

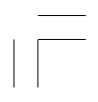
## Macmillan India Ltd

### INDEX OF CONTENTS

1.	Notice convening Meeting of the Equity Shareholders of the Applicant	3-4
2.	Statement under Section 393 of the Companies Act,1956	5-18
3.	Scheme of Arrangement involving amalgamation of Macmillan-ICC Publishing Solutions Pvt Ltd and Charon Tec Ltd with Macmillan India Ltd and Demerger of the Publishing Business and Undertaking of Macmillan India Ltd into Macmillan Publishers India Ltd	19-36
4.	Form of Proxy and Attendance Slip	37-40

Registered Office:

No. 21, Patullos Road, Chennai 600002



# IN THE HIGH COURT OF JUDICATURE AT MADRAS

(ORDINARY ORIGINAL CIVIL JURISDICTION)

COMPANY APPLICATION No. 1879 OF 2008

IN THE MATTER OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 OF THE  
COMPANIES ACT, 1956

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT  
INVOLVING (A) AMALGAMATION OF MACMILLAN-  
ICC PUBLISHING SOLUTIONS (PRIVATE) LIMITED AND  
CHARON TEC. LIMITED WITH MACMILLAN INDIA  
LIMITED & (B) DEMERGER OF PUBLISHING BUSINESS  
UNDERTAKING AND BUSINESS OF MACMILLAN INDIA  
LIMITED INTO MACMILLAN PUBLISHERS INDIA  
LIMITED

**MACMILLAN INDIA LIMITED,**

a Company incorporated under  
the Companies Act, 1956 having its Registered  
Office at 21, Patillos Road, Chennai – 600 002

Represented by its Company Secretary  
Mr.S.M.Krishnan

.....**APPLICANT**

## **NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF THE APPLICANT**

To

The Shareholders of Macmillan India Limited

Take Notice that by an order made on the 20<sup>th</sup> June 2008 the Hon'ble High Court at Madras has directed that a meeting of the equity shareholders of the Applicant/Transferee Company shall be held at Hotel Palmgrove, No. 5, Kodambakkam High Road, Chennai – 600 034, on Saturday the 2nd August 2008 at 3.00 PM for the purpose of considering, and if thought fit, approving with or without modification, the arrangement embodied in the Scheme of Arrangement between the Applicant and its share holders and Macmillan-ICC Publishing Solutions (Private) Limited and Charon Tec. Limited and Macmillan Publishers India Limited.



TAKE FURTHER NOTICE that in pursuance of the said order, a meeting of the equity shareholders of the Applicant will be held at Hotel Palmgrove, No. 5, Kodambakkam High Road, Chennai – 600 034, on Saturday 2nd August 2008 at 3.00 PM and you are requested to attend. The Quorum for the Meeting shall be 5 shareholders either in person or by Proxy.

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 Applicant at 21, Patullos Road, Chennai - 600 002, not later than 48 hours before the said meeting.

The Hon'ble Court has appointed Mr. Rajiv Beri, Managing Director of the Applicant to be the Chairman of the said meeting.

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

Dated this the 26<sup>th</sup> day of June 2008

**Rajiv Beri**  
**Chairman appointed for the meeting**

# IN THE HIGH COURT OF JUDICATURE AT MADRAS

(ORDINARY ORIGINAL CIVIL JURISDICTION)

COMPANY APPLICATION No. 1879 OF 2008

IN THE MATTER OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT INVOLVING (A) AMALGAMATION OF MACMILLAN-ICC PUBLISHING SOLUTIONS (PRIVATE) LIMITED AND CHARON TEC. LIMITED WITH MACMILLAN INDIA LIMITED & (B) DEMERGER OF PUBLISHING BUSINESS UNDERTAKING AND BUSINESS OF MACMILLAN INDIA LIMITED INTO MACMILLAN PUBLISHERS INDIA LIMITED

**MACMILLAN INDIA LIMITED,**

a Company incorporated under  
the Companies Act, 1956 having its Registered  
Office at 21, Patullos Road,  
Chennai – 600 002

Represented by its Company Secretary  
Mr.S.M.Krishnan

.....**APPLICANT**

**Statement Under Section 393 of the  
Companies Act, 1956**

1. Pursuant to an Order dated 20<sup>th</sup> June 2008 passed by the Hon'ble High Court in the Company Application referred to herein above , a meeting of the Equity Shareholders of the Applicant Company to be held on Saturday 2<sup>nd</sup> August 2008 at 3.00 PM at "Hotel Palmgrove", No. 5, Kodambakkam High Road, Chennai– 600 034 is being convened for the purpose of considering, and if thought fit, approving, with or without modification, the arrangement embodied in the Scheme of Arrangement proposed to be entered into between the Applicant and Macmillan-ICC Publishing Solutions (Private) Limited (hereinafter referred to as "**MIPS**") and Charon Tec. Limited (hereinafter referred to as "**Charon**") and Macmillan Publishers India Limited (hereinafter referred to as "**MPIL**"). The Scheme is annexed to the notice.

2. In this statement Macmillan India Limited, is hereinafter referred to as the “**Applicant Company**” or “**MIL**” and the Scheme of Arrangement involving (A) Amalgamation of MIPS and Charon with MIL & (B) Demerger of Publishing Business Undertaking and Business of MIL into MPIL is hereinafter referred to as the “**Scheme**”
3. The Scheme has been approved by the Board of Directors of the Applicant Company at their Meeting held on 23<sup>rd</sup> May 2008 and by the Board of Directors of MIPS, Charon, MPIL at their respective Board Meetings held on the same date.
4. The Applicant Company was originally incorporated under the Indian Companies Act, 1956 as “The Macmillan Company of India Private Limited” on January 19, 1970. Subsequently the name of the Applicant Company was changed to “The Macmillan Company of India Limited” w.e.f 14.09.1971. Thereafter the name of the Applicant Company was changed to the present name viz. “Macmillan India Limited” w.e.f 04.10.1980. The Registered Office of the Applicant Company is at present situated at 21, Patullos Road, Chennai – 600 002.
5. The share capital of the Applicant Company is as follows:

	Amount in Rupees
<b>Authorised Share Capital</b>	
20,000,000 Equity Shares of Rs.10 each	200,000,000
<b>Total</b>	<b>200,000,000</b>
<b>Issued Subscribed and Paid up Share Capital</b>	
16,822,668 Equity shares of Rs.10/- each	168,226,680
<b>Total</b>	<b>168,226,680</b>

There is no change in the aforesaid Authorised Share Capital and Issued, Subscribed and Paid up Share Capital of the Applicant Company, subsequent to the Appointed Date and as on date it remains the same.

