

IN THE HIGH COURT OF JUDICATURE AT MADRAS

ORIGINAL JURISDICTION

C.A. No 490 of 2012

IN THE MATTER OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 AND SECTIONS 100 TO 105

OF THE SAID ACT

AND

IN THE MATTER OF THE SCHEME OF AMALGAMATION OF

ISLAND HOTEL MAHARAJ LIMITED

WITH

EIH ASSOCIATED HOTELS LIMITED

EIH Associated Hotels Limited)
an existing Company for the purposes of the)
Companies Act, 1956 having its Registered Office at)
1/24 G.S.T. Road)
Chennai- 600 027)
Tamil Nadu, India) ... Applicant/Transferee Company

NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS OF EIH ASSOCIATED HOTELS LIMITED

To,
The Equity Shareholders of EIH Associated Hotels Limited (the “Company”)

TAKE NOTICE that by an Order made on 5th day of July 2012 in the above Company Application, the Hon’ble High Court of Madras has directed that a Meeting of the Equity Shareholders of the Company be held at the Registered Office of the Company at No.1/24 G.S.T Road, Chennai- 600 027, Tamil Nadu on 9th day of August 2012 at 4.30 P.M. for the purpose of considering and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation of M/s. Island Hotel Maharaj Limited with the Applicant/Transferee Company and their respective shareholders.

TAKE FURTHER NOTICE that in pursuance of the said Order, a Meeting of the Equity Shareholders of the Applicant/Transferee Company, will be held at the Registered Office of the Company at No.1/24 G.S.T Road, Chennai- 600 027, Tamil Nadu on 9th day of August 2012 at 4.30 P.M. when 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 is deposited at the Registered Office of the Company at No. 1/24 G.S.T. Road, Chennai- 600 027, Tamil Nadu, not later than 48 hours before the said Meeting.

The Quorum for the Meeting shall be 5 (five) Members present in person or by proxy.

The Hon'ble High Court has appointed Mr. L. Ganesh, Director of the Company to be the Chairman of the said Meeting.

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

Dated this 13th day of July, 2012

L. GANESH
Chairman appointed for the Meeting

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1/24 G.S.T. Road)
Chennai- 600 027)
Tamil Nadu, India) ... Applicant/Transferee Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated 5th day of July 2012 passed by the Hon'ble High Court of Madras in Company Application No. 490 of 2012 ("**Application**"), a Meeting of the Equity Shareholders of EIH Associated Hotels Limited (the "**Company**" / "**Applicant Company**"), is being convened at the Registered Office of the Applicant Company at No.1/24 G.S.T Road, Chennai- 600 027, Tamil Nadu on 9th day of August 2012 at 4.30 P.M., for the purpose of considering and if thought fit, approving with or without modification(s), the amalgamation embodied in the Scheme of Amalgamation of M/s. Island Hotel Maharaj Limited and EIH Associated Hotels Limited and their respective shareholders ("**Scheme**").
2. A copy of the Scheme of Amalgamation setting out in detail the terms and conditions of the Amalgamation, *inter alia*, providing for the amalgamation of M/s. Island Hotel Maharaj Limited into the Company, which has been approved by Board of Directors of the Company at its Meeting held on the 28th of March 2012, is attached to this Explanatory Statement.
3. In this Statement, EIH Associated Hotels Limited is hereinafter referred to as 'the Applicant' / 'Company'. The other definitions contained in the Scheme shall apply to this Explanatory Statement also.

4. The background of both the companies involved in the Scheme are as under:

4.1 **EIH Associated Hotels Limited:**

4.1.1. M/s. EIH Associated Hotels Limited (the “**Applicant**”) was incorporated as ‘Pleasant Hotels Limited’ on 21st March 1983 under the Companies Act, 1956. The name of the Applicant was subsequently changed to ‘Oberoi Associated Hotels Limited’ with effect from 25th October 1989 and thereafter to its current name, ‘EIH Associated Hotels Limited’ with effect from the 1st of November 1996. The Registered Office of the Applicant is at 1/24 G.S.T. Road, Chennai - 600 027, Tamil Nadu.

4.1.2. The Authorised, Issued, Subscribed and Paid-up Share Capital of the Applicant as on 31st March 2011 were as follows:

Particulars	(Amount in Rs)
Authorised Capital	
4,00,00,000 Equity Shares of Rs 10 each	40,00,00,000
10,00,000 Redeemable Non-cumulative Preference Shares of Rs 100 each	10,00,00,000
Total	50,00,00,000
Issued, Subscribed and Paid-up Capital	
1,95,86,666 fully Paid-up Equity Shares of Rs 10 each	19,58,66,660
Total	19,58,66,660

4.1.3. The main objects of the Applicant which are set out in the Memorandum and Articles of Association are as under:

- (i) *“(1) To carry on the business of hoteliers, restaurant, cafe, tavern, beer house, subject to the law of the State, refreshment rooms and lodge-house keepers, motels, auto courts, holiday camps and apartment house keepers, licensed victuallers, manufacturers of and dealers in aerated, mineral, artificial waters and other drinks, purveyors and caterers for public amusements and to the extent permitted by law, wine, beer and spirit merchants, brewers, matters and distillers.*
- (ii) *To carry on the business of bakers, confectioners, milk sellers, dairy men, grocers, butchers, poulterers, farmers, ice merchants and ice cream makers, and to buy, sell, import and produce, manufacture or otherwise deal in food and food products, meat, groceries, fruits, biscuits, confectionery, linen, furniture and furnishings and other articles required in connection with the main business and to the extent permitted by law in wine, spirit, beer and alcoholic beverages.*
- (iii) *To build, make, construct, purchase, equip, maintain and improve, alter, lease and work concert halls, ball rooms and music halls, cinema theatres, lodging restaurant houses, chattels, cottages etc. and provide them with television, radio, video, gramophone and other amusements.*

- (iv) *To carry on the business of travel agents, recognised dealers of foreign exchange and as proprietors and managers of motors and other vehicles, garage proprietors, dealers in curios and to develop and promote tourism.*
- (v) *To manufacture, procure, collect, exchange, buy, sell and deal in sculptures, statuettes, engravings, carvings, bronzes, enamels, decorative articles, ornamental articles, jewellery, ornaments, medals and medallions, gems, precious and semi-precious stones, and such other decorative objects, clothes, textiles, books, newspapers, periodicals, photographic materials, guest consumables, works of art and fancy articles as the Company may consider capable of being conveniently dealt in relation to its business.*
- (vi) *To carry on, either in connection with the business aforesaid or as distinct and separate business, the business of ice makers, ice vendors, manufacturers, hirers of and dealers in refrigerators, Air-conditioners, refrigerating chambers and apparatus relating thereto, warehouse keepers and stores of all commodities, goods articles in refrigerators, ice chambers or otherwise.*
- (vii) *To carry on the business of manufacture of and dealers in tobacco, cigars, cigarettes, match-lights, pipes and any other articles required by or which may be convenient to smokers, and of snuff grinders and merchants and box merchants and to deal in any other articles and things commonly dealt in by tobacconists.*
- (viii) *To amalgamate or collaborate with local or foreign companies with or without capital participation or enter into franchise arrangement with local or foreign company or enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture reciprocal concession or otherwise with any person or company in India or abroad carrying on or engaged in or about to carry on, engage in any business or transaction, capable of being carried on or conducted so as directly or indirectly to benefit this Company and to lend money to or guarantee the contract or of otherwise assist any such person or company take or otherwise acquire shares and securities of any such company and to sell, hold, re-issue with or without guarantee or otherwise deal with the same."*

4.1.4. The Applicant is presently engaged inter-alia in the business of running and operating hotels. Its objects also include carrying on the business of motels, restaurants, café, bakeries, confectioners, and such other activities which are incidental and ancillary to the carrying out of its main business. The Applicant has seven hotels out of which five hotels are operated under the 'Trident' brand located at Agra, Jaipur, Udaipur, Chennai and Bhubaneshwar. The other two hotels are operated under 'The Oberoi' brand namely 'The Oberoi Rajvilas' at Jaipur and 'The Oberoi Cecil' at Shimla.

