

Modified Fairness Opinion

On the Valuation of Demerged Undertaking of

Abirami Financial Services (India) Limited (AFSL)

By



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(Category I Merchant Banker - Permanent SEBI Registration Number: INM000001394)

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EXECUTIVE SUMMARY

Proposal	Valuation Of Abirami Financial Services (India) Limited (AFSL) for the proposed Scheme Of Arrangement (Demerger) With Abirami Enterprises Limited (AEL)
Requirement	Modified Fairness opinion on the Valuation report and swap ratio given by Mr. V Ravi, Chartered Accountant for the proposed Scheme of Arrangement with Abirami Enterprises Limited
Evaluating Agency	Indbank Merchant Banking Services Limited (IBMBS), a Category I Merchant Banker
Evaluation	Taking into account, the various factors mentioned in the Scheme of Arrangement we opine that the valuation report and Swap ratio given by Mr. V Ravi, Chartered Accountant dated 09.04.2015 is fair and reasonable to the shareholders.





INTRODUCTION

The Board of Directors of Abirami Financial Services (India) Limited (AFSL) and Abirami Enterprises Limited (AEL) have proposed the Scheme of Arrangement (Demerger) of the above said companies. Abirami Financial Services (India) Limited (AFSL) is the Demerger Company and Abirami Enterprises Limited (AEL) is the Resulting Company.

Mr. V Ravi, a Chartered Accountant was approached by AFSL to carry out a study and to arrive at a fair value of the demerged undertaking for a proposed demerger and the company had obtained valuation report on 19.09.2014

Indbank Merchant Banking Services Limited was approached to provide a Fairness Opinion on the valuation report given by Mr. Ravi, Chartered Accountant, and the same was provided by us vide our report dated 14.10.2014

Subsequent to the SEBI query, the company approached Mr. Ravi, Chartered Accountant to recommend swap ratio along with the valuation of the Demerged Undertaking and obtained the modified valuation report from Mr. Ravi, Chartered Accounting, recommending swap ratio vide valuation report dated 09.04.2015.

Indbank Merchant Banking Services Limited has been approached to provide modified Fairness Opinion on the valuation report of Mr. Ravi, Chartered Accountant dated 09.04.2015.





SYNOPSIS OF THE COMPANIES

Abirami Financial Services (India) Limited (AFSL) – Demerged Company

ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED, a NBFC having CIN L65993TN1993PLC024861, was incorporated under the Companies Act, 1956 on 19th April, 1993 in the State of Tamil Nadu. It is engaged in the business of financing commodities, movable property, trading, acquisitions, dealing, and purchase and other operations commonly carried on and under taken by finance, investments, hire purchase, leasing companies. The Registered Office of the Company is situated at Capital Place, Old No.50, New No.16, South Boag Road, T. Nagar, Chennai - 600 017.

The company is a Public Limited company with its shares listed on the Bombay Stock Exchange and the Madras Stock Exchange.

Board of Directors as on 31.03.2015

S. No.	Name	Designation
1.	Mr. K V Aiyappan	Chairman
2.	Mr Teckchand Vaswani	Director
3.	Mr. T V Srinivasan	Independent Director
4.	Mr. K M Narasimhan	Independent Director
5.	Mr. P Sankaran	Executive Director
6.	Mrs. Muthulakshmi	Additional Director

Abirami Enterprises Limited (AEL) – Resulting Company

ABIRAMI ENTERPRISES LIMITED having CIN U74900TN2014PLC096274 was incorporated under the Companies Act, 2013 on 23rd June, 2014 in the State of Tamil Nadu. It is engaged in the business of Financial and Management Consultants and to render all managerial, technical services, & money changers and other foreign exchange business & Tourist and Travel Agents business.





Board of Directors as on 31.03.2015

S. No.	Name	Designation
1.	K V Aiyappan	Director
2.	P Sankaran	Director
3.	J Viswanathan	Director

SCHEME OF ARRANGEMENT

Demerger means the transfer, by way of demerger, of the Demerged Undertaking from the Demerged Company to the Resulting Company.

AFSL and AEL have proposed a Scheme of Arrangement (Demerger), of AFSL with AEL, AFSL was into various businesses which can be broadly classified as i). Financial and Management Consultants, ii). Tours & Travels Agents, iii). Software & System Consultancy.

The Tours & Travels agent's part of business has been affected mainly due to the name of the company as people do not approach the company after looking into the name AFSL. The Demerged Company initiated several measures to rationalize costs and improve margins in the highly competitive business. Hence it has now been decided that the Segment of Tours & Travels Agent of the AFSL be hived off into a separate entity i.e. AEL.

AEL has been established as a multi business entity that could intake the various activities, encompassing wide range of businesses. The proposed Demerger would enable the Demerged Company to concentrate on the activities that it is into, with a view to deriving synergies in the form of enhanced scale of operations and cost efficiencies thus benefiting both demerged undertaking & the resulting company.

AFSL had approached Mr. V Ravi, Chartered Accountants, to carry out Valuation of the demerged undertaking of AFSL and to recommend swap ratio.





TERMS OF REFERENCE

AFSL has engaged the services of Indbank Merchant Banking Services Limited, a Category I Merchant Banker Registered with SEBI for providing modified fairness opinion on the valuation report and swap ratio recommended by Mr. V Ravi, Chartered Accountant in his report dated 09.04.2015

EVALUATION & CONCLUSION

As per the audited financials of AFSL as on 31st March, 2014, the book value of the assets is Rs 3,19,02,476/- (Rupees Three Crores Nineteen Lakhs Two Thousand Four Hundred and Seventy Six Only). Since one of the conditions of the demerger is to transfer the assets at their book value, Mr. V Ravi, Chartered Accountant has valued the assets to be transferred at their respective book values.

The assets that are to be transferred and their book values are as below:

Sl. No.	Particular of Asset	Amount in Rs.
1	Land	1,10,15,524
2	Building	1,28,68,591
3	Computers	57,048
4	Interior Decorations	50,49,206
5	Furniture & Fittings	4,62,209
6	Office Equipments	5,47,422
	Total	3,00,00,000

Taking into account, the various factors mentioned in the Scheme of Arrangement and the valuation report provided to us, we opine that the valuation and swap ratio 2:1 i.e. one share of Resulting Company for every two shares of Demerger Company recommended by Mr. V Ravi, Chartered Accountant on 09.04.2015 is **FAIR and REASONABLE** for the shareholders of AFSL.



**DISCLAIMER**

Indbank Merchant Banking Services Limited (IBMBS) has prepared this Fairness Report, at the request of AFSL.

This Report is based on the data collected by Indbank Merchant Banking Services Ltd. (IBMBS) from AFSL, valuation report and swap ratio recommended by Mr. V Ravi, Chartered Accountant, in his report dated 09.04.2015 and various other sources, which are believed to be reliable. The information and opinions contained in this reports have been compiled or arrived at, from sources believed reliable but no representation or warranty, express or implied, is made and no responsibility or liability is or will be accepted by Indbank Merchant Banking Services Ltd. as to or in relation to the accuracy, completeness or adequacy of information contained in this report.

AFSL accepts full responsibility for all the data and information passed down by it for the formulation of this report and states that the same is true and correct to the best of its knowledge and belief and confirms that no material information that is vital for arriving at a decision for making investment in its project has been suppressed or misstated while providing the data/information to Indbank Merchant Banking Services Ltd.

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**ABOUT INDBANK MERCHANT BANKING SERVICES LIMITED**

We are a subsidiary of Indian Bank-a PSU bank and are engaged in the entire gamut of merchant banking activities and related services. We are a Category I Merchant Banker registered with SEBI with **Permanent Registration No: INM000001394**. We have a qualified team comprising of experienced bankers, MBAs, Chartered Accountants and Cost Accountants who are engaged in dispensation of the type of services listed above. Indbank has its registered office in Chennai and has 54 terminals across India.

We undertake the following services

- Management of Equity & Debt Issues
- Corporate Advisory Services
- Mergers and Acquisitions
- Loan Syndication
- Project Counseling
- Capital Restructuring
- Valuation of Financial Products / Employee Stock Options etc.

