd March, 2010, 11th March, 2010 and 5th March, 2010 respectively.
16. No investigation proceedings are pending or are likely to be pending under Sections 235 to 251 of the Companies Act, 1956 in respect of the Applicant Company.
17. The financial position of the Applicant Company will not be adversely affected by the Scheme. Further, the rights and interests of the creditors of the Applicant Company and STEL will not be prejudicially affected by the Scheme as HML, post arrangement will be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of the Applicant Company and STEL will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
18. On the Scheme being approved as per the requirements of Sections 391 to 394 of the Act, the Applicant Company, HMFSL, HRPL, HAPL and STEL seek the sanction of the Hon'ble High Court of Kerala at Ernakulam. Transferor Companies will seek the sanction of the Hon'ble High Court of Kerala at Ernakulam for dissolution without winding up and upon coming into effect of the Scheme, shall stand dissolved without winding up.
19. In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of HML, the Transferor Companies and STEL shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the Hon'ble High Court of Kerala at Ernakulam, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.
20. Inspection of the following documents may be had by the Equity Shareholders of the Applicant Company at the Registered Office of HML upto one day prior to the date of the meeting between 11 a.m. and 1 p.m. on all working days (except Saturdays, Sundays and public holidays).
 - (a) Copy of the Order dated 24th day of March, 2010 of the Hon'ble High Court of Kerala at Ernakulam passed in Company Application No. MCA 16 of 2010 directing the convening of the meeting of the Equity Shareholders of HML;
 - (b) The Composite Scheme of Arrangement;
 - (c) Memorandum and Articles of Association of Applicant Company, the Transferor Companies and the Resulting Company;
 - (d) The Audited Financial Statements of the Applicant Company, the Transferor Companies and the Resulting Company as on 31st March, 2009;
 - (e) Copy of No Objection letters received from Bombay Stock Exchange, National Stock Exchange of India Limited and Cochin Stock Exchange Limited dated 2nd March, 2010, 11th March, 2010 and 5th March, 2010 respectively.

This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the Applicant Company and/or at the office of the Advocates M/s. Menon & Pai, Advocates, Post Box No.1911, I.S. Press Road, Ernakulam, Cochin - 682 018.

Dated this 8th day of April, 2010

Registered office:

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

Sd/-

G. Shrikumar
Advocate, High Court of Kerala
Chairman appointed for the meeting

Note: All alterations made in the form of proxy should be initialed.

COMPOSITE SCHEME OF ARRANGEMENT
BETWEEN
HARRISONS MALAYALAM FINANCIAL SERVICES LIMITED
AND
HARRISONS RUBBER PRODUCTS LIMITED
AND
HARRISONS AGRO-PRODUCTS LIMITED
AND
HARRISONS MALAYALAM LIMITED
AND
SENTINEL TEA AND EXPORTS LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 100 TO 103 OF THE COMPANIES ACT, 1956

PREAMBLE

The Composite Scheme of Arrangement is divided into the following parts:

- (a) Part A deals with the definitions and share capital;
- (b) Part B deals with merger of Harrisons Malayalam Financial Services Limited, Harrisons Rubber Products Limited and Harrisons Agro-Products Limited with Harrisons Malayalam Limited;
- (c) Part C deals with demerger of Investment Undertaking (as defined herein clause 1.14) held by Harrisons Malayalam Limited to Sentinel Tea and Exports Limited;
- (d) Part D deals with the Accounting Treatment;
- (e) Part E deals with the General Terms and Conditions.