6. MIPS was incorporated on June 15, 2006 under the Indian Companies Act, 1956. MIPS presently is a wholly owned subsidiary of MIL. The Registered Office of MIPS is at 21, Patullos Road, Chennai - 600002
7. Charon was incorporated on June 19, 2000 under the Indian Companies Act, 1956. Charon presently is a wholly owned subsidiary of MIL. The Registered Office of Charon is at M.S.Complex,14/45, Dr. Giriappa Road, T.Nagar, Chennai – 600017.
8. MPIL was incorporated on May 12, 2008 under the Indian Companies Act, 1956. The Registered Office of MPIL is at 21, Patullos Road, Chennai – 600002. MPIL has been caused to be incorporated by HM Publishers Holdings Ltd, a shareholder of MIL especially for the purpose of the Scheme. MPIL is presently a subsidiary of HM Publishers Holdings Ltd.

9. The Authorised, Issued, Subscribed and Paid up Share Capital of MIPS, Charon and MPIL are as under:

a) MIPS

	<b>Amount in Rupees</b>
<b>Authorised Share Capital</b> 1,00,000 Equity Shares of Rs.100 each	10,000,000
<b>Total</b>	<b>10,000,000</b>
<b>Issued Subscribed and Paid up Share Capital</b> 1,00,000 Equity Shares of Rs.100 each	10,000,000
<b>Total</b>	<b>10,000,000</b>

b) Charon

	<b>Amount in Rupees</b>
<b>Authorised Share Capital</b> 600,000 equity shares of Rs. 10 each	6,000,000
<b>Total</b>	<b>6,000,000</b>
<b>Issued Subscribed and Paid up Share Capital</b> 600,000 equity shares of Rs. 10 each	6,000,000
<b>Total</b>	<b>6,000,000</b>

c) MPIL

	<b>Amount in Rupees</b>
<b>Authorised Share Capital</b> 20,000,000 equity shares of Rs. 10 each	200,000,000
<b>Total</b>	<b>200,000,000</b>
<b>Issued Subscribed and Paid up Share Capital</b> 50,000 equity shares of Rs. 10 each	500,000
<b>Total</b>	<b>500,000</b>

10. MIPS is a wholly owned subsidiary of the Applicant Company and has only 3 shareholders. All of them have given their consent to the Scheme and as such MIPS filed a Company Application 1877 of 2008 before the Hon'ble High Court, Madras for dispensing with the meeting of its shareholders. The Hon'ble High Court by an Order dated 20th June 2008 was pleased to order the said application as prayed for.

11. Similarly, Charon is a wholly owned subsidiary of the Applicant Company and has only 7 shareholders. All of them have given their consent to the Scheme and as such Charon filed a Company Application 1878 of 2008 before the Hon'ble High Court, Madras for dispensing with the meeting of its shareholders. The Hon'ble High Court by an Order dated 20<sup>th</sup> June 2008 was pleased to order the said application as prayed for.
12. So also, MPIL is a wholly owned subsidiary of HM Publishers Holdings Ltd., and has only 7 shareholders. All of them have given their consent to the Scheme and as such MPIL filed a Company Application 1880 of 2008 before the Hon'ble High Court, Madras for dispensing with the meeting of its shareholders. The Hon'ble High Court by an Order dated 20<sup>th</sup> June 2008 was pleased to order the said application as prayed for.
13. The salient features of the Scheme are set out in the Scheme annexed hereto. The important provisions of the Scheme are reproduced below. Capitalised terms used in the Scheme and not defined in this Statement shall have the meaning ascribed to them in the Scheme:
  - 13.1 "Appointed Date" means, for the purpose of amalgamation, the 31st December, 2007, and, for the purposes of demerger, the 12th May, 2008, or such other date, as may be approved by the Hon'ble High Court.
  - 13.2 "Effective Date" means the last of the dates on which the certified copies of the order(s) of the Hon'ble High Court vesting the assets, properties, liabilities, rights, duties, obligations and the like of the Transferor Company(ies) in the relevant Transferee Company are filed with the Registrar of Companies, Chennai after obtaining all the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary for the implementation of the Scheme.
  - 13.3 **AMALGAMATION OF MIPS AND CHARON INTO MIL**
    - (a) **DATE OF TAKING EFFECT**

The Amalgamation of the Transferor Companies into Transferee Company shall come into operation from the Appointed Date but shall only become effective from the Effective Date.
    - (b) The Merging Business of the Merging Companies shall stand transferred to and vested in or be deemed to be transferred to and vested in MIL with effect from the Appointed Date, under the provisions of Sections 391, 392, 394 and all other applicable provisions of the Act and without any further act, instrument or deed to be done by any person, and as a going business concern so as to become as and from the Appointed Date the undertakings of MIL for all intent and purposes.