We also provide Depository, Stock Broking and Online Trading Services.

We have till date lead managed over 500 public / rights issues and have maintained a blemishless record with SEBI regarding due diligence. We have been active in Advisory Services and have handled more than 400 assignments under Project Appraisal, Viability Study, Syndication, Valuation and Placement activities.

Our Recent Projects as Lead/Co Lead Managers/ Advisors

- IPO – Varun Industries Ltd, Fineotex Chemical Limited, Rushil Décor Ltd, R K Infratel Ltd.
- QIP – Marg Ltd.
- Rights Issue - High Energy Batteries (India) Ltd, The Waterbase Limited.
- Takeover - Canfin Homes, Chettinad Cement Corporation, K G Denim, SQL Star International, Yash Trading Company, Gonibedu Coffee Estates Limited (A Coffee Day Group Company).
- Buyback – Madras Cements Limited, Amrutanjan Limited.
- Employees' Stock Option Scheme - Ramco Systems and SPEL Semi Conductors Private Limited.
- Feasibility Studies – Maharashtra Enviro Power Limited, RIA CETP.
- **Valuation – TEAM, TVH Homes, Novatium Solutions, Alstom, Piramal HealthCare, Zyme Solutions, ICRA, Tejasri Limited, Abirami Financial Services Ltd, EMPEE Group.**



**SCHEME OF ARRANGEMENT
(DEMERGER)**

BETWEEN

**ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED
(DEMERGED COMPANY)**

AND

**ABIRAMI ENTERPRISES LIMITED
(RESULTING COMPANY)**

AND

THEIR RESPECTIVE SHAREHOLDERS

**UNDER SECTION 391 TO 394 OF THE COMPANIES
ACT, 1956**

RECITALS

- A. This Scheme of Arrangement (Demerger) is presented under sections 391 to 394 and other applicable provisions of the Companies Act 1956 by virtue of which some assets (*defined hereinbelow as 'Demerged Undertaking'*) of Abirami Financial Services (India) Limited are proposed to be demerged, transferred to and vested in another company called Abirami Enterprises Limited as a going concern.
- B. The Scheme is divided into distinct parts as follows: -
- Part I - deals with description of the companies, rationale and benefits of the Scheme.
 - Part II - deals with definitions and share capital.
 - Part III - deals with the demerger and transfer of the Deemed Undertaking.
 - Part IV - deals with reorganisation of share capital.
 - Part V - deals with general matters pertaining to the Scheme.
- C. This Scheme is compliant with the conditions relating to "demerger" as specified under section 2(19AA) of the Income Tax Act, 1961, in as much as:
- (a) All the properties of the Demerged Undertaking (as given in schedule "B") shall become the properties of the Resulting Company upon their transfer by the Demerged Company;
 - (b) All liabilities, if any, specifically relatable to the Demerged Undertaking shall become the liabilities of the Resulting Company by virtue of the demerger;
 - (c) The properties and the liabilities, if any, relatable to the Demerged Undertaking are transferred to the Resulting Company at the values appearing in the books of accounts of the Demerged Company immediately before the demerger;



- (d) The Resulting Company shall issue shares to the shareholders of the Demerged Company in consideration of the demerger on proportionate basis;
- (e) All the shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the demerger;
- (f) The transfer of the Demerged Undertaking shall be on a going concern basis.

PART - I

Description of the companies, rationale and benefits

1.1. Demerged Company

Brief Description

1.1.1. Abirami Financial Services (India) Limited (*hereinafter denoted as 'AFSL' or referred to as the 'Demerged Company'*) is a company incorporated on 19.04.1993 under the Companies Act 1956 with Corporate Identity Number ('CIN') L65993TN1993PLC024861, with the Registrar of Companies, Tamil Nadu, Chennai.

1.1.2. The Registered Office of the Demerged Company is at "Capital Place", Old #50, New #16, South Boag Road, T. Nagar, Chennai 600 017. The equity shares of AFSL are listed on the Bombay Stock Exchange and the Madras Stock Exchange.

Main objects

1.1.3. The main objects of the Demerged Company are fully set out in Clause III(A) of its Memorandum of Association, and reads as follows: -

- (i) To undertake and carry on the business of financing commodity, movable property trading, acquisitions, dealings and purchase and other operations commonly carried on and undertaken by finance, investment, hire purchase, leasing companies.
- (ii) To undertake and carry on the business of financing hire purchase contracts, relating to all movable properties and to carry on the business of an investment company which includes investing, acquiring, underwriting, subscribing for and holding shares, bonds including debentures, stocks, securities issued or guaranteed by any



company including Government and State owned companies, Port Trusts and Municipal Authorities.

- (iii) To lend money (not amounting to banking business) either against bills, or by discounting bills or against security of any movable or immovable properties, to all kinds of persons including individuals, firms and companies on such terms and conditioners (sic conditions) as the company may deem fit and expedient.
- (iv) To act as Financial and Management Consultants and to render all managerial, technical and financial services like acting as investment and portfolio advisers, managers, merchant bankers, issue managers, registrars, issue brokers, underwriters, stock and security brokers.
- (v) To take up business of money changers and other foreign exchange business as approved by the Reserve Bank of India from time to time and to obtain the required licences/permission therefor from the Reserve Bank of India.
- (vi) To carry on the business of Tourist and Travel Agents and to act as representatives of airlines, steamship lines, railways and other carriers whether in India or abroad.
- (vii) To take up Agency business of Insurance and other related business including Insurance Broking, Insurance Consultancy, Risk Management Consultancy and other related services.
- (viii) To provide Software and System consultancy Services to Business Houses in India and Abroad.
- (ix) To carry on the business of providing long-term/short-term finance to any person or persons, company or corporation, society or association of persons with or without interest and with or without any security for the purpose of enabling such borrower to construct or purchase, enlarge or repair of any houses, flats, row houses, bungalows, rooms or any part or portions thereof in India upon such terms and conditions as the company may deem fit.

1.2. Resulting Company

Brief Description

1.2.1. Abirami Enterprises Limited (hereinafter denoted as 'AEL' or referred to as the 'Resulting Company') is a company incorporated on 23.06.2014 under the



Companies Act 2013 with the Registrar of Companies, Tamil Nadu, Chennai, with CIN U74900TN2014PLC096274. The Registered Office of the Resulting Company is also situate at "Capital Place" Old #50, New #16, South Boag Road, T. Nagar, Chennai 600 017. It is an unlisted public company.

1.2.2. The Resulting Company has been incorporated by the promoters of the Demerged Company with minimum paid up capital to enable such demerger of the Tours and Travel Agency business in the Resulting Company.

Main objects of the Resulting Company

1.2.3. The main objects of the Resulting Company are fully set out in Clause III(A) of its Memorandum of Association, and reads as follows:

- (i) To act as Financial and Management Consultants and to render all managerial, technical services like acting as investment managers, merchant bankers, issue managers, registrars, issue brokers, underwriters, stock and security brokers.
- (ii) To take up the business of money changers and other foreign exchange business as approved by the Reserve Bank of India from time to time and to obtain the required licences/permission from the Reserve Bank of India.
- (iii) To carry on the business of Tourist and Travel Agents and to act as representatives of airlines, ships, railways and other carriers whether in India or abroad.
- (iv) To provide Software and System Consultancy Services to business houses in India and abroad.

1.3. Rationale and benefits arising out of the Scheme

Rationale

1.3.1. The business of the Applicant/Demerged Company is broadly divisible into three distinct classes, viz., (i) Financial and management consultancy; (ii) Tours and Travels agency; and (iii) Software and systems consultancy. The tours and travels agency and Software and systems consultancy parts of the business is not picking up mainly due to the fact that the name of the Demerged Company reflects an unmistakable bias towards financial consultancy. Hence, it is



necessary to hive off the tours and travels agency and Software and systems consultancy parts of the business to the Resulting Company.