PART A - DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- 1.1 “Act” means the Companies Act, 1956 or any statutory modifications, amendments or re-enactment thereof for the time being in force.
- 1.2 “Merger Appointed Date” means the 1st day of April, 2009 for the merger of Harrisons Malayalam Financial Services Limited, Harrisons Rubber Products Limited and Harrisons Agro-Products Limited with Harrisons Malayalam Limited
- 1.3 “Demerger Appointed Date” means the 2nd day of April, 2009 for the demerger of Investment Undertaking from Harrisons Malayalam Limited to Sentinel Tea and Exports Limited .
- 1.4 “Court” or “High Court” means the Hon’ble High Court of Kerala at Ernakulam and shall include the National Company Law Tribunal, if applicable.
- 1.5 “Effective Date” or “coming into effect of this Scheme” or “upon the Scheme becoming effective” means the date on which the certified copies of the Orders sanctioning this Composite Scheme of Arrangement, passed by the High Court of Kerala at Ernakulam or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Kerala.
- 1.6 “HMFSL” or “the First Transferor Company” means Harrisons Malayalam Financial Services Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 24/1624 Bristow Road, Willingdon Island, Cochin-682003, Kerala.
- 1.7 “HRPL” or “the Second Transferor Company” means Harrisons Rubber Products Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 24/1624 Bristow Road, Willingdon Island, Cochin -682003, Kerala.
- 1.8 “HAPL” or “the Third Transferor Company” means Harrisons Agro-Products Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at 24/1624 Bristow Road, Willingdon Island, Cochin- 682003, Kerala.
- 1.9 “HML” or “the Transferee Company” or “the Demerged Company” means Harrisons Malayalam Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 24/1624 Bristow Road, Willingdon Island, Cochin-682003, Kerala.
- 1.10 “STEL” or “the Resulting Company” means Sentinel Tea and Exports Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 24/1624 Bristow Road, Willingdon Island, Cochin- 682003, Kerala.
- 1.11 “Scheme” or “the Scheme” or “this Scheme” means this Composite Scheme of Arrangement in its present form or with any modification(s) made under Clause 23 of this Scheme as approved or directed by the Hon’ble High Court of Kerala at Ernakulam.
- 1.12 “Transferor Companies” means HMFSL, HRPL and HAPL referred collectively.
- 1.13 “Record Date” means the date to be fixed by the Board of Directors of STEL for the purpose of issue of New Equity Shares to the shareholders of HML under the Scheme.
- 1.14 “Investment Undertaking” means
 - 1.14.1 All assets and liabilities of HML pertaining to the investment business including investments appearing in the books of accounts of HML

1.14.2 Without prejudice to the generality of the provisions of sub-clause 1.14.1 above, the Investment Undertaking shall include all liabilities, duties, obligations and provisions and all assets whether movable or immovable, corporeal or incorporeal, tangible or intangible, present or contingent, pertaining to the investment business. For the purpose of this Scheme, it is clarified that liabilities pertaining to Investment Undertaking shall include:

- (a) The debt, liabilities, duties and obligations which arise out of the activities or operations of the investment business.
- (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operations of or pertaining to the investment business.
- (c) Liabilities other than those referred to in sub-clauses (a) and (b) above, being the amounts for general or multipurpose borrowings of HML, allocated to the Investment Undertaking in the same proportion in which the value of the assets (ignoring the revalued amount) transferred under this Scheme, bear to the total value of the assets of HML immediately before giving effect to this Scheme.

1.14.3 All employees of HML employed in the investment business, as identified by the Board of Directors of HML, as on the Effective Date.

1.14.4 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the investment business or whether it arises out of the activities or operations of the investment business, shall be decided by mutual agreement between the Board of Directors of HML and STEL.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or as imposed or directed by the High Court, shall be deemed to take effect from the Merger Appointed Date in respect of the merger of Harrisons Malayalam Financial Services Limited, Harrisons Rubber Products Limited and Harrisons Agro Products Limited with Harrisons Malayalam Limited and with effect from Demerger Appointed Date in respect of the demerger of the Investment Undertaking from HML to Sentinel Tea and Exports Limited, but shall come into operation from the Effective Date.

3. SHARE CAPITAL

3.1 The share capital of HMFSL as on 31st March, 2009 is as under:

Particulars	Amount (in Rs.)
Authorised Capital	
250 Preference Shares of Rs 100/- each	25,000
1,20,00,000 Equity Shares of Rs.10/- each	12,00,00,000
Total	12,00,25,000
Issued, Subscribed and Paid-up	
1,00,35,220 Equity Shares of Rs.10/- each	10,03,52,200
Total	10,03,52,200

HMFSL is wholly owned subsidiary of HML. Subsequent to March 31, 2009, there has been no change in the issued, subscribed and paid up capital of HMFSL.

3.2 The share capital of HRPL as on 31st March, 2009 is as under:

Particulars	Amount (in Rs.)
Authorised Capital	
30,00,000 Equity Shares of Rs.10/- each	3,00,00,000
Total	3,00,00,000
Issued, Subscribed and Paid-up	
20,00,007 Equity Shares of Rs.10/- each	2,00,00,070
Total	2,00,00,070

HRPL is wholly owned subsidiary of HML. Subsequent to 31st March, 2009, there has been no change in the issued, subscribed and paid up capital of HRPL.