- (c) Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, other sales tax concessions/ exemptions, custom duty benefits/ exemptions, tax holidays, incentives, concessions and other authorizations related to Merged Business, shall stand vested in MIL by the orders of sanction of the Hon'ble Court, MIL shall file the Scheme with the sanction order for the record of the concerned statutory authorities and the same shall be taken as the appropriate permission, approval, consents etc. for MIL pursuant to the sanction orders of the Hon'ble High Court, without any further act, instrument or deed to be done by any person.
- (d) With effect from the Appointed Date, all taxes relating to the Merged Business payable by the Merging Companies including all or any refunds of the claims shall be treated as the tax liability or refunds/claims, as the case may be of MIL pursuant to the sanction orders of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.
- (e) MIL shall be entitled to file or revise the statutory returns and related tax payment certificates and to claim refunds, advance tax credits etc. as may be required in place of Merging Companies consequent to the implementation of the Scheme and pursuant to the sanction orders of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.
- (f) From the Effective Date and till such time as the name of MIL is entered as the account holder in respect of all the bank accounts of the Merging Companies in the relevant banks' books of record, MIL shall be entitled to operate the bank accounts of the Merging Companies pursuant to the sanction orders of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.

#### 13.4 **TRANSFER OF DEMERGED UNDERTAKING**

##### (a) **DATE OF TAKING EFFECT**

The Demerger of the Demerged Undertaking into MPIL shall come into operation from the Appointed Date but shall only become effective from the Effective Date.

- (b) The Demerged Undertaking of MIL shall stand transferred to and vested in or be deemed to be transferred to and vested in MPIL with effect from the Appointed Date, under the provisions of Sections 391, 392, 394 and all other applicable provisions of the Act and without any further act, instrument or deed to be done by any person, as a going business concern so as to become as and from the Appointed Date the undertaking of MPIL for all intent and purposes.

- (c) Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, other sales tax concessions/ exemptions, custom duty benefits/ exemptions, tax holidays, incentives, concessions and other authorizations related to Demerged Business, shall stand vested in MPIL by the orders of sanction of the Hon'ble Court, MPIL shall file the Scheme with the sanction order for the record of the concerned statutory authorities and the same shall be taken as the appropriate permission, approval, consents etc. for MPIL pursuant to the sanction orders of the Hon'ble High Court, without any further act, instrument or deed to be done by any person.
- (d) With effect from the Appointed Date, all taxes relating to the Demerged Business payable by MIL including all or any refunds of the claims shall be treated as the tax liability or refunds/claims as the case may be of MPIL pursuant to the sanction orders of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.
- (e) MPIL shall be entitled to file or revise the statutory returns and related tax payment certificates and to claim refunds, advance tax credits etc. as may be required in place of MIL consequent to the implementation of the Scheme and pursuant to the sanction orders of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.
- (f) From the Effective Date and till such time as the name of MPIL is entered as the account holder in respect of all the bank accounts of MIL related to Demerged Business in the relevant banks' books of record, MPIL shall be entitled to operate the bank accounts of such Demerged Business, pursuant to the sanction orders of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.

**13.5 BUSINESS AND PROPERTY IN TRUST FOR TRANSFEREE COMPANY**

As and from the Appointed Date and upto and including the Effective Date:

- (a) The Transferor Company(ies) shall carry on and be deemed to have carried on their respective business and activities and shall stand possessed of all their properties and assets in trust for the Transferee Company and shall account for the same to the Transferee Company.
- (b) Any income or profit accruing or arising to the Transferor Company(ies) and all costs, charges, expenses and losses or taxes (including deferred tax balances, if any) incurred by the Transferor Company(ies) related to their respective business and activities shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or

taxes (including deferred tax balances, if any), as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.

- (c) With effect from the Appointed Date, all debts, liabilities, duties and obligations of the business and activities and all liabilities which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Transferee Company.

### 13.6 CONDUCT OF BUSINESS

- (a). Till the Effective Date:
- (i) The Transferor Company(ies) shall carry on their respective business with reasonable diligence and business prudence and in the same manner as it had been doing on the date of approval of the Scheme by the Board of Directors of the Transferor Company. The Transferor Company shall not undertake any new business or a substantial expansion of the existing business which are the subject matter of the Scheme without the prior written consent of the Transferee Company.
  - (ii) The Transferor Company(ies) shall not, without the prior written concurrence of the Transferee Company, alienate, charge or encumber any of their properties and assets except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Board of Directors of the Transferor Company(ies), unless prior written consent of the Transferee Company is obtained.
  - (iii) The Transferor Company(ies) shall not vary or alter, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Board of Directors of the Transferor Company(ies), the terms and conditions of employment of any of the employees nor shall it conclude any settlement or compromise with its employees, unless prior written consent of the Transferee Company is obtained.
  - (iv) The Transferee Company shall be entitled to apply to the Central and/or the State Governments, 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 operate the Business and Undertakings of the Transferor Company(ies).

### 13.7 STATUS OF SHARES

Upon the Scheme becoming effective in consideration of the transfer and vesting of the demerged undertaking in MPIL:

- (a) MPIL shall, without any further act or deed, issue and allot on a proportionate basis to each shareholder of MIL whose name is recorded in the register of members of the Transferor Company as on the Record Date for this purpose, One Equity Share of Rs 10/- each in MPIL, credited as fully paid up in the ratio (the “Entitlement Ratio”) of One Equity Share in MPIL of Rs 10 each credited as fully paid up for every 1 (One) fully paid up Equity Share of Rs 10 (Rupees Ten ) each held by such member in MIL.
  - (b) The equity shares in the capital of MPIL issued to the members of MIL shall rank *pari passu* in all respects, including payment of dividend, with the existing subscribers to the equity shares in MPIL from the Appointed Date.
  - (c) The shares issued and allotted in MPIL shall not be listed on any stock exchange and shall not have the facility of trading as in the case of shares held in MIL.
  - (d) The shares held in MIL shall continue to be listed and there shall be no change in respect thereof as a result of the Demerger.
- 13.8 (a) The members of MIL shall have the right to exercise either of the following two options on the receipt of the notice from the Registrar and Transfer Agent and within 3 months from the Record Date:
- (i) notify the Registrar and Transfer Agent that they wish to receive the equity shares that they are entitled to in MPIL, acknowledging that the shares of MPIL shall not be tradable on the stock exchanges as in the case of MIL; or
  - (ii) exercise the right to transfer their shares in MPIL to the Promoters, in which case the Promoters shall purchase or cause to be purchased the shares of such shareholder and pay the shareholder concerned the value of such share(s) as per the valuation report provided by an independent valuer, PricewaterhouseCoopers Private Limited, which is available for inspection to the members anytime during the business hours at the Registered Office of MIL. In such an event the Promoter shall be the shareholder in MPIL to the extent of the above shares acquired by the Promoters;
- (b) In the event the shareholder does not exercise either of the options under clause (a) above during the period of 3 months from the Record Date it shall be deemed that such Shareholder has exercised the option (ii) under clause (a) above and the Registrar and Transfer Agent shall

- proceed to implement the option (ii) in clause (a) above and effect the Transfer and assignment of the shares to the Promoters against the remittance of the price to the members concerned to be paid by the Promoters. The Members who receive such payment shall have the option to return the cheque to the Promoters within 60 days together with a letter exercising the option (i) under clause (a) above to the Registrar and Transfer Agent. The Registrar and Transfer Agent shall act in accordance with such option exercised by the shareholder. If the cheque is not returned within 60 days along with the exercise of option, the members shall be deemed to have consented to the sale of their shares in MPIL to the Promoters finally and irrevocably and the purchase of shares by the Promoters shall be final and conclusive.
- 13.9 Upon the sanction of the Scheme by the Hon'ble High Court and the Scheme becoming effective with the filing of the orders of the Hon'ble High Court with the Registrar of Companies, Chennai:
- (a) MIPS and Charon together with all undertakings relating to their respective Publishing Services business shall stand transferred to and be vested in MIL on and from the Appointed Date for all intents and purposes. Simultaneously with the above, all undertakings relating to the Publishing business of MIL (including investment in Frank Brothers & Company (Publishers) Limited) shall stand transferred to and be vested in MPIL for all intents and purposes;
  - (b) The shares held by MIL in MIPS and Charon, which are wholly owned subsidiaries of MIL, shall stand cancelled; and
  - (c) The members of MIL holding one Equity Share in MIL shall be issued and allotted one fully paid Equity Share in MPIL.
- 13.10 All past, present and future costs, charges, levies, duties (including any stamp duty) and expenses related to or in connection with this Scheme or its implementation shall be shared equally by the Transferor Company(ies) and Transferee Company.
- 14.(a) The Assets of the Applicant Company and MIPS, Charon, MPIL are sufficient to meet all their respective liabilities. The Scheme does not involve any compromise with the creditors of concerned Companies. The Scheme will not affect the rights of any of the creditors of the Applicant Company or of MIPS, Charon, MPIL in any manner whatsoever.
- (b) In any event neither the Applicant Company nor MIPS, Charon, MPIL have any secured creditors as on date of filing the above Application.

15. The principal factors for which the Scheme has been proposed are as under:

- (a) MIL broadly has two business divisions both related to publishing namely (a) Publishing Services and (b) Publishing. The activities of the two divisions are broadly described below:

### **Publishing Services**

MIL is a pioneer in the area of information technology enabled Publishing Services. It provides a range of services to international publishers to enable them to cost effectively create their print and digital products. Such services include typesetting and copy editing of books and journals art design for books, designing and delivering pages of customized adverts for print and online use, data conversion and print digitization, subscriptions management, bespoke software and e-Learning applications development, providing hosted/managed services based on owned/licensed software platforms and project management. MIL started its international typesetting operations in 1975 focusing initially on publishers in Europe. MIL now sees significant opportunities in other places including the United States of America.

### **Publishing**

MIL has been engaged in Publication and Printing activities since 1889 in India. MIL is one of the largest and the best-known international educational publishers. MIL is known for publishing high quality educational course and reference material for schools and colleges across all curriculum subjects.

- (b) MIPS was established by MIL in the year 2006 to engage in the business of providing book typesetting, copy editing and editorial services to European and US Customers, which are essentially Publishing Services as mentioned in para 15(a) above.
- (c) Charon was acquired by MIL and became a wholly owned subsidiary of MIL in the year 2005. Charon is engaged in the business of providing book typesetting, copy editing and editorial services to European and US customers, which are essentially Publishing Services as mentioned in para 15(a) above.
- (d) The Publishing Services businesses of MIL, MIPS and Charon are complementary and have synergies in terms of management and customers. The two types of businesses carried on by MIL and its subsidiaries MIPS and Charon namely (i) Publishing Services and (ii) Publishing have significant potential for independent growth. However different strategies are required to achieve such growth for the two businesses due to differing cash flow and investment profiles together with the nature of risk, and competition inherent in the different parts of the industry. Different management skills are required for each of the two businesses in order for them to be run efficiently and successfully.
- (e) The segregation of the Publishing business has become a commercial requirement in order to maximize the potential for growth for the two businesses.
- (f) Given the circumstances mentioned above, together with the benefits of consolidating the Publishing Services Business on the one hand and segregating the Publishing Business on the other hand, the Scheme's objective is to enable the respective independent growth and expansion of the two businesses by facilitating greater focus

and utilization of resources. The Scheme therefore provides for the amalgamation of MIPS and Charon and their respective publishing services business with MIL and the simultaneous demerger of the Publishing business from MIL and its transfer to and vesting in MPIL.