Benefits

1.3.2. The demerger will result in better shareholder value for both the companies. Specifically, the following benefits are envisaged by virtue of this demerger: -

(i) **Independence and separation of distinct parts of the business**

The proposed demerger will help separate the distinct parts of the business and enable the Applicant/Demerged Company to carry on its financial advisory services with greater focus and attention and make it the core of its business.

(ii) **Independence of operations**

The demerger will be in the interest of both companies inasmuch as it will enable them to operate independently, allowing strategic focus on each business' respective priorities through separate management teams and administration. The Resulting Company will no longer have to compete with the Demerged Company for raising the necessary capital. Consequently, there will be better focus and accelerated growth of the separate businesses, ensuring higher returns to the stakeholders.

(iii) **Better Cash flow management**

The scheme shall create efficiency in the cash management of the company, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities and maximise shareholder value.

(iv) **Rationalisation of operational costs**

The operational costs will considerably reduce and the company will be able to operate/ run the business more effectively and economically resulting in better turnover and profits and as a result improve the competitive position of the consolidated entity. The Scheme would also facilitate cost savings which are expected to arise from rationalisation.



standardisation & simplification of business processes, productivity improvements, the elimination of duplication, and pruning of administrative expenses.

(v) Better business operation

The demerger would result in independent operation of distinct businesses which would result in better and efficient control of business, and thus lay the foundation for accelerated development and growth of each business independently of each other.

(vi) Better depiction of capital and assets of Demerged Company

The re-organisation of Share Capital of the Demerged Company, as provided in the scheme, will adjust the relationship between the Capital & Assets of the Demerged Company appropriately consequent to the demerger.

1.3.3. Therefore, the Board of Directors of AFSL as well as of AEL have considered, proposed and formulated this Scheme of Arrangement (demerger) for the transfer and vesting of the entire undertaking and business of AFSL (As given in Schedule "B") with and into AEL pursuant to the provisions of Section 391 to Section 394 and other relevant provisions of the Companies Act. There is no likelihood of any prejudice being caused to any shareholder or creditor of both the Companies.

PART - II

DEFINITIONS AND SHARE CAPITAL

2.1 Definitions

2.1.1 In this Scheme, unless the contrary intention appears or the context requires otherwise -

- (a) "Act" or "the Act" means the Companies Act, 1956 and any other applicable provisions of companies Act 2013, or any statutory modification or re-enactment thereof for the time being in force, and in cases of re-enactment, the provisions referred to in this Scheme shall be construed as references to the corresponding provisions of



such re-enacted legislation.

- (b) "Appointed Date" means the 30th September, 2014, or such other date as modified by the Court.
- (c) "Board of Directors" or "Board" in relation to each of the Demerged Company and the Resulting Company, as the case may be, means the board of directors of such company, and shall include a committee duly constituted and authorised for the purposes of matters pertaining to the demerger, the scheme and/ or any other matter relating thereto.
- (d) "Book Value" means the value of assets and liabilities of the Demerged Undertaking as appearing in the books of accounts of the Demerged Company at the close of business as on day immediately preceding the Appointed Date and excluding any value arising out of revaluation of such assets.
- (e) "Court" or "High Court" means the High Court of Judicature at Madras or such other Court/Tribunal empowered to sanction the Scheme as per the provisions of the Act.
- (f) "Demerged Company" or "AFSL" means Abirami Financial Services (India) Limited, a company incorporated under the Companies Act 1956 on 19.04.1993 with the Registrar of Companies, Tamil Nadu, Chennai, with Corporate Identity Number L65993TN1993PLC024861 and having its registered office at Capital Place, Old #50, New #16, South Boag Road, T. Nagar, Chennai 600 017.
- (g) "Demerged Undertaking" means the business of Demerged Company relating to tours and travel agents, and software and system consultancy services to form part as the business of the Resulting Company as a going concern on the Appointed Date, as described in Schedule 'A' and Schedule 'B' hereto, including in particular the following where relevant, but without in any manner whatsoever limiting the scope thereof:
- (i) all properties and assets, movable and immovable, freehold and leasehold, real and personal, tangible and intangible, corporeal



and incorporeal, in possession, or in reversion, present and contingent of whatsoever situated, as on the Appointed Date relating to the Demerged Undertaking, including premises of Demerged Undertaking, all other lands and buildings, of the Demerged Company relating to the Demerged Undertaking, equipments, furniture, investments, sundry debtors, other current assets, cash and bank balances, bills of exchange, deposits, loans and advances and other assets as appearing in the books of accounts of the Demerged Company in relation to the Demerged Undertaking.

- (ii) all other interests or rights in or arising out of or relating to the Demerged Undertaking together with all respective powers, interests, charges, privileges, benefits, entitlements, brands and trademarks, patents, copyrights, other intellectual property rights, easements and advantages, subsidies, grants and other benefits appertaining to the Demerged Undertaking and/ or to which the Demerged Company is entitled to in respect of the demerged Undertaking of whatsoever kind, nature or description held, applied for or as may be obtained thereafter together with the benefit of all respective contracts and engagements relating to the Demerged Undertaking;
- (iii) powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephone, facsimile connections and installations, utilities, electricity and other services and all other interests in connection with or relating to the Demerged Undertaking;
- (iv) all rights and obligations of the Demerged Company in relation to the Demerged Undertaking, including liabilities (if any) on account of loans, sundry creditors, bonus, gratuity and other taxation and contingent liabilities of the Demerged Company pertaining to or relatable to the Demerged Undertaking;



- (v) all employees of the Demerged Company engaged in or in relation to the Demerged Undertaking, on the date immediately preceding the Effective Date; and
 - (vi) all books, records, files, papers, computer software along with their licenses, manuals and backup copies, drawings, data catalogues, and other data and records, whether in physical or electronic form, directly or indirectly in connection with or relating to the Demerged Undertaking.
- (h) "Demerger" means the transfer, by way of demerger, of the Demerged Undertaking from the Demerged Company to the Resulting Company.
- (i) "Effective Date" means the date or last of the dates on which the certified copy of the order of the Court sanctioning this Scheme is filed with the Registrar of Companies, Tamil Nadu, Chennai. References in this Scheme to upon the Scheme becoming effective' or 'effectiveness of the Scheme' shall mean the 'Effective Date'.
- (j) "Eligible Members" shall mean the shareholders of the Resulting Company whose names are found in the Register of Members of the Resulting Company.
- (k) "Employees" mean employees, staffs, and other personnel of the Demerged Company employed/engaged solely for the Demerger Undertaking, as identified by the Demerged Company, as on the effective Date.
- (l) "Record Date" means the date or dates to be fixed by the Board of Directors of the Resulting Company for the purpose of issue and allotment of Equity Shares under this Scheme.
- (m) "Registrar of Companies" means the Registrar of Companies, Tamil Nadu, Chennai.
- (n) "Remaining Undertaking" or "Retained Undertaking" means all the undertakings, businesses activities and operations of the Demerged Company other than those comprised in the Demerged Undertaking.



- (o) "Resulting Company" or "AEL" means Abirami Enterprises Limited a company incorporated under the Companies Act 2013 on 23.06.2014 with the Registrar of Companies, Tamil Nadu, Chennai, with Corporate Identity Number U74900TN2014PLC096274 and having its registered office at Capital Place, Old #50, New #16, South Boag Road, T. Nagar, Chennai 600 017
- (p) "Schedules" means the Schedules to this Scheme.
- (q) "Scheme" or "The Scheme" or "This Scheme" means the Scheme of Arrangement (Demerger) in its present form or with any modification(s) as approved or imposed or directed by the Court.
- (r) "Share Entitlement Ratio" has the meaning ascribed to it in Clause 4.1.
- (s) "Stock Exchange" means Bombay Stock Exchange and Madras Stock Exchange.
- (t) "Transferred Liabilities" means and includes any liability that may arise from the appointed date till the effective date of this Scheme.

