

Detailed note on the scheme of amalgamation (Scheme)

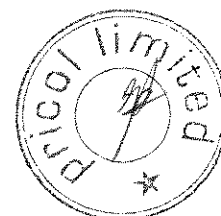
The Hon'ble High Court, Madras vide its order dated 6th October 2016 has sanctioned the Scheme of Amalgamation of Pricol Limited (Transferor Company) with Pricol Pune Limited, wholly owned subsidiary of Pricol Limited (Transferee Company) and their respective Shareholders with effect from the appointed date mentioned in the scheme.

The Company received the certified copy of the Order and filed the same with the Registrar of Companies, Coimbatore, Tamilnadu on 1st November 2016 (effective date).

Business aspects of the scheme

Rationale of the scheme:

- (i) The Amalgamation will consolidate the business. Further, the Amalgamation will provide a high level of synergistic integration of operations, better operational management and provide value addition to existing and future orders of the Transferor Company and Transferee Company by integrating the respective technical, financial and other expertise and resources.
- (ii) Synergies arising out of consolidation of business will lead to enhancement of net worth of the combined business and reflection of true net-worth in the financial statements (as all assets, tangible and intangible, including those not recorded in the books of the Transferor Company, and liabilities of the Transferor Company shall be taken over by the Transferee Company and recorded at their respective fair values), improved alignment of debt and enhancement in earnings and cash flow.
- (iii) Under the proposed amalgamation, the Transferee Company would be able to better leverage on its large networth base, comprehensive suite of products and services, extensive corporate customer relationships, strong brand and vast talent pool. Further, the Transferee Company would have enhanced businesses potential and increased capability to offer a wider portfolio of products and services with a diversified resource base and deeper client relationships.
- (iv) The proposed Amalgamation would result in financial resources of the Transferor Company and Transferee Company being efficiently merged and pooled leading to more effective and centralised management of funds, greater economies of scale, stronger base for future growth and reduction of administrative and manpower expenses and overheads (i.e. cost rationalization), which are presently being multiplied, being separate entities. Amalgamation shall lead to greater efficiency in management of the businesses, simplicity and reduction in regulatory compliances, cost and operational efficiencies as well as optimum utilization of resources which will help the Transferee Company in keeping its business competitive in the long run and enhance the value of stakeholders.
- (v) The Amalgamation will provide greater internal control and functional integration at various levels of the organisation such as Information Technology, human resources, finance, legal and general management leading to an efficient organisation capable of responding swiftly to volatile and rapidly changing market scenarios.
- (vi) The Amalgamation will facilitate debt consolidation of the Transferor Company in the Transferee Company, which will improve the debt servicing abilities through improved cash flows and simplified administration of debt both for the Transferee Company and Transferor Company and for the lenders.



Salient features of the scheme

- 1) The Appointed date of the Scheme of Amalgamation is 1st April 2015.
- 2) With effect from the Appointed Date, the entire business and undertaking of Transferor Company consisting all its assets and liabilities shall be and stand transferred to the Transferee Company, as a going concern.
- 3) Share Exchange Ratio:

Upon this Scheme being effective, Transferee Company shall issue and allot to each shareholder of the Transferor Company whose name is recorded in the register of members of each of the Transferor Company on the Record Date to be fixed in the following ratio ("**Share Exchange Ratio**"):

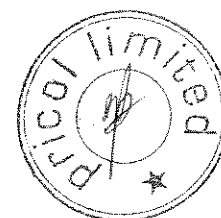
1 (One) fully paid up equity shares of Re 1 (One) each of Transferee Company for every 1 (One) fully paid equity share of Re 1 (One) each held by such shareholder in Transferor Company.

It is clarified that since the issue of shares to the shareholders of the Transferor Company in the Transferee Company shall be equal to the number of shares held by them in the Transferor Company as on the Record Date and the entire share capital of the Transferee Company held by the Transferor Company and its nominees shall stand cancelled under this Scheme.

Pursuant to Amalgamation, the shareholding of Pricol Pune Limited shall be the mirror image of Pricol Limited's shareholding pattern.

There is no change in shareholding of Pricol Limited's shareholders.

- 4) Upon this Scheme becoming effective, **the name of the Transferee Company shall be deemed to have been changed from "Pricol Pune Limited" to "Pricol Limited"**. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the Registrar of Companies for change of the name of the Transferee Company.
- 5) Upon this Scheme becoming effective, the Directors of the Transferor Company shall be appointed as Directors of the Transferee Company.
- 6) Upon this Scheme becoming effective, the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date be and stand continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the 1956 Act or the 2013 Act as applicable, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.
- 7) The Transferee Company shall record the assets (including intangible assets, if any, whether or not recorded in the books of Transferor Company) and liabilities of the Transferor Company vested in it pursuant to the Scheme at their respective fair values as per purchase method in accordance with Accounting Standard - 14 notified under the 1956 Act and/or 2013 Act. Equity shares of the Transferee Company held by Transferor Company shall not be recorded by the Transferee Company as assets and shall be cancelled.
- 8) Upon this Scheme becoming effective, the Transferor Company (Pricol Limited) shall stand dissolved without winding up.



Financial aspects of the scheme

Details of Revenue, Results and Capital Employed of the Company and Resultant Company

(Rs. in Crores)

S.No	Particulars	Pricol Limited (Amalgamating Company)		Pricol Pune Limited (Amalgamated Company)
		Period ended 30 th September 2016 (Un audited)	Year ended 31 st March 2016 (Audited)	Year ended 31 st March 2016 (Audited)
1	Total Income from Operations (net)	651.94	1126.51	124.57
2	Profit / (Loss) from ordinary activities before exceptional items & Tax	61.24	70.17	0.82
3	Exceptional Items	0.53	(10.02)	8.25
4	Profit / (Loss) before Tax	61.77	60.15	9.07
5	Tax Expense - Net	20.03	16.95	0.13
6	Net Profit / (Loss) from ordinary activities after tax & Exceptional Items	41.74	43.20	8.94
7	Extraordinary Items	-	-	-
8	Net Profit / (Loss) for the period after tax (after Extra ordinary items)	41.74	43.20	8.94
9	Capital employed*	372.83	335.31	57.47

* Capital employed = Total assets – Current liabilities