3.3 The share capital of HAPL as on 31st March, 2009 is as under:

Particulars	Amount (in Rs.)
31,00,000 Equity Shares of Rs.10/- each	3,10,00,000
Total	3,10,00,000
Issued, Subscribed and Paid-up	
30,76,600 Equity Shares of Rs.10/- each	3,07,66,000
Total	3,07,66,000
Called and Paid up	
30,76,600 Equity Shares of Rs.0.50 each	15,38,300
Total	15,38,300

HAPL is wholly owned subsidiary of HML. Subsequent to 31st March, 2009, there has been no change in the issued, subscribed and paid up capital of HAPL.

3.4 The share capital of STEL as on 31st March, 2009 is as under:

Particulars	Amount (in Rs.)
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	5,00,000
Total	5,00,000

STEL is wholly owned subsidiary of HML. Subsequent to 31st March, 2009, there has been no change in the issued, subscribed and paid up capital of STEL.

3.5 The share capital of HML as on 31st March, 2009 is as under:

Particulars	Amount (in Rs.)
Authorised Capital	
3,00,00,000 Equity Shares of Rs.10/- each	30,00,00,000
Total	30,00,00,000
Issued, Subscribed	
1,84,55,405 Equity Shares of Rs.10/- each	18,45,54,050
Less: Allotment money in Arrears	16,000
Total	18,45,38,050

There has been no change in the capital structure of HML subsequent to 31st March, 2009.

PART B – MERGER OF THE TRANSFEROR COMPANIES WITH HML

4. MERGER OF THE TRANSFEROR COMPANIES

- 4.1 With effect from the Merger Appointed Date and upon the Scheme becoming effective, the entire business and the whole of the undertaking of the Transferor Companies including all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal) of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession and/or in the control of or vested in or granted in favour of or enjoyed by the Transferor companies shall under the provisions of Sections 391 to 394 of the Act and pursuant to the orders of the Hon'ble High Court of Kerala at Ernakulam sanctioning this Scheme and without any further act or deed be transferred and/or deemed to be transferred to and vested in HML so as to become the properties of HML subject to subsisting charges, encumbrances.
- 4.2 With effect from the Merger Appointed Date, all movable and immovable assets of the Transferor Companies shall, without any further act or deed, be vested in and/or deemed to be vested in HML so as to vest in HML all the rights, title and interest of the Transferor companies therein and shall be appropriately mutated, registered or recorded by the statutory authorities concerned therewith in favour of HML, save and except the movable assets of the Transferor companies, which will be vested in HML in the manner provided in Clause 4.3 and 4.4 below or in any other manner at the option of the Board of Directors of the Transferor companies and HML;
- 4.3 All the movable assets including cash in hand, if any, of the Transferor companies, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed and delivered, as the case may be, to HML to the end and intent that the property therein passes to HML, on such delivery or endorsement and delivery. Such delivery and transfer shall be made on a date mutually agreed upon between the Board of Directors of the Transferor companies and HML.
- 4.4 In respect of movable assets of the Transferor companies other than those mentioned in Clause 4.3 above, including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, the Transferor companies shall if so required by HML, issue notices in such form as HML may deem fit and proper stating that pursuant to the High Court having sanctioned this Scheme between the Transferor companies and HML under Section 394 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of HML, as the person entitled thereto, to the end and intent that the right of the Transferor companies to recover or realise the same stands transferred to HML and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.5 The liabilities of the Transferor companies shall also, without any further act, instrument or deed be transferred to and vested in and assumed by and/or deemed to be transferred to and vested in and assumed by HML pursuant to the provisions of Sections 391 to 394 of the Act, so as to become the liabilities of HML and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen, in order to give effect to the provisions of this sub-clause.

5. CONSIDERATION

- 5.1 The entire issued, subscribed and paid-up share capital of the Transferor Companies is held by HML. Upon the Scheme becoming effective, no shares of HML shall be allotted in lieu or exchange of its holding in the Transferor Companies and the share capital of the Transferor Companies shall stand cancelled.
- 5.2 Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by HML in the Transferor Companies shall be deemed to be cancelled without any further act or deed for cancellation thereof by HML.

6. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

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

- a. The Transferor companies shall carry on and be deemed to have been carrying on their business and activities and shall stand possessed of and hold all of their properties and assets for and on account of and in trust for HML. The Transferor companies hereby undertake to hold the said assets with utmost prudence until the Effective Date.
- b. The Transferor companies shall carry on their business and activities with reasonable diligence and business prudence and shall not without the prior written consent of HML, alienate, charge, mortgage, encumber or otherwise deal with or dispose of their undertakings or any part thereof except in the ordinary course of business nor shall they undertake any new businesses or a substantial expansion of their existing businesses.
- c. All the profits or income accruing or arising to the Transferor companies or expenditure or losses arising to or incurred by the Transferor companies, with effect from the Merger Appointed Date shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of HML.

7. LEGAL PROCEEDINGS

7.1 All legal proceedings of whatsoever nature by or against the Transferor companies pending and/or arising at the Merger Appointed Date and upto the Effective Date, as and from the Effective Date shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme of Arrangement or by anything contained in this Scheme but shall be continued and enforced by or against HML in the manner and to the same extent as would or might have been continued and enforced by or against the Transferor companies.

7.2 HML undertakes to have all legal or other proceedings initiated by or against the Transferor companies referred to in Clause 7.1 above transferred to its name and to have the same continued, prosecuted and enforced by or against HML.

8. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

Subject to other provisions contained in this Scheme all contracts, deeds, bonds, agreements, arrangements, schemes, insurance policies, indemnities, guarantees and other instruments of whatever nature to which the Transferor companies are parties or beneficiaries, subsisting or having effect immediately before arrangement shall be in full force and effect against or in favour of HML and may be enforced fully and effectively as if instead of the Transferor companies, HML had been the party or beneficiary thereto. HML shall, if so required or becomes necessary, upon the coming into effect of this Scheme enter into and/or issue and/or execute deeds, writings or confirmations to give effect to the provisions of this Clause.

9. TREATMENT OF STAFF AND EMPLOYEES

9.1 On the Scheme becoming effective, all staff and employees of the Transferor companies, who are in service on the date immediately preceding the Effective Date shall become staff and employees of HML, without any break or interruption in their services, on same terms and conditions on which they were engaged by the Transferor companies immediately preceding the Effective Date. It is clarified that the services of such employees shall not be treated as having been broken or interrupted for all purposes and it will be reckoned from the date of their respective appointments with the Transferor companies.

9.2 On and from the Effective Date, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts created or existing for the benefit of the employees of the Transferor companies shall be deemed to have been created by HML in place of the Transferor companies for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor companies in relation to such fund or funds shall be and become those of HML.

10. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of businesses under Clause 4 above and the continuance of proceedings by or against HML under Clause 8 above shall not affect any transaction or proceedings already concluded by the Transferor companies on or after the Merger Appointed Date till the Effective Date, to the end and intent that HML accepts and adopts all acts, deeds and things done and executed by the Transferor companies in respect thereto as done and executed on behalf of itself.

11. WINDING UP OF THE TRANSFEROR COMPANIES

On the Scheme becoming effective the Transferor companies shall stand dissolved without being wound up.

PART C – DEMERGER OF THE INVESTMENT UNDERTAKING OF HML INTO STEL

12. DEMERGER OF THE INVESTMENT UNDERTAKING

- 12.1 With effect from the Demerger Appointed Date, and upon the Scheme becoming effective, the Investment Undertaking as specified in Clause 1.14 of Part A hereof, shall pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act, without any further act or deed, stand transferred to STEL, at book values (ignoring revaluation), in accordance with Section 2(19AA) of the Income Tax Act, 1961, and Investment Undertaking shall consequently vest in STEL with effect from the said date, subject however, to all charges and encumbrances, if any, affecting the same or any part thereof.
- 12.2 With effect from the Demerger Appointed Date and upon the Scheme becoming effective, all debts, liabilities, duties and obligations of every kind, nature and description of HML relating to the Investment Undertaking shall also, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or deemed to be transferred to STEL so as to become as from the Demerger Appointed Date the debts, liabilities, duties and obligations of STEL 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, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