2.2 Construction and interpretation

2.2.1 Unless expressed to the contrary, in this Scheme -

- (i) Words and phrases have the same meaning (if any) given to them under the Act and other applicable laws, rules, regulations, by-laws, as the case may be or including any statutory amendments/modifications or re-enactments thereof from time to time as the case may be and as the context may demand;
- (ii) Words denoting the singular shall include the plural and *vice versa*
- (iii) Each gender shall include each other gender
- (iv) References to the word "include" or "including" shall be construed as illustrative in nature and hence shall be construed without limitation;
- (v) 'days' shall mean calendar days;
- (vi) References to paragraphs or clauses are to a paragraph or clause of this Scheme;
- (vii) Headings, sub-headings and bold typefaces are only for convenience shall



not affect the construction of the Scheme.

(viii) Annexures to this Scheme are an integral and inseparable part of this Scheme.

SHARE CAPITAL

Demerged Company

2.2.2 The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on 31.03.2014 is as under:

Particulars	Amount In Rupees
<u>Authorised Share Capital</u>	
1,20,00,000 Equity shares of Rs. 10 each	12,00,00,000
Total	12,00,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
60,00,000 Equity shares of Rs. 10 each, fully paid up	6,00,00,000
Total	6,00,00,000

2.2.3 Subsequent to 31.03.2014, there is no change in the authorised, issued, subscribed and paid-up share capital of the Demerged Company.

2.2.4 The equity shares of the Demerged Company are listed on the Bombay Stock Exchange and the Madras Stock Exchange.

Resulting Company

2.2.5 The authorised, issued, subscribed and paid-up share capital of the Resulting Company as on 31.03.2014 is as under:

Particulars	Amount in Rupees
<u>Authorised Share Capital</u>	
50,000 equity shares of Rs. 10 each	5,00,000
Total	5,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
50,000 equity shares of Rs. 10 each, fully paid up	5,00,000
Total	5,00,000



2.2.6 Subsequent to 31.03.2014 there has been no change in the Authorised, Issued, Subscribed and Paid-up Capital of the Resulting Company.

2.2.7 The Shares which are going to be allotted by the Resulting Company to the shareholders of the Demerged Company will not form part of listed shares.

PART - III
**TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING
IN THE RESULTANT COMPANY**

3.1 Transfer of Demerged Undertaking

3.1.1 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. If any terms or provisions of the Scheme are inconsistent with the provisions of section 2(19AA) *ibid*, the provisions of sections 2(19AA) *ibid* shall prevail to the extent of inconsistency and the Scheme shall stand modified to the extent necessary to comply with such provisions. However, such modification shall not affect other parts of the Scheme.

3.1.2 Upon the Scheme coming into effect and with effect from the Appointed Date, the Demerged Undertaking shall, under the provisions of sections 391 to 394 of the Act and other applicable provisions thereof without any further act or deed shall stand transferred to and vested in, or shall be deemed to be transferred to and vested in, the Resulting Company on a going concern basis so as to become, as and from the Appointed Date, the assets and liabilities of the Resulting Company and there shall be vested in the Resulting Company all the rights, title and interest of the Demerged Undertaking, free from all Encumbrances.

3.1.3 Without prejudice to the other provisions of this Scheme, and notwithstanding the fact that the vesting of the Deemed Undertaking occurs by virtue of this Scheme itself, the Resulting Company shall be at liberty, at any time after the Scheme comes into effect, if so required under any law or otherwise, take such actions and execute such deeds including supplementary deeds or deeds of adherence, novation, confirmation or arrangement with any party to any contract or arrangement in order to give formal effect to this Scheme. The



Resulting Company shall be deemed to be authorised to execute any such document on behalf of the Demerged Company and to carry out or perform such other formalities or compliances that may be required in so far as the Demerged Undertaking is concerned.

3.1.4 All the movables, including cash in hand, if any, of the Demerged Undertaking, capable of passing by manual delivery, shall be so delivered or endorsed, as the case may be, to the Resulting Company.

3.1.5 In respect of the movables of the Demerged Undertaking other than those specified in clause 3.1.3 above including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any with government, semi-government, local and other authorities and bodies and customers and other persons pertaining to the Demerged Undertaking, the following *modus operandi* for intimating to third parties shall, to the extent possible, be followed:

(a) The Demerged Company may give notice in such form as it may deem fit and proper, to each person, party, debtor, loanee or depositor as the case may be, belonging to or related to the Demerged Undertaking, that pursuant to the Court having sanctioned the Scheme, the said debt, loan, advance, bank balances or deposits be paid or made good or held on account of the Resulting Company as the person entitled thereto, to such intent and purpose that the right of the Demerged Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books of accounts to record this change:

(b) The Resulting Company may also give notice in such form as it may deem fit and proper to each person, debtor, loanee or depositor, as the case may be, belonging to or related to the Demerged Undertaking, that pursuant to the Court having sanctioned the Scheme, the said debt, loan, advance, bank balances or deposits be paid or made good or held on account of the Resulting Company as the person entitled thereto, to such intent and purpose that the right of the Demerged Company to recover or realise the same stands extinguished.



3.2 Transfer of Debts and Liabilities

3.2.1 All debts, liabilities, duties and obligations of the Demerged Company in so far as they relate to the Demerged Undertaking as on the Appointed Date including borrowings and debts, if any, shall be dealt with in accordance with section 2(19AA) of the Income Tax Act 1961.

3.2.2 All other debts, liabilities, duties and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise on or after the Appointed Date but which relate to the period up to the day immediately preceding the appointed date shall also be transferred to the Resulting Company without any further act or deed, pursuant to the provisions of section 394(2) of the Act so as to become the debts, liabilities, duties and obligations of the Resulting Company.

3.2.3 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 for such transfer of debts, liabilities, duties and obligations.

3.2.4 The liabilities and obligations of the Demerged Company which are part of the Demerged Undertaking and which shall stand transferred to the Resulting Company, shall include the following:

- (a) The liabilities (if any) which directly and specifically arose out of the activities or operations of the Demerged Undertaking; and
- (b) Specific borrowings and debts (if any) raised, incurred and utilised solely for the activities or operations of the Demerged Undertaking;

Provided that in cases other than those referred to in sub-clauses (a) and (b) above, the borrowings and debts (if any) of the Demerged Company allocable to the Demerged Undertaking shall be in the same proportion which the value of the assets of the Demerged Company transferred under this Scheme bears to the total value of the assets of the Demerged Company immediately before the Appointed Date.



3.2.5 Where any of the liabilities and obligations attributed to the Demerged Undertaking on the Appointed Date has been discharged by the Demerged Company on or after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been for and on behalf of the Resulting Company.

3.2.6 All loans raised and used, and liabilities incurred for the operations of the Demerged Undertaking by the Demerged Company on or after the Appointed Date but prior to the Effective Date shall be discharged by the Resulting Company.

3.2.7 All liabilities and obligations attributed to the Demerged Undertaking, including its unsecured loans which are taken over by the Resulting Company as a result of this Scheme, may be discharged by the Resulting Company in any manner as the Resulting Company may deem fit, including - but not limited to - one time settlement.

3.2.8 Any loan or other obligations between the Demerged Company in relation to the Demerged Undertaking and the Resulting Company which are subsisting as on the Effective Date shall stand discharged and there shall be no liability or obligation in that behalf.

3.2.9 The transfer and vesting of the Demerged Undertaking, as aforesaid, shall be subject to the existing charges, mortgages and/ or encumbrances, if any, over the assets or any part thereof, provided however that such charges, mortgages, and/ or encumbrances shall be confined only to the assets of the Demerged Undertaking of the Demerged Company or part thereof on or over which they are subsisting upon transfer to and vesting of such assets in the Resulting Company and no charges, mortgages, and/ or encumbrances shall extend over or apply to any other asset(s) of the Resulting Company.

3.2.10 Any reference in any security documents or arrangements to any assets of the Demerged Company to which the Demerged Company wherein the assets of the Demerged Undertaking have been offered or agreed to be offered as security, charge, hypothecation or mortgage for any financial assistance or obligation, shall be so construed as reference only to the assets pertaining to the Demerged



Undertaking as are vested in the Resulting Company by virtue of this Scheme, and such security, charge, hypothecation or mortgage shall not extend, nor be deemed to extend, to any of the other assets of the Resulting Company.