4.2 Island Hotel Maharaj Limited:

4.2.1. M/s. Island Hotel Maharaj Limited (the "Transferor") was incorporated in its current name, on 23rd of March 1972 under the Companies Act, 1956. The Transferor's Registered Office is situated at 1/24 G.S.T. Road, Chennai - 600 027, Tamil Nadu.

4.2.2. The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferor as on 31st March 2011 were as follows:

Share Capital	(Amount in Rupees)
Authorised Capital	
35,00,000 Equity Shares of Rs 100 each	35,00,00,000
Total	35,00,00,000
Issued, Subscribed and Paid-up Capital	
31,97,088 fully Paid-up Equity Shares of Rs 100 each	31,97,08,800
Total	31,97,08,800

4.2.3. The main objects of the Transferor as set out in the Memorandum and Articles of Association are as under:

- “A. (a) To carry on the business of running most modern Hotels, Motels, Restaurants, Bars and such other things, facilities and services.
 (b) To Equip, Manufacture and run latest type of Bakeries, Breweries and also to Manufacture, Sell, Supply and Distribute all kinds of Foods, Soft Drinks and Beverages.
 (c) To obtain and take licences for Liquors and other intoxicants and to deal in them.
 (d) To run Tourist Taxis, Pleasure Boats and to act as Travel Agents, Tourist Representatives and to provide facilities and conveniences to Tourists.

B.6. To amalgamate with any other Company or Companies having objects altogether or in part similar to those of this company.”

5. The Applicant is now proposing a Scheme for amalgamation of its wholly owned subsidiary M/s. Island Hotel Maharaj Limited and the transfer/vesting of its Undertaking (as defined under the Scheme) into the Applicant through a Scheme of Amalgamation under Sections 391 to 394 and Sections 100 to 105 of the Companies Act, 1956.

6. The circumstances justifying the aforesaid Scheme are *inter alia* as follows:

6.1 The amalgamation of the Transferor and the Applicant will enable their businesses to be pursued and carried on more economically and efficiently with better utilisation of the combined resources including infrastructure and administration, increased management attention, greater synergy in operations and reduced costs and expenses. This will provide a fillip to the weak financial position of the Transferor as it would become part of a larger and strong amalgamated company.

6.2 The Transferor, post amalgamation, will become part of a larger entity and will therefore have access to the financial resources, greater management attention and superior experience of the amalgamated company. On a standalone basis, the Transferor may not be able to sustain itself given its financial position and inability to raise funds. The amalgamation will strengthen the Transferor’s position and allow its business to leverage the strength, focused management time and resource pool of the amalgamated company, raise funds apart from achieving operational and cost synergies.

6.3 As the business operations of the Applicant expand and considering that the Transferor operates in the same line of business as the Applicant, there is a need to have a simpler,

consolidated and focused business organisation structure. The amalgamation of the Transferor with the Applicant will enable consolidation of all their hotels for higher efficiencies and synergies.

The amalgamation is in the interest of the shareholders, creditors and all other stakeholders of the respective companies, and is not prejudicial to the interests of the concerned shareholders, creditors or the general public at large. The Scheme of Amalgamation will not adversely affect the rights of any of the secured and unsecured creditors of the companies in any manner whatsoever as due provision has been made for repayment as and when their liabilities are due.

7. The terms and conditions of the amalgamation are set out in the proposed Scheme. The salient features of the proposed Scheme are *inter alia* as under:
 - 7.1 The Scheme of Amalgamation envisages an amalgamation of the Transferor into the Applicant in compliance with the provisions of Sections 391 to 394, Sections 100 to 105 and other relevant provisions of the Companies Act, 1956.
 - 7.2 “Appointed Date” for the Scheme will be 1 April 2011 or such other date as may be fixed or approved by the High Court of Judicature at Madras.
 - 7.3 “Effective Date” means the date or last of the dates on which certified copies of the Order sanctioning the Scheme of Amalgamation pursuant to Section 391(2) of the Act are filed by the Transferor and the Applicant with the Registrar of Companies, Chennai, Tamil Nadu.
 - 7.4 “Undertaking/Business of the Transferor” means the entire business of the Transferor including:
 - 7.4.1 All the properties, assets and rights of the Transferor, as on the Appointed Date; and
 - 7.4.2 All the debts, liabilities, duties and obligations of the Transferor, as on the Appointed Date.
 - 7.4.3 Without prejudice to the generality of the foregoing clause, the said Undertaking/ Business shall include all properties set out in the Schedule to the Scheme of Amalgamation herein as also rights, powers, interests, authorities, privileges, liberties and all properties and assets, moveable or immovable, freehold or leasehold, tangible or intangible, real or personal, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wherever situated including all lands, buildings, plant and machinery, office equipments, inventories, debentures, bonds and other securities, sundry debtors, cash and bank balances, bank accounts, loans and advances, benefits of security arrangements, computers, insurance policies, telephones, mobile phones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, permits, rights, entitlements, allotments, approvals, consents, privileges, liberties, goodwill, deposits, reserves, preliminary expenses, provisions, advances, receivables, deposits, funds, subsidies, grants, tax credits / incentives, sales tax, luxury tax, value added tax, turnover tax, customs duties, excise duties, service tax including all accumulated losses and credits in respect of income tax and minimum alternate tax and other claims and powers, of whatsoever nature and wherever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor, leases and all other interests and rights in or arising out of such property together with all liberties, easements, advantages, exemptions, trademarks, patents, copyrights, import entitlements and other quotas, if any, held, applied for or as may be obtained hereafter by the Transferor or which

the Transferor is entitled to together with the benefit of all respective contracts and engagements and all respective books, papers, documents and records of the Transferor, as on the Appointed Date.