13. ISSUE OF SHARES

- 13.1 Upon coming into effect of the Scheme, and in consideration for the transfer and vesting of the Investment Undertaking to STEL, the members of HML holding fully paid-up equity shares in HML and whose names appear in the register of members and on the records of the depositories of HML, on the Record Date would be entitled to equity shares in STEL (hereinafter referred to as “New Equity Shares of STEL”) as follows:

“1 (One) fully paid up equity share of Rs.10 each of STEL shall be issued and allotted for every 1(One) equity share of Rs 10 each held in HML. “
- 13.2 The New Equity Shares of STEL issued to the members of HML shall be subject to the Memorandum and Articles of Association of STEL.
- 13.3 The New Equity Shares shall be issued in dematerialized form to those equity shareholders who hold the shares of HML in dematerialized form, provided all details relating to account with depository participants are available with HML and/or STEL. All those equity shareholders who hold shares of HML in physical form shall be issued New Equity Shares in STEL in physical form unless otherwise communicated in writing by such shareholder to receive shares of STEL in demat mode on or before such date as may be determined by HML and/or STEL or by mutual agreement of the Board of Directors of HML and STEL. The New Equity Shares shall remain frozen in the depositories system till listing and trading permission is given by the designated stock exchange. Further, there shall be no change in the shareholding pattern (other than issue of shares pursuant to this Scheme) or Control in STEL between the Record Date and listing of shares which may affect the status of approval granted by the stock exchanges to this Scheme.

- 13.4 New Equity Shares of STEL issued and allotted in terms of this Scheme shall be listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE'). Listing of New Equity Shares of STEL will be subject to fulfilment of listing criteria of BSE and NSE for such issue and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of STEL seeking listing of its shares.
- 13.5 STEL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of New Equity Shares of STEL to the members of HML under the Scheme.
- 13.6 STEL, shall, to the extent required, increase its Authorised Share Capital in order to issue New Equity Shares under this Scheme.
- 13.7 In the event of there being any pending share transfers with respect to any application lodged for transfer by any shareholder of HML, the Board of Directors or any committee thereof of HML, or failing which, the Board of Directors or any committee thereof of STEL shall be empowered in appropriate cases, even subsequent to the Record Date, to effectuate such a transfer in HML as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in HML and in relation to the New Equity Shares after the Scheme becomes effective.
- 13.8 The issue and allotment of New Equity Shares by STEL to the shareholders of HML as the case may be, as provided in this Scheme is an integral part thereof and shall be deemed to have been carried out as if the procedure laid down under Section 81(1A) and any other applicable provisions of the Act were duly complied with.

14. CANCELLATION OF ORIGINAL SHARE CAPITAL IN STEL

- 14.1 Upon the scheme being effective, issued, subscribed and paid-up Equity Share Capital of Rs 5,00,000 divided into 50,000 equity shares of Rs 10 each held by the existing shareholders of the STEL shall, without any application or deed, stand cancelled without any payments to the holders of such Equity Shares.
- 14.2 The cancellation of the Existing Equity Shares as mentioned above shall be effected as an integral part of this Scheme without having to follow the process under Sections 100 to 103 of the Act separately and the Order of the Hon'ble High Court of Kerala at Ernakulam sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable.
- 14.3 The amount arising on cancellation of Equity share capital as above shall be credited to Capital Reserve Account.

15. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

With effect from Demerger Appointed Date and upto and including the Effective Date:

- a. HML shall carry on and be deemed to have been carrying on business and activities relating to Investment Undertaking and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for STEL. HML hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- b. HML shall carry on its business and activities relating to Investment Undertaking with reasonable diligence and business prudence and shall not without the prior written consent of STEL, alienate, charge, mortgage, encumber or otherwise deal with or dispose of Investment Undertakings or any part thereof except in the ordinary course of business.
- c. All the profits or incomes accruing or arising to HML relating to Investment Undertaking or expenditure or losses arising to or incurred by HML relating to Investment Undertaking, with effect from the Demerger Appointed Date shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of STEL.

16. TREATMENT OF STAFF AND EMPLOYEES

- 16.1 On the Scheme becoming effective, all staff and employees of Investment Undertaking of HML, who are in service on the date immediately preceding the Effective Date shall become staff and employees of STEL, without any break or interruption in their services, on same terms and conditions on which they were engaged by HML immediately preceding the Effective Date. It is clarified that the services of such employees shall not be treated as having been broken or interrupted for all purposes and it will be reckoned from the date of their respective appointments with HML.
- 16.2 On and from the Effective Date, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts created or existing for the benefit of the employees of Investment Undertaking of HML shall be deemed to have been created by STEL in place of HML for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of Investment Undertaking of HML in relation to such fund or funds shall be and become those of STEL.