3.2.11 The Resulting Company shall not be required to create any additional security over assets of the Demerged Undertaking of the Demerged Company acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/ to be availed by the Resulting Company.

3.3 Licences, Approvals, Contracts, Permits, etc.

3.3.1 Subject to the other provisions contained in this Scheme and upon the Scheme coming into effect, all entitlements, licences, permissions, approvals, clearances, authorisation consents, brands, trademarks, environmental approvals and consents, regulatory approvals, intellectual property rights, registrations, privileges, entitlements, no-objection certificates and powers of attorney given to or executed in favour of the Demerged Company in relation to the Demerged Undertaking and or/ to which the Demerged Company is entitled in relation to the undertaking in terms of various statutes/ schemes/ policies etc. of union and state governments, shall vest by way of the demerger as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof and the obligations and duties thereunder; and the rights and benefits under the same shall be available to the Resulting Company without any further act or deed.

3.4 Transfer at Book Value

3.4.1 All the assets, properties and liabilities of the Demerged Undertaking shall be transferred to the Resulting Company at the values appearing in the Books of the Demerged Company (at historical cost less depreciation) on the close of business of 30th September 2014.

3.5 Contracts, Deeds, Bonds and other Instruments

3.5.1 With effect from the Appointed Date and upon the Scheme becoming effective all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which the Demerged Company are a party,



subsisting or having effect on or before the Effective date, shall be, in full force and effect, against or in favour of the Resulting Company, and may be enforced as fully and as effectively as if instead of the Demerged Company, the Resulting Company had been a party thereto.

3.5.2 The Resulting Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Demerged Company are a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Resulting Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Demerged Company implement or carry out all such formalities or compliances referred to above on the part of the Demerged Company, as the case may be, to be carried out or performed.

3.6 Employees

3.6.1 Upon the coming into effect of this Scheme, all employees, consultants and advisors other than those specifically referred to in sub-clause (d) below, of the Demerged Company engaged in or in relation to the Demerged Undertaking and who are in such employment as on the Effective Date shall become the employees, consultants or advisors, as the case may be, of the Resulting Company, and, subject to the provisions of this Scheme, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking.

3.6.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company for the employees of each of the Demerged Undertaking are concerned (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are referable to the employees of the Demerged Undertaking being transferred to the Resulting Company in terms of clause 3.6.1 above shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in ..



manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Demerged Undertaking or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the above

contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by the Resulting Company.

3.6.3 All employees, consultants and advisors employed or engaged on part time basis by the Demerged Company in relation to the business of the Demerged Undertaking shall, at the option of the Resulting Company, be made available to the Resulting Company in relation to the Demerged Undertaking, at no additional cost for a period of 12 (twelve) months from the Effective Date or such earlier date as the Resulting Companies may deem proper or necessary, to provide the same services and advice as they were rendering to the Demerged Company.

3.7 Remaining Undertaking

3.7.1 The Remaining Undertaking of the Demerged Company as defined in Clause 2.1.1(n) after demerger of the Demerged Undertaking shall continue to belong to and be vested in and managed by the Demerged Company.

Part - IV

Consideration and Consequent Reorganisation of Share Capital

4.1 Consideration

Share Entitlement Ratio

4.1.1 Upon the Scheme becoming fully effective, in consideration of the demerger, transfer and vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company in terms of Part III of the Scheme, the Resulting Company shall without any further act or deed, issue, allot and credit as fully paid-up to every shareholder of Demerged Company, at the swap ratio of 2:1, i.e. one share of Resulting Company for every two shares of Demerged Company.



No allotment for fractional entitlements

4.1.2 No coupons shall be issued in respect of fractional entitlements, if any, by the Resulting Company to the members of the Demerged Company at the time of issue and allotment of the equity shares. In case any equity shareholder's holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of equity shares of the Resulting Company, then the Demerged Company shall round off the said entitlement to the nearest integer and allot equity shares accordingly.

Allotment to legal heirs etc.

4.1.3 Where the Equity Shares of the Resulting Company are to be allotted to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of the Demerged Company as on the Record Date, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title to the satisfaction of the Board of Directors of the Resulting Company.

4.2 Cost of acquisition of new equity shares

4.2.1 The cost of acquisition of the shares of the Resulting Company in the hands of the shareholders of the Demerged Company shall be the amount which bears to the cost of acquisition of shares held by the shareholder in the Demerged Company in the same proportion as the net book value of the assets transferred in the demerger to the Resulting Company bears to the net worth of the Demerged Company immediately before the demerger hereunder.

4.2.2 The period for which the share(s) in Demerged Company were held by the shareholders shall be included in determining the period for which the shares in the Resulting Company have been held by the respective shareholder.



4.3 Time limit for issuance of new shares

4.3.1 Unless otherwise determined by the Board of Directors of the Demerged Company and the Board of Directors of the Resulting Company, issuance of equity shares in terms of Clause 4.1 above shall be done within 90 days from the Effective Date.

4.4 Power to remove difficulties

4.4.1 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company or any committee thereof shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.

4.5 Allotments to be consistent with Memorandum and Articles

4.5.1 The equity shares to be issued and allotted in terms hereof shall be subject to the Memorandum and Articles of Association of the Resulting Company and shall rank *pari passu* in all respects, including dividend, with the existing Equity Shares of the Resulting Company.

4.6 Compliance with other provisions of the Act

4.6.1 Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be due compliance of the relevant provisions of companies Act 2013, and other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Resulting Company to the shareholders of the Demerged Company as provided in this Scheme, and for increasing the authorised share capital of the Resulting Company to the extent necessary to accommodate the proposed allotment of Equity Shares consequent to Demerger.

4.6.2 Upon this Scheme coming into effect, Clause V of the Memorandum of Association of the Resulting Company, being the capital clause, shall without any further act or deed, be deemed to be amended, restated and replaced by the following clause: -



"The Authorised Share Capital of the Company is 3,50,00,000 (Rupees Three Crore Fifty Lakh only) divided into 35,00,000 (Thirty Five Lakh) Equity Shares of Rs 10/- (Rupees Ten only) each."

PART - V

General Terms and Conditions

5.1 Accounting Treatment

In the Books of the Demerged Company

5.1.1 Upon the Scheme coming into effect and with effect from the Appointed Date, the accounts representing the assets and liabilities of the Demerged Undertaking shall stand closed on transfer at their respective book value to the Resulting Company.

5.1.2 The difference between the book value of the assets and liabilities of the demerged undertaking shall be debited to the following Accounts in the following order:

- a. Reserves Account
- b. De Merger Adjustment Account

In the Books of the Resulting Company

5.1.3 On the Scheme becoming effective, the Resulting Company shall account for the Scheme and its effects in its books of account with effect from the Appointed Date as under:

- (a) The Resulting Company shall, upon the Scheme coming into effect, record all the assets and liabilities, if any, pertaining to the Demerged Undertaking vested in it pursuant to this Scheme, at the respective book values and in the same form as appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Appointed Date.
- (b) The Resulting Company shall credit the aggregate face value of the new equity shares issued by it to the shareholders of Demerged Company pursuant to Clause 4.1 of this Scheme to the Share Capital Account in its books of accounts.



- (c) The difference, if any, between the amounts credited to the Share Capital Account pursuant to sub-clause (b) above and the value of net assets taken over and recorded as per clause (a) above shall be debited by Resulting Company to its Profit & Loss Account or credited to Capital Reserves Account, as the case may be.

5.1.4 Any matter not dealt with in this Scheme or hereinabove shall be dealt with in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India.

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

5.2 Consequential matters

5.2.1 The entitlement to various benefits under incentive schemes and policies in relation to the Demerged Undertaking of the Demerged Company shall stand transferred to, and be vested in, and/or be deemed to have been transferred to, and vested in, the Resulting Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income-tax, unexpired/unutilised credit for minimum alternate tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs and other and incentives in relation to the Demerged Undertaking of the Demerged Company to be claimed by the Resulting Company on and with effect from the Appointed Date as if the Resulting Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the



Resulting Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Demerged Company.