- 7.5 Since the Applicant holds 100% (along with its nominees) of the issued, subscribed and paid-up capital of the Transferor, all shares held by the Applicant (along with its nominees) in the share capital of the Transferor shall stand cancelled, without any further act or deed, from the Effective Date. There would neither be allotment of any new shares nor any payment be made to any person whatsoever in consideration or lieu of the transfer and vesting of the Undertaking/Business of the Transferor in the Applicant.
- 7.6 Until the Effective Date, the Transferor and the Applicant shall, with the prior approval of their respective Boards/Shareholders, be entitled to declare and pay dividends, whether interim or final, to their respective Shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date.
- 7.7 Until the Effective Date, the holders of the shares of the Transferor and the Applicant shall continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- 7.8 Subject to the provisions of the Scheme of Amalgamation, the profits of the Transferor, for the period beginning from the Appointed Date, shall belong to and be the profits of the Applicant and will be available to the Applicant for being disposed of in any manner as it thinks fit.
- 7.9 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the respective Transferor and/or the Applicant to demand or claim any dividends which, subject to the provisions of applicable laws, shall be entirely at the discretion of the Boards of the Transferor and/or the Applicant and the approval of its Shareholders.
- 7.10 The Transferor shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act, without any further act or deed. On and from the Effective Date, the name of the Transferor shall be struck off from the records of the concerned Registrar of Companies. The Applicant shall make necessary filings in this regard.
- 7.11 Pending sanction of this Scheme of Amalgamation, the Transferor and the Applicant shall not, barring a change due to a proposed rights issue as submitted to the Securities and Exchange Board of India vide draft letter of offer dated 29 March 2012, make any change in their respective capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub division or consolidation, reorganisation, or in any other manner, affect the reorganisation of capital herein, except as may be expressly permitted under this Scheme of Amalgamation or as may be required to give effect to this Scheme of Amalgamation.
- 7.12 This Scheme of Amalgamation is in compliance with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme of Amalgamation are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from any retrospective amendment of law or for any other reason whatsoever, till the Effective Date, the Scheme of Amalgamation shall stand modified to the extent determined necessary to comply with the provisions of the then prevalent Section 2(1B) of the Income Tax Act, 1961.

- 7.13 The amalgamation shall be accounted for in the books of account of the Applicant according to the pooling of interests method under Accounting Standard (AS) 14, 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India.
- 7.14 Accordingly on and from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of the Applicant, be required and except to the extent required otherwise by law, all assets and liabilities of the Transferor transferred to the Applicant under the Scheme of Amalgamation shall be recorded in the books of accounts of the Applicant at the book value as recorded in the Transferors' books of accounts.
- 7.15 The Applicant shall record the reserves of the Transferor in the same form and at the same values as they appear in the financial statements of the Transferor at the close of business of the day immediately preceding the Appointed Date.
- 7.16 The balance in the profit and loss account appearing in the financial statements of the Transferor shall be aggregated with the balance in the profit and loss account appearing in the financial statements of the Applicant.
- 7.17 In case of any difference in accounting policy between the Transferor and the Applicant, the impact of the same till the Appointed Date will be quantified and adjusted in the general reserve to ensure that the financial statements of the Applicant reflect the financial position on the basis of consistent accounting policy.
- 7.18 The paid up equity share capital appearing in the books of account of the Transferor and the corresponding Investment in respect thereof appearing in the books of account of the Applicant shall stand cancelled against each other and the difference arising therefrom shall be adjusted against the securities premium reserve of the Applicant.
- 7.19 The accounting treatment of the paid up capital of the Transferor as contemplated herein above shall be done as an integral part of the Scheme of Amalgamation. Since the aforesaid accounting treatment of the paid-up capital of the Transferor neither involves the diminution of liability of unpaid share capital of the Transferor nor any payment is to be made to any shareholder of the Applicant of any paid up share capital, provisions of Sections 100 to 105 of the Companies Act, 1956 shall not have any application and the Applicant shall not be obliged to comply with the procedures contemplated under Section 100 to 105 of the Companies Act, 1956 if permitted. The Applicant shall obtain necessary approval from its shareholders and creditors, as required, in terms of this Scheme of Amalgamation only, under and pursuant to Sections 391 to 394 of the Companies Act, 1956.
- 7.20 Necessary applications shall be made by the Transferor under Sections 391 and 394 of the Act, for sanction of the Scheme of Amalgamation and orders bringing the same into effect. The Transferor and the Applicant shall also apply for and obtain such other approvals, as may be necessary in law, if any, for bringing the Scheme of Amalgamation into effect. Further, the Transferor and the Applicant shall be entitled to take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme of Amalgamation. It is expressly clarified that no shares are to be issued by the Applicant and no arrangement is proposed between the Applicant and its shareholders under this Scheme of Amalgamation.

- 7.21 This Scheme of Amalgamation is and shall be conditional upon and subject to:
- 7.21.1 The sanction or approval of all persons or authorities concerned being obtained and granted in respect of any of the matters provided for or relating to the Scheme of Amalgamation for which such sanction or approval is required or for the implementation of the Scheme of Amalgamation.
- 7.21.2 The approval by the requisite majorities of the classes of persons, including shareholders, creditors and such other class of the Transferor Company and the Applicant/Transferee Company as may be directed by the Hon'ble High Court under Section 391 of the Companies Act, 1956.
- 7.21.3 The sanctioning of the Scheme of Amalgamation by the Hon'ble High Court, whether with or without any modifications or amendments as the Hon'ble High Court may deem fit or otherwise.
- 7.21.4 The filing of the certified copies of the Order of the Hon'ble High Court with the Registrar of Companies concerned by the Transferor Company and the Applicant/Transferee Company.
- 7.21.5 Any other sanctions and orders as may be directed by the Hon'ble High Court in respect of this Scheme of Amalgamation.
- 7.22 All costs, charges and expenses, in connection with the Scheme of Amalgamation, arising out of or incurred in carrying out and implementing the Scheme of Amalgamation and matters incidental thereto including any stamp duty and transfer charges arising out of or incurred in connection with and in implementing this Scheme of Amalgamation and matters incidental thereto, shall be borne and paid by the Applicant. In the event the Scheme of Amalgamation does not take effect or stands withdrawn for any reason whatsoever, each company shall pay and bear its own costs.

The Equity Shareholders are requested to refer to the full Scheme, a copy of which is attached hereto.

8. The pre and post-amalgamation (existing) capital structure and shareholding pattern of the Applicant as per the latest available data are as under:

- (a) The pre-amalgamation (existing) capital structure and shareholding pattern of the Applicant is as follows:

A. Capital Structure as on 31st March, 2012:

	Rs
Authorised Share Capital	
4,00,00,000 Equity Shares of Rs 10 each	400,000,000
10,00,000 Redeemable Non-cumulative Preference Shares of Rs 100 each	100,000,000
Total	500,000,000
Issued, Subscribed and Paid-up Capital	
195,86,666 Fully paid-up Equity Shares of Rs 10 each	195,866,660

B. Shareholding Pattern as on 31st March, 2012:

Category	No. of shares held (in million)	Percentage of Shareholding
A. Promoter Holding	14.69	75.00
B. Non-Promoter Holding		
Institutional Investors		
a. Banks, Financial Institutions and Insurance Companies	0.00	0.02
b. FIIs	2.82	14.40
Sub Total	2.82	14.42
Non-Institutional Investors		
a. Private Bodies Corporate	0.72	3.67
b. Indian Individuals	1.32	6.71
c. NRIs/OCBs	0.04	0.20
Sub Total	2.08	10.58
Total Non-Promoter Holding	4.90	25.00
GRAND TOTAL	19.59	100.00