- (g) It is expected that such an amalgamation and demerger would result in the generation of greater business opportunities particularly for the Publishing Services business and would therefore be in the best interests of the members, creditors and employees of MIL, MIPS, and Charon besides being in the larger public interest. MIL will be able to aggressively expand the Publishing Services Business and its activities as a result of the proposed amalgamation. MIL will also be able to effectively take advantage of its strategic position and its ability to provide economical and cost effective services from the established facilities of MIL, MIPS and Charon relating to Publishing Services. MPIL will undertake the development and investment in the Publishing activities.
  - (h) The amalgamation and demerger mentioned above involving the Publishing Services business and its activities as a result of the proposed amalgamation would also secure the benefits of economy of scale of operations by combining the publishing services businesses and eliminating overlapping of activities and segregating the publishing business and thereby reduction in cost of operations. The Scheme is expected to result in achieving the enhanced operational synergies and eliminate redundancy thereby resulting in profitability of operations by utilizing and enhancing the financial resources, managerial resources, technical standards, competitiveness, marketing and services delivery capabilities for the one amalgamated entity for publishing services. The Scheme will result in the combination of manpower of MIPS and Charon with MIL all dealing with publishing services and their resources can be conveniently merged and pooled together leading to more effective and centralized management and reduction of administrative expenses and overheads.
16. The Scheme would be in the best interests of the Applicant Company, MIPS, Charon and MPIL, their respective shareholders, creditors, employees besides being in the larger public interest.
  17. No Petition under Section 397 or 398 of the Act has been filed against the Applicant Company.
  18. The Scheme will take effect finally from the Appointed Date, subject to all requisite approvals, consents and sanctions in Law being duly obtained. No investigation proceedings have been instituted or are pending in relation to the Applicant Company, MIPS, Charon or MPIL under Sections 235 to 251 of the Act.
  19. No one will be prejudiced as a result of the Scheme being sanctioned and coming into effect.
  20. Under Section 391 of the Act the Scheme requires to be approved by a majority in number representing three-fourths in value of the members present and voting either in person or by proxy, at the meeting. On the Scheme being approved as aforesaid, the Applicant Company will seek the sanction of the Hon'ble High Court at Madras to the Scheme in accordance with the applicable provisions of the Act.

21. The resolution that will be submitted to the said meeting will read as follows:

**“RESOLVED THAT** the Scheme of Arrangement involving (A) Amalgamation of Macmillan-ICC Publishing Solutions (Private) Limited (“MIPS”) and Charon Tec. Limited (“Charon”) with Macmillan India Limited (“Applicant Company”) & (B) Demerger of Publishing Business Undertaking and Business of Macmillan India Limited into Macmillan Publishers India Limited (“MPIL”) and their respective shareholders as per the Scheme of Arrangement placed before the Meeting and initialled by the Chairman of the meeting for the purpose of identification, (a copy of which has already been circulated along with the notice of meeting) be and is hereby approved.

**FURTHER RESOLVED THAT** the Board of Directors of the Applicant Company be and is hereby authorised to do all such deeds, matters and things as are considered requisite or necessary to implement the said Scheme of Arrangement and to accept such modification (s) and / or imposed by the Hon’ble High Court of Madras and / or by any authority while sanctioning the Scheme of Arrangement”.

22. None of the Directors of the Applicant Company and MIPS, Charon, MPIL, has any material interest in the Scheme, save and except to the extent of their respective shareholding as set out below:

a) Directors of MIL and their Shareholding as on date

S.No	Name of the Director	Share-holding in MIL	Share-holding in MIPS	Share-holding in Charon	Share-holding in MPIL
1	Mr S. Inchcoombe	Nil	Nil	Nil	Nil
2	Mr D E Udwadia	Nil	Nil	Nil	Nil
3	Mr M J Barnard	Nil	Nil	Nil	Nil
4	Mr W Hanson Farries	Nil	Nil	Nil	Nil
5	Dr Annette Thomas	Nil	Nil	Nil	Nil
6	Mr R R Chari	Nil	Nil	Nil	Nil
7	Mr A Contractor	Nil	Nil	Nil	Nil
8	Mr Rajiv Beri	24,758	Nil	Nil	Nil
9	Mr Rajiv Seth	Nil	Nil	Nil	Nil

## b) Directors of MIPS and their Shareholding as on date

S.No	Name of the Director	Share-holding in MIPS	Share-holding in MIL	Share-holding in Charon	Share-holding in MPIL
1	Mr S. Inchcoombe	Nil	Nil	Nil	Nil
2	Mr W Hanson Farries	Nil	Nil	Nil	Nil
3	Mr A Contractor	Nil	Nil	Nil	Nil
4	Mr Rajiv Beri	Nil	24,758	Nil	Nil
5	Mr Rajiv Seth	Nil	Nil	Nil	Nil
6	Mr S Chandrasekhar	1	Nil	Nil	1

## c) Directors of Charon and their Shareholding as on date

S.No	Name of the Director	Share-holding in Charon	Share-holding in MIL	Share-holding in MIPS	Share-holding in MPIL
1	Mr S. Inchcoombe	Nil	Nil	Nil	Nil
2	Mr W Hanson Farries	Nil	Nil	Nil	Nil
3	Mr A Contractor	Nil	Nil	Nil	Nil
4	Mr Rajiv Beri	Nil	24,758	Nil	Nil
5	Mr Rajiv Seth	Nil	Nil	Nil	Nil
6	Mr S Chandrasekhar	Nil	Nil	1	1

## d) Directors of MPIL and their Shareholding as on date

S.No	Name of the Director	Share-holding in MPIL	Share-holding in MIL	Share-holding in Charon	Share-holding in MIPS
1	Mr Rajiv Beri	Nil	24,758	Nil	Nil
2	Mr S Chandrasekhar	1	Nil	Nil	1
3	Mr V K Venkatakrisnan	Nil	6,180	Nil	Nil

23. The accounts of the Applicant Company have been audited till 31<sup>st</sup> December 2007. The audited report does not disclose any mismanagement of the affairs of the Applicant Company.