5.2.2 All permissions, approvals, consents, sanctions, remissions including remittance under Income Tax, Minimum Alternate Tax, Fringe Benefit Tax, Sales Tax, Value Added Tax, Turnover Tax, Excise Duty, Service Tax, Customs, Special Reservations, Sales Tax Remissions, Holidays, Incentives, Concessions and other authorisations relating to the Undertaking of the Demerged Company shall stand transferred under this Scheme to the Resulting Company and the same shall relate back to the Appointed Date. Accordingly, the Resulting Company shall file the relevant intimations, if required, for the statutory authorities to take them on record, pursuant to the Scheme coming into effect.

5.2.3 From the Effective Date and till such time that the names of the bank accounts of the Demerged Company are replaced with that of the Resulting Company, the Resulting Company shall be entitled to operate the bank accounts of the Demerged Company, in its name, in so far as may be necessary.

5.2.4 For the purpose of giving effect to the vesting order passed under sections 391 to 394 of the Act in respect of this Scheme, the Resulting Company shall at any time pursuant to the orders on this Scheme, be entitled to get the mutation of title and appurtenant legal rights upon the vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company in accordance with the provisions of sections 391 to 394 of the Act.

5.2.5 Upon the Scheme becoming effective and with effect from the Appointed Date, the filing of certified copies of the order of the Court sanctioning this Scheme shall constitute a creation/modification of charge in the name of the Resulting Company in accordance with the provisions of section 127 of the Companies Act, 2013 and Satisfaction of Charge in respect of the Demerged Company in accordance with Section 138 of the Companies Act, 2013, if there are any existing charges attached to the Demerged Undertaking.



5.3 Legal proceedings

5.3.1 All suits, actions and proceedings of whatsoever nature by or against the Demerged Company on the Appointed Date shall be transferred to the name of the Resulting Company and the same shall be continued and enforced by or against the Resulting Company, to the exclusion of the Demerged Company, as the case may be. All moneys or deposits or other securities if any, offered by any Demerged Company in any legal proceedings or cases under any tax legislation shall be treated as if deposited by the Resulting Company without requirement of any other procedure.

5.3.2 If proceedings are taken against any Demerged Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Resulting Company, as the case may be from Appointed Date till Effective Date, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the said Demerged Company in respect thereof.

5.4 Application to court

5.4.1 The Transferor Companies and the Transferee Company shall, with all reasonable despatch, apply to the Court for necessary orders or directions for holding meetings of the members of the Transferor Companies and the Transferee Company for sanctioning this Scheme of Amalgamation under Section 391 of the Act or for dispensing the holding of such meetings and orders under Section 394 of the Act, for carrying this Scheme into effect.

5.5 Date of taking effect

5.5.1 Part III of the Scheme, i.e., the Demerger of ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED with ABIRAMI ENTERPRISES LIMITED set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Court shall be effective from the Appointed Date but shall be operative from the Effective Date.



5.6 Conduct of business till Effective Date

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

- (a) The Demerged Company shall carry on, and be deemed to have been carrying on, all business activities and shall stand possessed of all its assets and properties in relation to the Demerged Undertaking as if the same have been held for and on account of, and in trust for the Resulting Company.
- (b) All profits or income or taxes, including but not limited to Income Tax, Minimum Alternate Tax (including unexpired credit for minimum alternate tax), Fringe Benefit Tax, Advance Taxes, Tax Deducted at Source by or on behalf of the Demerged Company, Wealth Tax, Sales Tax, Value Added Tax, Excise Duty, Service Tax, Customs Duty, Research and Development Cess, refunds, reliefs, etc. accruing or arising to the Demerged Company, or losses arising or expenditure incurred by them, on and from Appointed Date up to the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or the said taxes of the Resulting Company and shall be available to the Resulting Company for being disposed of in any manner it thinks fit.
- (c) The Demerged Company shall carry on its business activities with proper prudence and diligence.
- (d) The Demerged Company shall not make any change in its capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or reorganisation or in any other manner which may in any way affect the Share Entitlement Ratio except by mutual of the Board of Directors of the Demerged Company and of the Resulting Company or as may be expressly permitted under this Scheme or as may be required to give effect to the Scheme.



5.7 Saving of Concluded Transactions

5.7.1 The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking shall not affect any transactions or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company in relation to the Demerged Undertaking which shall vest in the Resulting Company in terms of this Scheme of Arrangement as acts, deeds and things made, done and executed by and on behalf of the Resulting Company.

5.8 Date of taking effect

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

5.9 Scheme Conditional on Approvals / Sanctions -

5.9.1 This Scheme is conditional upon and subject to the following: -

- (a) The scheme being approved by the request majorities in number and value of the classes of persons including the respective members and or creditors (if any) of the demerged and the resulting company as may be directed by the High court.
- (b) The Scheme being approved by a share holders resolution of the transferor company passed by a way of postal ballot/ e-voting in terms of para 5.16 of the circular No. CIR/CFD/DIL/5/2013 dated February 4th, 2013 issued by SEBI read with para 7 of the circular No CIR/CFD/DIL/8/2013 dated May 21st, 2013 issued by SEBI; provided that the same shall be acted upon only if the votes cast by



the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholding against it.

- (c) The sanction by the Court under Sections 391 and 394 and other applicable provisions of the Act being obtained by the Demerged Company and the Resulting Company.
- (d) The filing with the Registrar of Companies, Tamil Nadu, Chennai, of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Company.

5.10 Severability

5.10.1 If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Demerged Company and the Resulting Company, affect the validity of implementation of the other parts and/or provisions of the Scheme.

5.11 Modifications /Amendments to the Scheme

5.11.1 The Demerged Company and the Resulting Company, through their respective Board of Directors including any Committee thereof or other persons, duly authorised by the respective Boards in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, which the Court or any other Competent Authority may deem fit to direct, approve or impose and may give such directions as they may consider necessary, to settle any doubt, question or difficulty arising under the Scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this Scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this Scheme into effect.

5.12 Power of Board to identify, allocate and apportion assets and liabilities



5.12.1 For the purpose of giving effect to the Scheme after it is sanctioned by the Court, the Directors of the Companies are authorised to identify / allocate / apportion the assets and liabilities covered under the Scheme.

5.13 Effect of non-receipt of necessary approvals/sanctions

5.13.1 In the event of the Scheme not being sanctioned by the Court and/or the order(s) not being passed as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, obligation 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 this Scheme and or otherwise arise as per law. In such case each company shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed. For the purpose of giving full effect to this Scheme, the respective Board of Directors of the Companies are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their power through and by their respective delegates.

5.14 Expenses connected with the Scheme

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

5.14.2 In the event of the Scheme not being sanctioned or implemented, each company shall bear its respective costs, charges and expenses.



Schedule- A

The Summary of Assets and Liabilities of the Demerged Company

Particulars	(Amount In Rs)
LIABILITIES	
Shareholders' funds	
Share Capital	6,00,00,000
Reserves and Surplus	2,23,78,474
Short Term Provisions	44,97,940
TOTAL LIABILITIES	8,68,76,414
ASSETS	
Non Current Assets	
Fixed Assets	3,19,02,476
Non Current Investment	1,87,24,088
Long Term Loans and Advances and Other Non Current Assets	1,06,37,702
Current Assets	
Short term Loans & Advances	2,50,00,000
Cash and Bank Balances	6,12,148
TOTAL ASSETS	8,68,76,414



Schedule- B

**Schedule of the immoveable property forming part of the Demerged
Undertaking proposed to be transferred, vested and demerged into the
Resulting Company**

Address of the Property : Land & Building Situated at No 16/50, Capital Place,
South Boag Road, T. Nagar, Chennai. 17,

All the piece and parcel of the property Bearing Survey No. TS No. 6432 of
Block No 140, T. Nagar,

Bounded By :

East : South Boag Road

West : Plot No 86 & 95

North : Plot No. 92

South : Plot No. 94

Total Extent of the land is 9529 sqft out of which Building Area is 9437 sqft.