- (b) There will be no change in the aforesaid capital structure and shareholding pattern of the Applicant Company consequent to the Scheme of Amalgamation since no new equity shares are to be issued or allotted under the Scheme of Amalgamation to any person.
9. The Scheme does not involve any issue of shares to be made by the Applicant and therefore the disclosure in this regard as required under Clause 24(h) in this regard does not apply to the present case.
10. The Applicant's shares are listed on the Bombay Stock Exchange Limited, the Madras Stock Exchange Limited and the National Stock Exchange of India Limited. The Applicant has obtained the approval to the Scheme in the terms of Clause 24(f) of the Listing Agreements of Bombay Stock Exchange Limited, the Madras Stock Exchange Limited and the National Stock Exchange of India Limited *vide* their letters dated 11th May 2012, 9th May 2012 and 14th May 2012 respectively.
11. No investigation proceedings are pending under Sections 235 to 251 or any other provision of the Companies Act, 1956 in respect of the Transferor or the Applicant.
12. The Directors of each of the Applicant and the Transferor may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective companies or to the extent the said Directors are partners, directors, members of companies, firms, association of persons, body corporate and/or beneficiary of trust that holds shares in any of the companies or to the extent they may be allotted shares in the Transferor as a result of the Scheme. None of the Directors of the Applicant and the Transferor are interested as a creditor.

Mr. P.R.S.Oberoi is the Chairman of Transferor and Applicant. Mr. S.S.Mukherji, Mr. Vikram Oberoi and Mr. Sudipto Sarkar are also common Directors of Transferor and Applicant. The Directors' shareholdings in Applicant and the Transferor are as follows:

Name of the Company	Name of the Director	Shareholding in the Transferor	Shareholding in the Applicant
Transferor	Mr. P.R.S.Oberoi	Nil	32, 670
	Mr. S.S. Mukherji	Nil	3,370
	Mr. Vikram Oberoi	Nil	Nil
	Mr. T.K.Sibal	Nil	N.A.
	Mr. Sudipto Sarkar	Nil	Nil
Applicant	Mr. P.R.S.Oberoi	Nil	32, 670
	Mr. Vikram Oberoi	Nil	Nil
	Mr. S.S.Mukherji	Nil	3,370
	Mr. Anil Kumar Nehru	N.A.	Nil
	Mr. L.Ganesh	N.A.	Nil
	Mr. Rajan Raheja	N.A.	30,000
	Mr. Sudipto Sarkar	Nil	Nil
	Mr. Rajesh Kapadia	N.A.	Nil

Save as aforesaid, none of the Directors of the Companies have any material interest in the proposed Scheme.

13. Inspection of the following documents may be had by the Equity Shareholders of the Applicant at the Registered Office of the Applicant up to one day prior to the date of the Meeting between 11 A.M. and 4 P.M. on all working days (except Saturdays, Sundays and public holidays):
 - 13.1 Copy of the Order dated 5th July 2012 of the High Court of Madras passed in Company Application No 490 of 2012 directing the convening of the Meeting of the Equity Shareholders of the Applicant;
 - 13.2 Scheme of Amalgamation;
 - 13.3 Memorandum and Articles of Association of the Applicant and the Transferor;
 - 13.4 The Audited Financial Statements of the Applicant for last three financial years ended 31st March 2010, 31st March 2009 and 31st March 2008;
 - 13.5 Financial Statements of the Applicant for the Quarter ended December 2011;
 - 13.6 Copies of No Objection letters to the Scheme received from Bombay Stock Exchange Limited, the Madras Stock Exchange Limited and the National Stock Exchange of India Limited *vide* their letters dated 11th May 2012, 9th May 2012 and 14th May 2012 respectively;

13.7 Register of Director's Shareholding of the Applicant and the Transferor Company.

This statement may be treated as an Explanatory Statement under Section 173 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 and/or at the office of its Advocates M/s. Hema Srinivasan and Udayarkar Rangarajan No. 31, Masilamani Road, Balaji Nagar, Royapettah, Chennai – 600 014 or at One Indiabulls Centre, Tower 1, 13th Floor, 841 Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013.

Dated this 13th day of July, 2012

L. GANESH
Chairman appointed for the Meeting

Registered Office:
1/24 G.S.T. Road
Chennai- 600 027
Tamil Nadu, India

SCHEME OF AMALGAMATION
(UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956)

of

Island Hotel Maharaj Limited

with

EIH Associated Hotels Limited

PART – I

This Scheme of Amalgamation provides and is presented for the amalgamation of Island Hotel Maharaj Limited with EIH Associated Hotels Limited pursuant to the provisions of Section 391 to Section 394 and other relevant provisions of the Companies Act, 1956. This Scheme of Amalgamation also provides for various other matters consequential or otherwise integrally connected herewith.

1. INTRODUCTION, DEFINITIONS AND SHARE CAPITAL

1.1 INTRODUCTION

1.1.1 Island Hotel Maharaj Limited

- (i) Island Hotel Maharaj Limited (hereinafter referred to as “**Transferor Company**”) is a company incorporated under the Companies Act, 1956 on 23 March 1972, having its Registered Office at 1/24 G.S.T. Road, Chennai - 600 027, Tamil Nadu having company incorporation number U55101TN1972PLC075041.
- (ii) The Transferor Company is primarily engaged in the business of hotels. Its objects also include carrying on the business of motels, restaurants, bars, bakeries, breweries and such other activities which are incidental and ancillary to the carrying out of its main business. The Transferor Company has one hotel at Cochin, namely the ‘Trident Cochin..
- (iii) The equity shares of the Transferor Company are not listed on any stock exchange.
- (iv) The Transferor Company is a wholly owned subsidiary of the Transferee Company (defined below).

1.1.2 EIH Associated Hotels Limited

- (i) EIH Associated Hotels Limited (hereinafter referred to as “**Transferee Company**”) is a company incorporated under the Act on 21 March 1983, having its Registered Office at 1/24 G.S.T. Road, Chennai - 600 027, Tamil Nadu having company incorporation number L92490TN1983PLC009903.
- (ii) The Transferee Company is primarily engaged in the business of hotels. Its objects also include carrying on the business of motels, restaurants, café, bakeries, confectioners, and such other activities which are incidental and ancillary to the carrying out of its main business. The Transferee Company has seven hotels out of which five hotels are operated under the ‘Trident’ brand located at Agra, Jaipur, Udaipur, Chennai and Bhubaneswar. The other two

hotels are operated under 'The Oberoi' brand namely 'The Oberoi Rajvilas' at Jaipur and 'The Oberoi Cecil' at Shimla.

- (iii) The equity shares of the Transferee Company are listed on the Bombay Stock Exchange Limited, Mumbai, the National Stock Exchange of India Limited and the Madras Stock Exchange Limited, Chennai.