24. The following documents may be inspected by the shareholders of the Applicant Company at the Registered Office of the Applicant Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of the meeting:

- (i) Certified copy of the Orders dated 20<sup>th</sup> June 2008 of the High Court of Judicature at Madras passed in the above Application and in C.A. 1877 of 2008, C.A. 1878 of 2008, C.A. 1880 of 2008;
- (ii) Copy of the Scheme of Arrangement involving (A) Amalgamation of MIPS and Charon with MIL & (B) Demerger of Publishing Business Undertaking and Business of MIL into MPIL;
- (iii) Memorandum and Articles of Association of the Applicant Company and MIPS, Charon and MPIL;
- (iv) Valuation Report dated 23<sup>rd</sup> May 2008 of PricewaterhouseCoopers Private Limited and reference Balance Sheets;
- (v) Annual Report (including Balance Sheet and Profit and Loss Account) of the Applicant Company for the financial year ended 31<sup>st</sup> December 2007;
- (vi) Copies of no-objection letters dated 13<sup>th</sup> June 2008, 11<sup>th</sup> June 2008 and 16<sup>th</sup> June 2008 received from Bombay Stock Exchange, National Stock Exchange and Madras Stock Exchange respectively giving their No-objection.

Dated at Chennai on the 26<sup>th</sup> day of June 2008.

Rajiv Beri  
Chairman appointed for the meeting

**Registered Office:**  
MACMILLAN INDIA LIMITED,  
21, Patullos Road,  
Chennai – 600 002.

**SCHEME OF ARRANGEMENT INVOLVING**

**A. AMALGAMATION OF**

**MACMILLAN - ICC PUBLISHING SOLUTIONS (PRIVATE)**  
**LIMITED**

**AND**

**CHARON TEC. LIMITED**

**WITH**

**MACMILLAN INDIA LIMITED**

**UNDER SECTIONS 391 TO 394 AND OTHER RELEVANT**  
**PROVISIONS OF THE COMPANIES ACT, 1956 AND**  
**THEIR RESPECTIVE MEMBERS**

**AND**

**B. DEMERGER OF**

**THE PUBLISHING BUSINESS UNDERTAKING AND**  
**BUSINESS OF**

**MACMILLAN INDIA LIMITED**

**INTO**

**MACMILLAN PUBLISHERS INDIA LIMITED**

**UNDER SECTIONS 391 TO 394 AND OTHER RELEVANT**  
**PROVISIONS OF THE COMPANIES ACT, 1956 AND**  
**THEIR RESPECTIVE MEMBERS**

## PART I

### INTRODUCTION

1. Macmillan India Limited (hereinafter referred to as “**MIL**”) is a listed company and an existing company within the meaning of the Companies Act 1956, having its Registered Office at 21, Patullos Road, Chennai – 600002.
2. MIL’s shares are listed on the Bombay Stock Exchange, National Stock Exchange and Madras Stock Exchange.
3. Macmillan-ICC Publishing Solutions (Private) Limited (hereinafter referred to as “**MIPS**”) is an unlisted company and a wholly owned subsidiary of MIL incorporated under the Companies Act, 1956, having its Registered Office at 21, Patullos Road, Chennai – 600002.
4. Charon Tec. Limited (hereinafter referred to as “**Charon**”) is also an unlisted company and a wholly owned subsidiary of MIL, incorporated under the Companies Act, 1956, having its Registered Office at M.S.Complex,14/45, Dr. Giriappa Road, T.Nagar, Chennai – 600017.
5. The other subsidiary companies of MIL are (a) MPS Technologies Limited, DLF Corporate Park, Block 3-A, 4<sup>th</sup> and 5<sup>th</sup> Floor, Gurgaon, Haryana, India; (b) ICC Macmillan, Inc 1466, NW Naito Parkway, Suite 200, Portland, Oregon – 97209208, USA; (c) Frank Brothers & Company (Publishers) Limited, 4675-A, Ansari Road, Darya Ganj, New Delhi – 110002, India; and (d) ICC India (Pvt.) Ltd., NSIC STP Complex, 48, Okhla Industrial Estate, New Delhi – 110020.
6. Macmillan Publishers India Limited (hereinafter referred to as “**MPIL**”), is an unlisted public company limited by shares, incorporated on 12 May, 2008 under the Companies Act, 1956 having its Registered Office at 21, Patullos Road, Chennai – 600002. MPIL has been caused to be incorporated by HM Publishers Holdings Ltd, a shareholder of MIL especially for the purpose of the Scheme proposed herein and MPIL has become a subsidiary of HM Publishers Holdings Ltd.
7. MIL broadly has two business divisions both related to publishing namely (a) Publishing Services and (b) Publishing. The activities of the two divisions are broadly described below:

#### **A. Publishing Services:**

MIL is a pioneer in the area of information technology enabled Publishing Services. It provides a range of services to international publishers to enable them to cost effectively create their print and digital products. Such services include typesetting and copy editing of books and journals, art design for books, designing and delivering pages of customized adverts for print and online use, data conversion and print digitization, subscriptions management, bespoke software and eLearning applications development, providing hosted/managed services based on owned/licensed software platforms and project management.

MIL started its international typesetting operations in 1975 focusing initially on publishers in Europe. MIL now sees significant opportunities in other places including the United States of America.

**B. Publishing:**

MIL has been engaged in Publication and Printing activities since 1889 in India. MIL is one of the largest and the best-known international educational publishers. MIL is known for publishing high quality educational course and reference material for schools and colleges across all curriculum subjects.

In addition to the above, MIL is the Holding Company of Frank Brothers & Company (Publishers) Limited, with 80% shareholding in the said Company. Frank Brothers & Company (Publishers) Limited is engaged in the business and activities which are Publishing as described above. Accordingly, the entire investment of MIL in Frank Brothers & Company (Publishers) Limited shall also be treated as an asset of the Publishing business division of MIL.