And the following assets from the balance sheet.

Sl. No	Particular of Asset	Amount in Rs.
1	Land	1,10,15,524
2	Building	1,28,68,591
3	Computers	57,048
4	Interior Decorations	50,49,206



5	Furniture & Fittings	4,62,209
6	Office Equipments	5,47,422
	Total	3,00,00,000

Liabilities : Nil

Schedule- C

The Summary of Assets and Liabilities remaining business of the Demerged Company after the Completion of the Scheme of Arrangement (Demerger)

Particulars	(Amount In Rs)
LIABILITIES	
Shareholders' funds	
Share Capital	6,00,00,000
Short term provisions	44,97,940
TOTAL LIABILITIES	6,44,97,940
ASSETS	
Fixed Assets	19,02,476
"De Merger Adjustment Account"	76,21,526
Non Current Investment	1,87,24,088
Long term loans and advances and other noncurrent assets	1,06,37,702
Current Assets	
Short term Loans & Advances	2,50,00,000
Cash and Bank Balances	6,12,148
TOTAL ASSETS	6,44,97,940





**ABIRAMI
FINANCIAL SERVICES
(INDIA) LIMITED**

“CAPITAL PLACE”

No. 16/50, South Boag Road,
T. Nagar, Chennai - 600 017.

Phone : 24356224 / 24355869

Fax : 24325643

E-mail : abi@afslindia.com

website : www.afslindia.com

CIN : L65993TN1993PLC024861

**REPORT OF THE AUDIT COMMITTEE OF ABIRAMI FINANCIAL SERVICES
(INDIA) LIMITED HELD ON 16/04/2015.**

Mr.P.Sankaran, Executive Director, enlightened the Committee members about the queries raised by the SEBI in clearing our proposal for de merger of the company.

Query 1.

Submission of copy Audited/Management certified financial statement of Abirami Financial Services (India) Ltd along with summary for the period ending Sep 2014.

Query 2

The query essentially related to the absence of the swap ratio in the valuation report submitted by the Chartered Accountant and in the Fairness Report issued by the Merchant Banker.

The Swap Ratio essentially states that 1 (One) Equity share of resulting company for every 2 (Two) Equity shares of Demerged company. Is considered to be fair & reasonable.

The BSE, conveyed clearly that a revised valuation Report by the Valuer, and a revised Fairness Report duly incorporating the swap ratio need to be obtained and the Revised reports need to be placed before the Audit Committee again.

After the approval and adoption of the said Revised Reports by the Audit Committee, the Reports shall be forwarded, along with the minutes of the Committee.

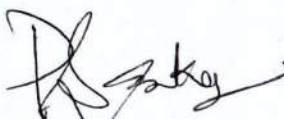
Mr. P.Sankaran presented to the members copies of the Revised Valuation Report and Revised Fairness Opinion obtained from Mr.V.Ravi, Chartered Accountant and by M/s. Indbank Merchant Banking Services Limited, respectively.

The Members perused the Revised Reports and found that the Reports have the necessary swap ratio clauses, as suggested by SEBI.

The Audit Committee approved and adopted the said revised reports and requested Mr. P.Sankaran, Executive Director to send the copies along with copy of the financial statement of the company for the period ending Sep 2014 along with summary (approved and adopted both by the audit committee and Board of Directors at their meeting held on 24/10/2014) as requested by BSE.

--//CERTIFIED TRUE COPY//--




Executive Director

V. RAVI, B.Com., FCA.,
Chartered Accountant

Off : 044 - 4551 1157
Mobile : 91 - 94446 09563
Email : vravi.ca@gmail.com
No : 116 /85, First Floor,
Patel Road, Perambur,
Chennai - 600 011.

Ref.:

Date:.....

Valuation Report of
ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED (AFSL)
AND
ABIRAMI ENTERPRISES LIMITED (AEL)

Chartered Accountants Valuation Report

V. RAVI, B.Com, FCA.,
Chartered Accountant
116 / 85, Patel Road, (I Floor)
Perambur, Chennai- 600011

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VALUATION REPORT

1. INTRODUCTION

ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED (AFSL) was incorporated on 19-04-1993 having been promoted by Mr. K.V. Alyappan, M/s. Abiraami Arunachalam and Mr. Teckchand H.Vaswani. The Company obtained Certificate of Commencement of Business on 13-05-1993. The company has been engaged in the business of financing, commodity trading, acquisitions, dealing, and purchase and other operations commonly carried on and undertaken by finance, investments, hire purchase, leasing companies. The Company's Shares are listed in the Madras Stock Exchange Limited and Bombay Stock Exchange Limited. The Overall Management of the Company vests with the Board of Directors comprising of persons with Experience in Banking Industry. The company has been built on high standards of integrity, fair business practices, efficient, safe and trusted financial policies. The Executive Director under the overall supervision, control and direction of the Board of Directors looks after the day-to-day operations of the Company.

2. Share capital of AFSL

2.1 The Authorized, issued, subscribed & paid up capital of the AFSL as on 30/07/2014

Particulars	Amount In Rs
Authorized Share Capital	
1,20,00,000 Equity shares of Rs. 10 each	12,00,00,000
TOTAL	12,00,00,000
Issued, subscribed and paid-up Share Capital	
60,00,000 Equity shares of Rs. 10 each, fully paid up	6,00,00,000
TOTAL	6,00,00,000



2.2 Share holding of AFSL

The share holding pattern of the AFSL as on 30/07/2014.

Names	Percentage
Promoter & promoter group	59.08
Others	40.92
Total	100

3. Documents Relied on:

I have relied on the Audited Financials for the last three years up to the period 31.03.2014 and projected business plan as prepared by the respective managements. I have also relied on the market quotations as available in the website of the MSE and BSE in relation to AFSL. The purpose of this report is to arrive at a fair value for the Equity Shares of M/s. ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED (AFSL) for the proposed demerger

4. FACTORS AFFECTING SHARE VALUATION

The factors which influence the value of shares can be broadly classified into two groups- internal and external factors. They are stated below-

(i) Internal factors:

1. Net worth of Assets (realisable value of all assets minus all liabilities)
2. Earning capacity of assets
3. Return on investments
4. Profit after tax
5. Profit available to equity shareholders
6. Earnings per share
7. Dividend per share or Rate of dividend.



(ii) **External Factors:**

1. General economic condition of the country.
2. Political and social environment.
3. International economic scenario.
4. International political environment.
5. Demand for shares.
6. Growth prospect of the industry.
7. Transparency in information flow.
8. Insider trading
9. General impulse in capital and securities market.
10. Investor's education and their perspective towards capital market.

5. METHODS OF SHARE VALUATION:

A number of methods are available for valuation of shares. The most commonly used methods have been laid out below along with their advantages and disadvantages.

1. NET ASSET VALUE METHOD:

This method is also known as Intrinsic Value Method, Asset Backing Method, Equity Method, Assets Balancing Method or Assets Valuation Method. Under this method, the net value of assets of the company are divided by the number of shares to arrive at the value of each share.