1.1.3 Rationale of the Scheme

- (i) The amalgamation of the Transferor Company and the Transferee Company will enable their businesses to be pursued and carried on more economically and efficiently with better utilisation of the combined resources including infrastructure and administration, increased management attention, greater synergy in operations and reduced costs and expenses. This will provide a fillip to the weak financial position of the Transferor Company as it would become part of a larger and strong amalgamated company.
- (ii) The Transferor Company, post amalgamation, will become part of a larger entity and will therefore have access to the financial resources, greater management attention and superior experience of the amalgamated company. On a standalone basis, the Transferor Company may not be able to sustain itself given its financial position and inability to raise funds. The amalgamation will strengthen the Transferor Company's position and allow its business to leverage the strength, focused management time and resource pool of the amalgamated company, raise funds apart from achieving operational and cost synergies.
- (iii) As the business operations of the Transferee Company expand and considering that the Transferor Company operates in the same line of business as Transferee Company, there is a need to have a simpler, consolidated and focused business organisation structure. The amalgamation of the Transferor Company with the Transferee Company will enable consolidation of all their hotels for higher efficiencies and synergies.
- (iv) The amalgamation is in the interest of the shareholders, creditors and all other stakeholders of the respective companies, and is not prejudicial to the interests of the concerned shareholders, creditors or the general public at large.

1.1.4 The Scheme is divided into 3 (three) parts:

- (i) Part I, which deals with introduction, definitions, share capital, appointed date and effective date.
- (ii) Part II, which deals with the mechanics of transfer of the Undertaking/Business of the Transferor Company to the Transferee Company.
- (iii) Part III, which deals with general/residuary terms and conditions.

1.2 DEFINITIONS

In this Scheme, unless inconsistent with the meaning or context thereof, the following expressions shall have the following meanings and the word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto:

“Act” means the Companies Act, 1956, including any statutory modifications, re-enactments or amendments thereof.

“Appointed Date” means the 1st day of April, 2011 or such other date(s) as may be fixed by the Hon’ble High Court.

“Board” means the Board of Directors of the Transferor Company or the Transferee Company, as the case may be.

“Court” means the Hon’ble Madras High Court, to which this Scheme is submitted for its sanctioning under Sections 391 to 394 of the Act.

“Effective Date” means the date or last of the dates on which certified copies of the order sanctioning this Scheme pursuant to Section 391(2) of the Act are filed by the Transferor Company and the Transferee Company with the Registrar of Companies, Chennai, Tamil Nadu.

“Encumbrance” means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever; and the term “Encumbered” shall be construed accordingly.

“Scheme” means this Scheme of Amalgamation of the Transferor Company with the Transferee Company in its present form or with such modifications as sanctioned by the Court.

“Undertaking/Business of the Transferor Company” means the entire business of the Transferor Company including:

- (i) All the properties, assets and rights of the Transferor Company, as on the Appointed Date; and
- (ii) All the debts, liabilities, duties and obligations of the Transferor Company, as on the Appointed Date.

Without prejudice to the generality of the foregoing clause, the said Undertaking/ Business shall include all properties set out in the Schedule herein as also rights, powers, interests, authorities, privileges, liberties and all properties and assets, moveable or immovable, freehold or leasehold, tangible or intangible, real or personal, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wherever situated including all lands, buildings, plant and machinery, office equipments, inventories, debentures, bonds and other securities, sundry debtors, cash and bank balances, bank accounts, loans and advances, benefits of security arrangements, computers, insurance policies, telephones, mobile phones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, permits, rights, entitlements, allotments, approvals, consents, privileges, liberties, goodwill, deposits, reserves, preliminary expenses, provisions, advances, receivables, deposits, funds, subsidies, grants, tax credits / incentives, sales tax, luxury tax, value added

tax, turnover tax, customs duties, excise duties, service tax including all accumulated losses and credits in respect of income tax and minimum alternate tax and other claims and powers, of whatsoever nature and wherever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, leases and all other interests and rights in or arising out of such property together with all liberties, easements, advantages, exemptions, trademarks, patents, copyrights, import entitlements and other quotas, if any, held, applied for or as may be obtained hereafter by the Transferor Company or which the Transferor Company is entitled to together with the benefit of all respective contracts and engagements and all respective books, papers, documents and records of the Transferor Company, as on the Appointed Date.

1.3 SHARE CAPITAL

1.3.1 The authorised, issued, subscribed and paid-up share capital of the Transferor Company and the Transferee Company as on 31 March 2011 is as under:

Transferor Company:

Particulars	(Amount in Rs)
<u>Authorised Share Capital</u> 35,00,000 Equity Shares of Rs 100 each	35,00,00,000
<u>Issued, Subscribed and Paid up Share Capital</u> 31,97,088 Equity Shares of Rs 100 each, fully paid up	31,97,08,800

1.3.2 The entire paid-up equity share capital of the Transferor Company is held by the Transferee Company along with its nominees. Accordingly, the Transferor Company is a wholly owned (100%) subsidiary of the Transferee Company.

1.3.3 There has been no change in the authorised, issued, subscribed and paid-up equity share capital of the Transferor Company since 31 March 2011.

The Transferee Company:

Particulars	(Amount in Rs)
<u>Authorised Share Capital</u> 4,00,00,000 Equity Shares of Rs 10 each 10,00,000 Redeemable Non-cumulative Preference Shares of Rs 100 each	40,00,00,000 10,00,00,000
Total:	50,00,00,000
<u>Issued, Subscribed and Paid up Share Capital</u> 1,95,86,666 Equity Shares of Rs 10 each, fully paid up (Note (a) below)	19,58,66,660
Total:	19,58,66,660

(a) Of the above 1,95,86,666 Equity Shares, 90,86,666 Equity Shares of Rs 10 each have been allotted as fully paid in 2006-2007 pursuant to the Scheme of Amalgamation of Indus Hotels Corporation Limited with the Company without payments being received in cash.

- 1.3.4 Barring a change due to the proposed rights issue submitted to the Securities and Exchange Board of India vide draft letter of offer dated 29 March 2012, there will not be any other change in the authorised, issued, subscribed and paid-up equity share capital of the Transferee Company after 31 March 2011 and until the Effective Date.