17. LEGAL PROCEEDINGS

- 17.1 All legal proceedings of whatsoever nature by or against HML pending and/or arising at the Demerger Appointed Date and upto Effective Date and relating to Investment Undertaking, as and from the Effective Date shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme of Arrangement or by anything contained in this Scheme but shall be continued and enforced by or against STEL in the manner and to the same extent as would or might have been continued and enforced by or against HML.
- 17.2 STEL undertakes to have all legal or other proceedings initiated by or against HML relating to the Investment Undertaking transferred to its name and to have the same continued, prosecuted and enforced by or against STEL.

18. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

Subject to other provisions contained in this Scheme all contracts, deeds, bonds, agreements, arrangements, schemes, insurance policies, indemnities, guarantees and other instruments of whatever nature relating to Investment Undertaking and to which HML is party or beneficiary subsisting or having effect immediately before arrangement shall be in full force and effect against or in favour of STEL and may be enforced fully and effectively as if instead of HML, STEL had been the party or beneficiary thereto. STEL shall, if so required or becomes necessary, upon the coming into effect of this Scheme enter into and/or issue and/or execute deeds, writings or confirmations to give effect to the provisions of this Clause.

19. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of businesses under Clause 12 above and the continuance of proceedings by or against STEL under Clause 17 above shall not affect any transaction or proceedings already concluded by HML on or after the Demerger Appointed Date till the Effective Date, to the end and intent that STEL accepts and adopts all acts, deeds and things done and executed by HML in respect thereto as done and executed on behalf of itself.

20. REMAINING BUSINESS

The business of HML after demerger of Investment Undertaking, and all the assets, liabilities and obligations of HML after demerger of Investment Undertaking, shall continue to belong to and be vested in and be managed by HML.

PART D – ACCOUNTING TREATMENT

21. ACCOUNTING TREATMENT

In the books of STEL

On the Scheme becoming effective, STEL shall account for the Scheme and its effects in its books of accounts with effect from the Demerger Appointed Date as under:

- (a) STEL shall record the assets and liabilities of Investment Undertaking vested in it pursuant to the Scheme at book values as appearing in the books of HML on the Demerger Appointed Date. However, revaluation of assets, if any, in the books of HML, shall be ignored.
- (b) STEL shall credit the aggregate face value of New Equity Shares of STEL issued by it (pursuant to the Scheme) to the members of HML to the Share Capital Account in its books of account.
- (c) Any difference between the value of assets and liabilities of Investment Undertaking transferred to STEL pursuant to the order of the Hon'ble High Court of Kerala at Ernakulam and the face value of New Equity Shares of STEL allotted by STEL, shall be credited to the Securities Premium Account.

In the books of HML

- (a) On the Scheme becoming effective, the accounting for amalgamation would be done in accordance with the "Purchase Method" referred in Accounting Standard 14 – Accounting for Amalgamation (AS 14).
- (b) The difference between fair value of Net Assets (as decided by the Board of Directors of HML) transferred to HML pursuant to the merger after adjusting inter-company deposits, loans and advances outstanding and investments in the capital of the Transferor Companies as appearing in the books of HML and the book value of assets & liabilities transferred pursuant to the demerger after considering the fair value of land of HML (as decided by the Board of Directors of HML), shall be debited to the Goodwill Account or credited to Capital Reserve Account, as the case may be.

Explanation: Net Assets shall be computed as the value of the assets of the Transferor Companies transferred to HML less the value of the liabilities becoming liabilities of HML.

PART E – GENERAL TERMS AND CONDITIONS

22. APPLICATION TO THE HIGH COURT

The Transferor Companies, HML and STEL shall as may be required make applications and/or petitions under Sections 391 to 394 of the Act and other applicable provisions of the Act to the Hon'ble High Court of Kerala at Ernakulam for sanction of this Scheme and all matters ancillary or incidental thereto.