Net Asset Method: $\text{Net Value of Assets} / \text{No of Equity Shares}$

$\text{Net Value of Assets} = \text{Assets} - \text{Liabilities}$

Or

$\text{Net Value of Assets} = \text{Share capital} + \text{Reserves.}$



2. YIELD OR MARKET VALUE METHOD OF VALUATION OF SHARES:

The expected rate of return in investment is denoted by yield. The term "rate of return" refers to the return which a shareholder earns on his investment. Further it can be classified as (a) Rate of earning and (b) Rate of dividend. In other words, yield may be earning yield and dividend yield.

a. Earning Yield

Under this method, shares are valued on the basis of expected earning and normal rate of return. The value per share is calculated by applying following formula:

Value Per Share = (Expected rate of earning/Normal rate of return) X Paid up value of equity share

Expected rate of earning = (Profit after tax/paid up value of equity share) X 100

b. Dividend Yield

Under this method, shares are valued on the basis of expected dividend and normal rate of return. The value per share is calculated by applying following formula:

Expected rate of dividend = (profit available for dividend/paid up equity share capital) X 100

Value per share = (Expected rate of dividend/normal rate of return) X 100

3. EARNING CAPACITY METHOD OF VALUATION OF SHARES

Under this method, the value per share is calculated on the basis of disposable profit of the company. The disposable profit is found out by deducting reserves and taxes from net profit. The following steps are applied for the determination of value per share under earning capacity:

Step 1: To find out the profit available for dividend

Step 2: To find out the capitalized value

Capitalized Value = (Profit available for equity dividend/Normal rate of return) X 100

Step 3: To find out value per share

Value per share = Capitalized Value/Number of Shares



4. MARKET PRICE METHOD:

The market price of an equity shares as quoted on a stock exchange is normally considered as the value of equity shares of that company where such quotation are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

5. DISCOUNTED FUTURE EARNINGS

The value of the firm is equivalent to the capital required to produce income equal to a projected future income stream from continuing operations of the firm. The rate of return used is adjusted to take into account the level of risk assumed by a buyer in purchasing the business as a going concern.

6. THE SWAP RATIO OF SHARES IN CONSIDERATION OF THE SCHEME :

In consideration of the scheme of demerger, the Transferee company will issue & allot to the share holders of the Transferor company, 1 (One) Equity share of Rs.10/- each in the Transferee company credited as fully paid up for every 2 (Two) Equity shares of Rs. 10/- each fully paid up held by them in the capital of the Transferor company. As a result, the Transferee company will issue & allot 30,00,000 Equity shares to the shares holders of the Transferor company.

7. VALUATION OF DEMERGED UNDERTAKING:

The Demerging Company intends to transfer the land and building and other assets as per the annexure enclosed with this Report at Book value. The Book Value of the assets to be transferred to the Resulting company is totaling to Rs. 3,00,00,000/- (Rupees Three Crores only).

The valuation report by the Government approved Valuer has put the value of the Land and Building alone at Rs.10, 80,00,000/-.

As one of the conditions of Demerger is that the assets and the liabilities of the undertaking are to be transferred at values appearing in the books of account immediately before the De-merger, I am of the opinion that the value to be taken into consideration is the book value of assets as per the audited financials, the reason being there is no virtual transfer because the Transferor & the Transferee remains the same.

Hence the value of the demerged under taking, as per the books of accounts is Rs. 3,00,00,000/-

Place : Chennai

Date : 09/04/2015



V. Ravi

V. RAVI, B.Com, FCA

Chartered Accountant

M. No 220562

ANNEXURE

List of Fixed Assets proposed to be transferred to Resulting Company.

Sl. No.	Particular of Asset	Amt in Rs.
1	Land	1,10,15,524
2	Building	1,28,68,591
3	Computers	57,048
4	Interior Decorations	50,49,206
5	Furniture & Fittings	4,62,209
6	Office Equipments	5,47,422
	Total	3,00,00,000



ABIRAMI FINANCIAL SERVICES (INDIA) LIMITED
BALANCE SHEET AS AT 30 SEPTEMBER 2014

PARTICULARS	NOTE NO	AS AT 30/09/2014	AS AT 30/09/2013	AS AT 31/03/2014
		Rs.	Rs.	Rs.
I EQUITY AND LIABILITIES				
1 SHARE HOLDER FUNDS				
A. SHARE CAPITAL	1	60000000	60000000	60000000
B. RESERVES & SURPLUS	2	25106415	20852140	22378474
C. MONEY RECD AGST SHARE WARRANTS		0	0	0
2 SHARE APPLICATION MONEY PENDING ALLOTMENT		0	0	0
3 NON - CURRENT LIABILITIES				
A. LONG TERM BORROWINGS	3	0	0	0
B. DEFERRED TAX LIABILITIES (NET)				
C. OTHER LONG TERM LIABILITIES	4	0	0	0
D. LONG - TERM PROVISIONS	5	0	0	0
4 CURRENT LIABILITIES				
A. SHORT TERM BORROWINGS	6	0	6000000	0
B. TRADE PAYABLES				
C. OTHER CURRENT LIABILITIES	7	37981	38495	0
D. SHORT - TERM PROVISIONS	8	3855012	4124926	4497940
TOTAL		88999408	91015561	86876414
II ASSETS				
1 NON - CURRENT ASSETS				
A FIXED ASSETS				
I. TANGIBLE ASSETS	9	30880050	32740801	31902476
II. INTANGIBLE ASSETS	10	0	0	0
III. CAPITAL WORK IN PROGRESS		0	0	0
IV. INTANGIBLE ASSET UNDER DEVELOPMENT		0	0	0
B. NON-CURRENT INVESTMENT	11	3840000	23476748	18724088
C. DEFERRED TAX ASSETS (NET)		0	0	0
D. LONG TERM LOANS AND ADVANCES	12	10605971	9284498	10637702
E. OTHER NON - CURRENT ASSETS	13	0	0	0
2 CURRENT ASSETS				
A. CURRENT INVESTMENTS	14	43200000	0	0
B. INVENTORIES	15	0	0	0
C. TRADE RECEIVABLES	16	0	0	0
D. CASH AND CASH EQUIVALENTS	17	473387	513514	612148
E. SHORT TERM LOANS AND ADVANCES	18	0	25000000	25000000
F. OTHER CURRENT ASSETS	19	0	0	0
TOTAL		88999408	91015561	86876414

(P. SANKARAN)
ED


(K.M. NARASIMHAN)
DIRECTOR


(R. BASKAR)
AUDITOR


CHAIRMAN

PROFIT & LOSS A/C FOR THE PERIOD FROM: 01/04/2014 TO: 30/09/2014

PARTICULARS	NOTE NO	AS AT 30/09/2014	AS AT 30/09/2013	AS AT 31/03/2014
		Rs.	Rs.	Rs.
I. REVENUE FROM OPERATION	20	726339	2304995	4163231
II. OTHER INCOME	21	5982277	3684383	8267692
III. TOTAL REVENUE (I + II)		6708616	5989378	12430923
IV. EXPENSES:				
COST OF MATERIALS CONSUMED				
PURCHASE OF STOCK IN TRADE				
CHANGES IN INVENTORIES OF FINISHED GOODS				
WORK IN PROGRESS AND STOCK IN TRADE				
EMPLOYEE BENEFIT EXPENSES	22	453595	402608	893339
FINANCIAL COSTS	23	1052	89387	141591
DEPRECIATION AND AMORTIZATION EXPENSE		1022426	913466	2014329
OTHER EXPENSES	24	2151305	3167453	6058193
TOTAL EXPENSES		3628378	4572914	9107452
V. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III - IV)		3080238	1416464	3323471
VI. EXCEPTIONAL ITEMS		0	0	0
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX				
VII. (V - VI)		3080238	1416464	3323471
VIII. EXTRAORDINARY ITEMS		0	0	0
IX. PROFIT BEFORE TAX (VII - VIII)		3080238	1416464	3323471
X. TAX EXPENSES:				
A. CURRENT TAX		352297	53149	1072463
B. DEFERRED TAX		0	0	0
PROFIT/LOSS FROM THE PERIOD FROM CONTINUING OPERATIONS (IX - X)		2727941	1363315	2251008
PROFIT/LOSS FROM DISCONTINUING OPERATIONS		0	0	0
TAX EXPENSES FOR DISCONTINUING OPERATION		0	0	0
PROFIT/LOSS FROM DISCONTINUING OPERATIONS		0	0	0
XIV. (XII - XIII)		0	0	0
XV. PROFIT/LOSS FOR THE PERIOD (XI + XIV)		2727941	1363315	2251008
BOOK VALUE PER SHARE				13.73
XVI. EARNING PER EQUITY SHARE :				
A. BASIC				0.38
B. DILUTED				-


(P. SANKARAN)
E.D


(K. M. NARASIMHAN)
DIRECTOR


(R. BASKAR)
AUDITOR


CHAIRMAN