PART – II

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

2. TRANSFER AND VESTING OF THE UNDERTAKING/BUSINESS OF THE TRANSFEROR COMPANY IN THE TRANSFEREE COMPANY

- 2.1 With effect from the Appointed Date, the Transferor Company shall stand amalgamated with the Transferee Company, as provided in the Scheme. Accordingly, the Undertaking/Business of the Transferor Company shall, pursuant to the provisions contained in Section 394 and other applicable provisions of the Act and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, stand transferred to and vest in or be deemed to be transferred to and vested in the Transferee Company, as a going concern without any further act, deed, matter or thing (save as provided in Clause 2.2 below) so as to become on and from the Appointed Date, the Undertaking/Business of the Transferee Company.
- 2.2 It is expressly provided that in respect of such of the said assets as are movable in nature or otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company and shall become the property of the Transferee Company accordingly without requiring any deed or instrument of conveyance for the same.
- 2.3 All debts, liabilities including contingent liabilities, duties and obligations of the Transferor Company shall also be transferred to the Transferee Company, without any further act or deed, pursuant to the provisions of Section 394 of the Act, so as to become the debts, liabilities, duties and obligations of the Transferee Company.
- 2.4 The transfer and vesting of the Undertaking/Business of the Transferor Company, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of the Transferor Company or part thereof on or over which they are subsisting on transfer to and vesting of such assets in the Transferee Company and no such Encumbrances shall extend over or apply to any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements (to which the Transferor Company is a party) to any assets of the Transferor Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Transferee Company. Similarly, the Transferee Company shall not be required to create any additional security over assets acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/to be availed by it and the Encumbrances in respect of such indebtedness of the Transferee Company shall not extend or be deemed to extend or apply to the assets so acquired by the Transferee Company.
- 2.5 Subject to the other provisions of this Scheme, all licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates obtained by the Transferor Company for its operations and/or to which

the Transferor Company is entitled to in terms of the various statutes and / or schemes of Union and State Governments, shall be available to and vest in the Transferee Company, without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company. Since the Undertaking/Business of the Transferor Company will be transferred to and vested in the Transferee Company as a going concern without any break or interruption in the operations thereof, the Transferee Company shall be entitled to the benefit of all such licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates and to carry on and continue the operations of the Undertaking/Business of the Transferor Company on the basis of the same from the Effective Date. Further, all benefits, including, under income tax, excise, service tax, sales tax (including value added tax/central value added tax), etc to which the Transferor Company is entitled in terms of the various statutes and / or schemes of the Union and State Governments shall be available to and vest in the Transferee Company from the Effective Date. Also, from the Effective Date, the Transferee Company shall be entitled to revise inter alia its income tax returns, financial statements, sales tax returns/value added tax returns and service tax returns to give effect to the consequential treatment/implications for tax purposes.

- 2.6 For the removal of doubt, it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstandings as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.

3. ALTERATION AND INCREASE IN THE AUTHORISED SHARE CAPITAL

Consequent to and as part of the amalgamation of the Transferor Company with the Transferee Company herein, the authorised share capital of the Transferor Company shall stand merged into and combined with the authorised share capital of the Transferee Company pursuant to the Scheme, without any further act or deed, and without payment of any registration or filing fee on such combined authorised share capital under Section 611 of the Act, the Transferor Company having already paid such fees. Accordingly, the authorised equity share capital of the Transferee Company resulting from the amalgamation of the Transferor Company with the Transferee Company shall be aggregating to Rs 75,00,00,000 comprising of 7,50,00,000 Equity Shares of Rs 10 each and Clause V of the Memorandum of Association and Article 5 (1) of the Articles of Association of the Transferee Company be amended/ altered as below:

“The Authorised Share Capital of the Company is Rs 85,00,00,000 divided into 10,00,000 Redeemable Preference shares of Rs 100/- each and 7,50,00,000 Equity Shares of Rs 10/- each”.

4. CANCELLATION OF SHARES OF TRANSFEROR COMPANY

Since the Transferee Company holds 100% (along with its nominees) of the issued, subscribed and paid-up capital of the Transferor Company, all shares held by the Transferee Company (along with its nominees) in the share capital of the Transferor Company shall stand cancelled, without any further act or deed, from the Effective Date. There would neither be allotment of any new shares nor any payment be made to any person whatsoever in consideration or lieu of the transfer and vesting of the Undertaking/Business of the Transferor Company in the Transferee Company.

5. LEGAL PROCEEDINGS

If any suits, actions and proceedings of whatsoever nature (hereinafter called the "Proceedings") by or against the Transferor Company is pending on the Effective Date, the same shall neither abate nor discontinued nor in any way be prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Company, in the absence of the Scheme.

6. CONTRACTS AND DEEDS

6.1 Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements, engagements and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto.

6.2 The Transferee Company shall, if and to the extent required by law, enter into and / or issue and/or execute deeds, writings or confirmations, or enter into any tripartite arrangement, confirmation or novation to give formal effect to the provisions of this Clause.

6.3 Even after the Effective Date, the Transferee Company shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of the Undertaking/Business of the Transferor Company in the name of the Transferor Company, in so far as may be necessary, until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally accepted by the parties concerned.

6.4 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Undertaking/Business of the Transferor Company which the Transferor Company owns or to which the Transferor Company is a party, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, in so far as it is permissible so to do, till such time as the transfer is effected.

7. SAVING OF CONCLUDED TRANSACTIONS

The transfer of the Undertaking/Business of the Transferor Company under Clause 4 above, the continuance of the Proceedings under Clause 6 above and the effectiveness of contracts and deeds under Clause 7 above, shall not affect any transaction or Proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

8. EMPLOYEES

On and from the Effective Date:

- 8.1 The employees of the Transferor Company in service on the Effective Date ("Employees"), if any, shall become the employees of the Transferee Company on the same terms and conditions on which they are engaged by the Transferor Company without treating it as a break, discontinuance or interruption in service on the said date. Accordingly, the services of such Employees for the purpose of provident fund or gratuity or superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company.
- 8.2 It is expressly provided that the provident funds, gratuity funds, superannuation fund or any other fund or funds created or existing for the benefit of the employees, as applicable, of the Transferor Company shall be continued by the Transferee Company and the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such fund or funds shall become those of the Transferee Company.
- 8.3 In relation to those Employees who are not covered under the provident fund trust of the Transferor Company, and for whom the Transferor Company is making contributions to the Government provident fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including those relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc., in respect of such Employees.
- 8.4 In relation to any other fund created or existing for the benefit of the Employees, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including those relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc, in respect of such Employees.
- 8.5 The Transferee Company agrees that, for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such permanent Employees with the Transferor Company shall also be taken into account.

9. DIVIDEND

- 9.1 Until the Effective Date, the Transferor Company and the Transferee Company shall, with the prior approval of their respective Boards/ shareholders, be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date.
- 9.2 Until the Effective Date, the holders of the shares of the Transferor Company and the Transferee Company shall continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- 9.3 Subject to the provisions of the Scheme, the profits of the Transferor Company, for the period beginning from the Appointed Date, shall belong to and be the profits of the Transferee Company and will be available to the Transferee Company for being disposed of in any manner as it thinks fit.

- 9.4 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the respective Transferor and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of applicable laws, shall be entirely at the discretion of the Boards of the Transferor and/or the Transferee Company and the approval of its shareholders.

10. DISSOLUTION OF THE TRANSFEROR COMPANY

- 10.1 The Transferor Company shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act, without any further act or deed.
- 10.2 On and from the Effective Date, the name of the Transferor Company shall be struck off from the records of the concerned Registrar of Companies. The Transferee Company shall make necessary filings in this regard.

11. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 11.1 Until the Effective Date:

11.1.1 The Transferor Company shall carry on and be deemed to have carried on all its business and activities and shall hold and stand possessed of and be deemed to have held and stood possessed of all its assets for and on account of and in trust for the Transferee Company.

11.1.2 All profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company including accumulated losses shall for all purposes be deemed to have accrued as the profits or income or expenditure or losses, as the case may be, of the Transferee Company.