23. MODIFICATION/AMENDMENT TO THE SCHEME

The Transferor Companies, HML and STEL, by their respective Board of Directors ('the Board', which term shall include Committee thereof), may consent to/make and/or consent to any modifications or amendments of the Scheme or to any conditions or limitations that the Hon'ble High Court of Kerala at Ernakulam may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate, by them (i.e. the Board of Directors) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.

For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of the Transferor Companies, HML and STEL be and are hereby authorised to give such directions and to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter connected therewith.

24. CONDITIONALITY OF THE SCHEME

The Scheme is conditional upon and subject to the following:

- 24.1 The Scheme being approved by the requisite consent of the respective members and/or creditors of the Transferor Companies, HML and STEL as may be directed by the Hon'ble High Court of Kerala at Ernakulam.
- 24.2 The sanction of the Hon'ble High Court of Kerala at Ernakulam under Sections 391 to 394 of the said Act in favour of the Transferor Companies, HML and STEL under the said provisions and to the necessary Order under Section 394 of the said Act being obtained;
- 24.3 Certified copies of the Orders of the Hon'ble High Court of Kerala at Ernakulam sanctioning the Scheme being filed with the Registrar of Companies, Kerala.

25. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In case the Scheme is not sanctioned by the Hon'ble High Court of Kerala at Ernakulam or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme not being obtained or complied with or for any other reason the Scheme cannot be implemented by such date as may be agreed by the respective Board of Directors of the Transferor Companies, HML and STEL, the Scheme shall become null and void, and in that event no rights and liabilities and obligations whatsoever shall accrue to or be incurred by or be incurred inter se by any of the companies or their shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such a case, each company shall bear its own cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.

26. COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by HML.

**IN THE HIGH COURT OF KERALA AT ERNAKULAM ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 16 OF 2010**

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

AND

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

AND

In the matter of Composite Scheme of Arrangement

between

Harrisons Malayalam Financial Services Limited ("the First Transferor Company")

and

Harrisons Rubber Products Limited ("the Second Transferor Company")

and

Harrisons Agro-Products Limited ("the Third Transferor Company")

and

Harrisons Malayalam Limited ("the Transferee Company" or "the Demerged Company")

and

Sentinel Tea and Exports Limited ("the Resulting Company")

and

Their Respective Shareholders

)

Harrisons Malayalam Limited, a Company)

incorporated under the Companies Act, 1956 and)

having its Registered Office at 24/1624, Bristow Road,)..... Applicant Company
Willingdon Island, Cochin - 682003, Kerala.

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 the Durbar Hall, Casino Hotel, Willingdon Island, Cochin - 682 003 at 10.30 A.M. on Friday the 14th day of May, 2010 for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the proposed Composite Scheme of Arrangement between Harrisons Malayalam Financial Services Limited and Harrisons Rubber Products Limited and Harrisons Agro-Products Limited and Harrisons Malayalam Limited and Sentinel Tea and Exports Limited and their Respective Shareholders 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") the said arrangement embodied in the Composite Scheme of Arrangement 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 _____ 2010

Signature across the stamp

Name : _____

Address : _____

(For Demat holding)

DP Id: _____ Client Id: _____

(For Physical holding)

Folio No.: _____ No of shares held: _____

Signature of the Shareholder(s) Sole holder / First holder _____

Second holder : _____ Third holder : _____

NOTES:

1. Proxy need not be a member.
2. Alterations, if any, made in the Form of Proxy should be initialed.
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.

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HARRISONS MALAYALM LIMITED
Registered Office: 24/1624, Bristow Road, Willingdon Island, Cochin - 682003, Kerala.

ATTENDANCE SLIP

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

NAME AND ADDRESS OF THE EQUITY SHAREHOLDER (in block letters)

NAME AND ADDRESS OF THE PROXY HOLDER (in block letters, to be filled in by the proxy attending instead of the Shareholder):

I hereby record my presence at the meeting, convened pursuant to the Order dated 24th day of March, 2010 of the Hon'ble High Court of Judicature at Kerala of the Equity Shareholders of the Company at the Durbar Hall, Casino Hotel, Willingdon Island, Cochin - 682 003 on 14th day of May, 2010 at 10.30 A.M.

Signature of the Equity Shareholder or proxy: _____

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 fixing their signature on it.
2. Equity Shareholder/Proxy holder who come to attend the meeting are requested to bring with them copy of the Scheme.

BOOK - POST / U.C.P.

If undelivered, please return to:



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