8. MIPS was established by MIL in the year 2006 to engage in the business of providing book typesetting, copy editing and editorial services to European and US Customers, which are essentially Publishing Services as mentioned in Clause 7 of Part I above
9. Charon was acquired by MIL and became a wholly owned subsidiary of MIL in the year 2005. Charon is engaged in the business of providing book typesetting, copy editing and editorial services to European and US customers, which are essentially Publishing Services as mentioned in Clause 7 of Part I above.
10. The Publishing Services businesses of MIL, MIPS and Charon are complementary and have synergies in terms of management and customers.
11. The two types of businesses carried on by MIL and its subsidiaries MIPS and Charon namely (a) Publishing Services and (b) Publishing have significant potential for independent growth. However different strategies are required to achieve such growth for the two businesses due to differing cash flow and investment profiles together with the nature of risk, and competition inherent in the different parts of the industry. Different management skills are required for each of the two businesses in order for them to be run efficiently and successfully. The segregation of the Publishing business has become a commercial requirement in order to maximize the potential for growth for the two businesses.
12. Given the circumstances mentioned above, together with the benefits of consolidating the Publishing Services Business on the one hand and segregating the Publishing Business on the other hand, the Scheme's objective is to enable the respective independent growth and expansion of the two businesses by facilitating greater focus and utilization of resources. The Scheme therefore provides for amalgamation of MIPS and Charon and their respective publishing services business with MIL and the simultaneous demerger of the Publishing business from MIL and its transfer to and vesting in MPIL.

13. It is expected that such an amalgamation and demerger would result in the generation of greater business opportunities particularly for the Publishing Services business and would therefore be in the best interests of the members, creditors and employees of MIL, MIPS and Charon besides being in the larger public interest. MIL will be able to aggressively expand the Publishing Services Business and its activities as a result of the proposed amalgamation. MIL will also be able to effectively take advantage of its strategic position and its ability to provide economical and cost effective services from the established facilities of MIL, MIPS and Charon relating to Publishing Services. MPIL will undertake the development and investment in the Publishing activities.
14. The amalgamation and Demerger mentioned above involving transfers of business divisions or units shall be on a going business concern basis. Upon the amalgamation becoming effective in terms of this Scheme, MIPS and Charon shall stand dissolved without winding up pursuant to Section 394 of the Companies Act, 1956.
15. All the companies namely MIL, MIPS, Charon and MPIL have their Registered Offices situated within the jurisdiction of the Hon'ble High Court. The Companies shall therefore make appropriate applications before the Hon'ble High Court under Section 391 of the Companies Act, 1956 for calling the statutory meetings of the members and creditors, as may be required, and on the Scheme being approved by the requisite majority of members and creditors the companies will file a petition before the Hon'ble High Court for sanction of the Scheme.
16. Upon the sanction of the Scheme by the Hon'ble High Court and the Scheme becoming effective with the filing of the orders of the Hon'ble High Court with the Registrar of Companies, Chennai,
  - (a) MIPS and Charon together with all undertakings relating to their respective Publishing Services business shall stand transferred to and be vested in MIL on and from the Appointed Date for all intents and purposes. Simultaneously with the above, all undertakings relating to the Publishing business of MIL (including investment in Frank Brothers & Company (Publishers) Limited) shall stand transferred to and be vested in MPIL for all intents and purposes;
  - (b) The shares held by MIL in MIPS and Charon, which are wholly owned subsidiaries of MIL, shall stand cancelled; and
  - (c) The members of MIL holding one Equity Share in MIL shall be issued and allotted one fully paid Equity Share in MPIL based on valuation of MIL's undertaking relating to its publishing business transferred to MPIL.
17. MIL will continue to be a listed company. MPIL, (the resultant company in the Demerger) will be an unlisted company i.e. shares of MPIL shall not be listed on any Stock Exchange.

18. Since MPIL will not be a listed company the members of MIL, other than the Promoters who will be issued and allotted shares in MPIL, shall have the following options, exercisable by them at their discretion post issue and allotment of shares of MPIL as per the Scheme:
- a. they can retain the unlisted shares in MPIL issued and allotted to them in terms of the Scheme; or
  - b. they can offer to sell the shares in MPIL issued and allotted to them in terms of the Scheme to the Promoters or the nominee of the Promoters at Rs. 69 per share as decided by the Board of Directors based on the Valuation Report submitted by an independent valuer, PricewaterhouseCoopers Private Limited, whereupon the Promoters undertake to purchase or cause to be purchased such shares offered by the members at the above mentioned price. The valuation report submitted by PricewaterhouseCoopers Private Limited is available for inspection by the members anytime during MIL's business hours at its Registered Office;
  - c. to facilitate the members it has been proposed that in the event a member does not exercise either of the options over during the period of 3 months it shall be taken that such member wish to effect the transfer and assignment of the shares to the Promoters against the remittance of the price to the members concerned to be paid by the Promoters. The price shall be paid by cheque. The Members who receives such payment shall however have the further option to return the cheque to the Promoters within sixty days together with a letter exercising the option to continue as shareholder of MPIL.
19. The grant of the options described in Clause 18 of Part I above are intended to protect the interest of the non-promoter members in MIL who will be issued and allotted shares in MPIL under the Scheme. Such offer for purchase of shares shall be operative only after the Scheme becomes effective as herein provided.
20. The Promoters of MIL who hold 61.47% shares in MIL will be issued and allotted 61.47% shares in MPIL. The Promoters of MIL who will get shares in MPIL will not be entitled to exercise any of the options described in Clause 18 of Part I above.