11.1.3 The Transferor Company shall carry on its businesses and activities with due diligence and business prudence and shall not charge, mortgage, encumber or otherwise deal with or alienate its assets or any part thereof, nor incur, accept or acknowledge any debt, obligation or any liability or incur any major expenditure, save and except, in each case, in the following circumstances:

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

11.1.4 Pending sanction of this Scheme, the Transferor Company and the Transferee Company shall not, barring a change due to a proposed rights issue as submitted to the Securities and Exchange Board of India vide draft letter of offer dated 29 March 2012, make any change in their respective capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, reorganisation, or in any other manner, affect the reorganisation of capital herein, except as may be expressly permitted under this Scheme or as may be required to give effect to this Scheme.

- 11.1.5 All assets acquired and all liabilities incurred by the Transferor Company shall also, without any further act, instrument or deed, stand transferred to and vested in or to be deemed to have been transferred to or vested in the Transferee Company from the Effective Date; and
- 11.1.6 Any of the rights, powers, authorities, privileges of the Transferor Company that have been exercised by it shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of, and in trust for and as an agent of the Transferee Company.
- 11.2 The Transferor Company and/or the Transferee Company shall be entitled, pending the sanction of the Scheme by the Court, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Undertaking/Business of the Transferor Company.
- 11.3 On the Effective Date and with effect from the Appointed Date, the Transferee Company shall commence and carry on and shall be authorised to carry on the businesses carried on by the Undertaking/Business of the Transferor Company.
- 11.4 The Transferee Company shall be entitled to credit the tax paid including credit of the tax deducted at source in relation to the Transferor Company, for the period between the Appointed Date and the Effective Date.

12. COMPLIANCE WITH TAX LAWS

This Scheme is in compliance with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from any retrospective amendment of law or for any other reason whatsoever, till the Effective Date, the Scheme shall stand modified to the extent determined necessary to comply with the provisions of the then prevalent Section 2(1B) of the Income Tax Act, 1961.

13. ACCOUNTING

- 13.1 The amalgamation shall be accounted for in the books of account of the Transferee Company according to the pooling of interests method under Accounting Standard (AS) 14, 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India.
- 13.2 Accordingly on and from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of the Transferee Company, be required and except to the extent required otherwise by law, all assets and liabilities of the Transferor Company transferred to the Transferee Company under the Scheme shall be recorded in the books of accounts of the Transferee Company at the book value as recorded in the Transferor Company's books of accounts.

- 13.3 The Transferee Company shall record the reserves of the Transferor Company in the same form and at the same values as they appear in the financial statements of the Transferor Company at the close of business of the day immediately preceding the Appointed Date.
- 13.4 The balance in the profit and loss account appearing in the financial statements of the Transferor Company shall be aggregated with the balance in the profit and loss account appearing in the financial statements of the Transferee Company.
- 13.5 In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the general reserve to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 13.6 The paid up equity share capital appearing in the books of account of the Transferor Company and the corresponding investment in respect thereof appearing in the books of account of the Transferee Company shall stand cancelled against each other and the difference arising therefrom shall be adjusted against the securities premium reserve of the Transferee Company.
- 13.7 The accounting treatment of the paid up capital of the Transferor Company as contemplated in Clause 13.6 above shall be done as an integral part of the Scheme. Since the aforesaid accounting treatment of the paid-up capital of the Transferor Company neither involves the diminution of liability of unpaid share capital of the Transferor Company nor any payment is to be made to any shareholder of the Transferee Company of any paid up share capital, provisions of Sections 100 to 105 of the Act shall not have any application and the Transferee Company shall not be obliged to comply with the procedures contemplated under Sections 100 to 105 of the Act, if permitted. The Transferee Company shall obtain necessary approval from its shareholders and creditors, as required, in terms of this Scheme only, under and pursuant to Sections 391 to 394 of the Act.

PART – III

GENERAL/RESIDUARY TERMS AND CONDITIONS

14. APPLICATIONS

Necessary applications shall be made by the Transferor Company under Sections 391 to 394 of the Act, for sanction of the Scheme and orders bringing the same into effect. The Transferor Company and the Transferee Company shall also apply for and obtain such other approvals, as may be necessary in law, if any, for bringing the Scheme into effect. Further, the Transferor Company and the Transferee Company shall be entitled to take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme. It is expressly clarified that no shares are to be issued by the Transferee Company and no arrangement is proposed between the Transferee Company and its shareholders under this Scheme.

15. APPROVALS AND MODIFICATIONS

The Transferor Company and the Transferee Company (by their respective Boards or such other person or persons, as the respective Boards may authorise) are empowered and authorised:

15.1 To assent, from time to time, to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the Court and / or any authorities under law may deem fit to approve or direct or as may be otherwise deemed expedient or necessary by the respective Boards as being in the best interest of the said companies and their shareholders.

15.2 To settle all doubts or difficulties that may arise in carrying out the Scheme; to give their approval to all such matters and things as is contemplated or required to be given by them in terms of this Scheme; and to do and execute all other acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

Without prejudice to the generality of the foregoing, the Transferor Company and the Transferee Company (by their respective Boards or such other person or persons, as the respective Board may authorise) shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.

16. SCHEME CONDITIONAL UPON

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

16.1 The sanction or approval of all persons or authorities concerned being obtained and granted in respect of any of the matters provided for or relating to the Scheme for which such sanction or approval is required or for the implementation of the Scheme.

16.2 The approval by the requisite majorities of the classes of persons, including shareholders, creditors and such other class of the Transferor Company and the Transferee Company as may be directed by the Court under Section 391 of the Act.

16.3 The sanctioning of this Scheme by the Court, whether with or without any modifications or amendments as the Court may deem fit or otherwise.

16.4 The filing of the certified copies of the order of the Court with the Registrar of Companies concerned by the Transferor Company and the Transferee Company.

16.5 Any other sanctions and orders as may be directed by the Court in respect of this Scheme.

17. SEVERABILITY

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

18. REVOCATION OF THE SCHEME

In the event of any of the said sanctions and approvals referred to in Clause 15 not being obtained and / or the Scheme not being sanctioned by the Court, 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 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. Each company shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.

19. COSTS, CHARGES AND EXPENSES

All costs, charges and expenses, in connection with the Scheme, arising out of or incurred in carrying out and implementing the Scheme and matters incidental thereto including any stamp duty and transfer charges arising out of or incurred in connection with and in implementing this Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company. In the event the Scheme does not take effect or stands withdrawn for any reason whatsoever, each company shall pay and bear its own costs.

20. RESIDUAL PROVISIONS

- 20.1 On the approval of the Scheme by the members of the Transferor Company pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded all relevant consents under any other provisions of the Act to the extent the same may be considered applicable.
- 20.2 The mutation of title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of the Transferee Company. Any inchoate title or possessory title of the Transferor Company or its predecessor companies in relation to the Undertaking/Business of the Transferor Company shall be deemed to be the title of the Transferee Company.
- 20.3 Even after the Effective Date, the Transferee Company shall be entitled to operate all bank accounts of the Transferor Company and realise all monies and complete and enforce all pending contracts and transactions in respect of the Transferor Company in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally accepted by the parties concerned.
- 20.4 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights or liabilities whatsoever shall accrue to or be incurred inter-se by the parties, their shareholders, creditors, employees or any other person.
- 20.5 If any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employees and/or any other person as to the construction hereof or as to any account, valuation or apportionment to be taken or made of any asset or liability transferred under this Scheme or as to the accounting treatment thereof or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to Mr Pradip (Pinto) Khaitan, Advocate, Khaitan & Co having its office at Emerald House, 1B, Old Post Office Street, Kolkata – 700 001, West Bengal, whose decision shall be final and binding on all concerned.

SCHEDULE OF ASSETS

Schedule of Assets of Island Hotel Maharaj Limited to be transferred to EIH Associated Hotels Limited with effect from 1 April 2011

PART I

(Short description of freehold property of Island Hotel Maharaj Limited)

NIL

Buildings and structures, plant and machinery, furniture and fixtures etc, as below:

Rs million

NATURE OF ASSETS	GROSS BLOCK	DEPRECIATION	NET BLOCK
	As at 1st April 2011	Upto 1st April 2011	As at 1st April 2011
Leasehold Land	41.97	20.35	21.62
Buildings	243.07	46.61	196.46
Sanitary Installation	19.40	3.74	15.66
Plant & Machinery	167.39	90.01	77.38
Computers	11.43	9.55	1.88
Furniture & Fittings	33.15	29.36	3.79
Vehicles	0.70	0.20	0.50
Leased Vehicles	0.95	0.09	0.86
	518.06	199.91	318.15
Capital-Work-in-Progress	0.15	–	0.15
	518.21	199.91	318.30

PART II

(Short description of leasehold property of Island Hotel Maharaj Limited)

1. Leasehold land admeasuring 1.8316 acres, Survey No. 2578/4, Sub-Division -24 situate at Willingdon Island in the Village - Thoppumpady, Firka- Mattencherry, Taluk - Kochi, Registration Sub – District - Kochi, District - Ernakulam in the State of Kerala.
2. Leasehold land admeasuring 25.46 cents, Survey No. 2578/4, Sub-Division-24 situate at Willingdon Island in the Village - Thoppumpady, Firka- Mattencherry, Taluk- Kochi, Registration Sub - District- Kochi, District - Ernakulam in the State of Kerala.
3. Two leased vehicles for employees' use, leased with L & T Finance Ltd, one lease continuing and another foreclosed.

PART III

(Short description of all stock, shares, debentures and other choses in action of Island Hotel Maharaj Limited)

NIL

Note: Movables are transferable to the Transferee Company as per Clause 2.2 of Part II of this Scheme of Arrangement

Hon'ble High Court of Judicature at Madras
Original Jurisdiction

Company Application No 490 of 2012
In the matter of Companies Act, 1956
(1 of 1956)

AND

In the matter of Sections 391 to 394 and
Sections 100 to 105 of the Companies Act,
1956;

AND

In the matter of Scheme of Amalgamation
of Island Hotel Maharaj Limited with
EIH Associated Hotels Limited and their
respective shareholders

EIH Associated Hotels Limited)
an existing Company for the purposes of the)
Companies Act, 1956 having its Registered Office at)
1/24 G.S.T. Road)
Chennai- 600 027)
Tamil Nadu, India) ... Applicant

FORM OF PROXY

I/ We _____, the undersigned, being the
Equity Shareholder(s) of EIH Associated Hotels Limited, the Applicant, do hereby appoint
Mr/ Ms _____ of _____ and failing him/
her _____ of _____ as my/our proxy, to
act for me/us at the Meeting of the Equity Shareholders to be held at the Registered Office of
M/s. EIH Associated Hotels Limited, located at No.1/24 G.S.T Road, Chennai-600027, Tamil Nadu
on 9th day of August 2012 at 4.30 P.M. for the purpose of considering and, if thought fit,
approving, with or without modification, the amalgamation embodied in the proposed Scheme of
Amalgamation of M/s. Island Hotel Maharaj Limited with M/s. EIH Associated Hotels Limited
and at such Meeting, and any adjournment/ adjournments thereof, to vote, for me/us and in my/
our name(s) _____ (herein, 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 "Amalgamation") the said amalgamation embodied in the Scheme of Amalgamation
either with or without modifications as my/our proxy may approve.
*Strike out what is not necessary

Signature: _____

Dated this _____ day of _____ 2012

Name _____

Address _____

Reg Folio No _____

Client ID No _____

DP ID No _____

No of Shares held _____

Affix Re. 1/-
Revenue
Stamp

Signatures of
Shareholder(s)

Sole / First Holder: _____

Second Holder: _____

Third Holder: _____

Signature of Proxy

Proxy: _____

Notes:

1. The Proxy must be deposited at the Registered Office of the Applicant Company at 1/24, G.S.T Road, Chennai-600027, Tamil Nadu at least 48 hours before the time for holding the Meeting. The Proxy need not be a Member of the Company.
2. All alterations made in the Form of Proxy should be initialled.
3. In case of multiple Proxies, the Proxy later in time shall be accepted.

ATTENDANCE SLIP

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

Joint Shareholders may obtain additional Attendance Slip at the venue of the Meeting.

I hereby record my presence at the Meeting of the Equity Shareholders of M/s. EIH Associated Hotels Limited, located at No.1/24 G.S.T Road, Chennai - 600 027 on 9th day of August 2012 at 4.30 P.M. for the purpose of considering and, if thought fit, approving, with or without modification, the amalgamation embodied in the proposed Scheme of Amalgamation of M/s. Island Hotel Maharaj Limited with M/s. EIH Associated Hotels Limited, convened pursuant to the Order dated 5th July 2012 of the Hon'ble High Court of Judicature at Madras.

Name and Address of Equity Shareholder: _____
(IN BLOCK LETTERS)

Signature: _____

Reg Folio No: _____

Client ID: _____

DP ID No: _____

No of Shares: _____

Name of the Proxy: _____
(IN BLOCK LETTERS)

Signature: _____

NOTE:

Shareholders attending the Meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the Meeting Hall.

APPOINTMENT OF REPRESENTATIVE

KNOW ALL MEN BY THESE PRESENTS, that _____ (name of the body corporate) organised and existing under by virtue of the laws of _____(name of country) being an Equity Shareholder of M/s. EIH Associated Hotels Limited, having its Registered Office at No.1/24 G.S.T Road, Chennai-600027, Tamil Nadu by the authority of its Board of Directors, does hereby appoint Mr/Mrs. _____ to act as its representative at the Meeting of the Shareholders of M/s. EIH Associated Hotels Limited, located at No.1/24 G.S.T Road, Chennai-600027, Tamil Nadu on 9th day of August 2012 at 4.30 P.M. for the purpose of considering and, if thought fit, approving, with or without modification, the amalgamation embodied in the proposed Scheme of Amalgamation of M/s. Island Hotel Maharaj Limited with M/s. EIH Associated Hotels Limited.

IN WITNESS WHEREOF, _____(name of body corporate), has caused these presents to be executed on this the _____ day of _____ 2012.

For _____

(Designation)