## PART II

### DEFINITIONS

- (1). **Definitions.** In this Scheme, unless repugnant to the context or meaning thereof, the following expressions shall have the meaning assigned to them herein:
- a. “Act” means the Companies Act, 1956, including any statutory modification, re-enactment or amendment thereof.
  - b. “Amalgamating Companies” shall mean MIPS and Charon.
  - c. “Appointed Date” means, for the purpose of amalgamation, the 31st December, 2007, and, for the purposes of demerger, the 12th May, 2008, or such other date as may be approved by the Hon’ble High Court.
  - d. “Board of Directors” in relation to MIL and/or MPIL, as the case may be, shall, include a committee of its directors or any person authorised by the Board of Directors or such committee of directors.
  - e. “Demerged Business” or “Demerged Undertaking” shall mean the undertakings of MIL relating to the Publishing business which shall include:
    - i. all properties and assets of MIL related to the said business. The term assets shall include all corporeal or incorporeal, tangible or intangible, present or contingent, all plant and machinery, vehicles, fixed assets, work in progress, current assets, licenses, registrations software licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, employees, benefits of agreements, contracts and arrangements, including insurance contracts, arrangements with original equipment manufacturers, technical collaboration agreements, long term supply contracts, powers, authorities, permits, allotments, approvals, recognitions from Government Departments, quality certifications, consents, privileges, balances with all regulatory authorities, duty drawback claims, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, and all other rights, claims and powers pertaining to the business and activities of the Publishing business;
    - ii. lease rights, permits, quota rights, industrial rights and other licenses, trademarks, intellectual property rights, other intangible assets, and all the privileges, benefits, duties and obligations of all contracts, agreements and arrangements, and all other rights, licenses, powers and facilities of every kind, nature and description whatsoever of or relating to the Publishing business;
    - iii. the entire equity investment of MIL held in Frank Brothers & Company (Publishers) Limited together with rights and interest thereon;

- iv. the following liabilities:
  - (a) the liabilities including contingent liabilities which arise out of the activities or operations of the Publishing business,
  - (b) specific loans and borrowings raised, incurred, and utilized solely for the activities or operations of the Publishing business, and
  - (c) the liabilities other than those referred to in sub clause (a) and (b) being the amounts of general or multi purpose borrowings of MIL allocated to the Publishing business in the same proportion to which the value of the assets transferred under this Scheme bear to the total value of assets of MIL immediately before giving effect to this scheme;
- v. all employees of MIL directly or indirectly engaged in or in relation to the Publishing business on a whole time basis at various locations;
- vi. all earnest monies and/or security deposits paid or received by MIL pertaining to the Publishing Business; and
- vii. all necessary records, files, papers, information, drawings, manuals, data, list of customers and suppliers and other records in connection with or relating to the Publishing business;

provided that any issue as to whether any asset or liability pertains to the Demerged Undertaking or not shall be determined by the mutual agreement between MIL and MPIL.

- f. “Effective Date” means the last of the dates on which the certified copies of the order(s) of the Hon’ble High Court vesting the assets, properties, liabilities, rights, duties, obligations and the like of the Transferor Company(ies) in the relevant Transferee Company are filed with the Registrar of Companies, Chennai after obtaining all the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary for the implementation of the Scheme.
- g. “Entitlement Ratio” shall have the meaning ascribed to it in Clause 8(b)(i) of Part V of this Scheme.
- h. “Hon’ble High Court” means the Hon’ble High Court of Judicature at Madras.
- i. “Merged Business” shall mean the business of MIPS and Charon and the existing business of MIL excluding however the Demerged Business.
- j. “Merging Business” shall mean the business of MIPS and Charon consisting of all business undertakings including:
  - i. all properties and assets of the Merging Companies. The term assets include all corporeal or incorporeal, tangible or intangible, present or contingent, all plant and machinery, vehicles, fixed assets, work in progress, current assets, licenses, registrations software licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, computers, office equipment, telephones, telexes,

- facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, employees, benefits of agreements, contracts and arrangements, including insurance contracts, arrangements with original equipment manufacturers, technical collaboration agreements, long term supply contracts, powers, authorities, permits, allotments, approvals, recognitions from Government Departments, quality certifications, consents, privileges, balances with all regulatory authorities, duty drawback claims, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, and all other rights, claims and powers pertaining to the business and activities of the Merging Companies .
- ii. lease rights, permits, quota rights, industrial rights and other licenses, trademarks, intellectual property rights, other intangible assets, and all the privileges, benefits, duties and obligations of all contracts, agreements and arrangements, and all other rights, licenses, powers and facilities of every kind, nature and description whatsoever of or relating to the Merging Companies;
  - iii. the following liabilities:
    - (a) the liabilities which arise out of the activities or operations of the Merging Companies,
    - (b) all loans and borrowings raised, incurred, and utilized solely by the Merging Companies, and
    - (c) the liabilities other than those referred to in sub Clause (a) and (b) being the amounts of general or multi purpose borrowings of the Merging Companies;
  - iv. all employees of Merging Companies directly or indirectly engaged on a whole time basis at various locations;
  - v. all earnest monies and/or security deposits paid or received by Merging Companies; and
  - vi. all necessary records, files, papers, information, drawings, manuals, data, list of customers and suppliers and other records in connection with or relating to the Merging Companies;
- k. “Promoters” means HM Publishers Holdings Limited, a company organized and existing under the laws of United Kingdom and shall include its affiliates and nominees.
  - l. “Record Date” means the date to be fixed by the Board of Directors of MPIL for the purpose of determining the members of MIL to whom shares of MPIL will be issued and allotted by MPIL in terms of this Scheme.

- m. “Scheme of Arrangement” or “this Scheme” or “Scheme” means this Scheme of Arrangement between MIL, MIPS, Charon and MPIL involving Amalgamation and Demerger on the terms contained herein.
- n. “Transferee Company” means MPIL in the case of Demerger and MIL in the case of Amalgamation.
- o. “Transferor Company(ies)” shall mean MIL in the case of Demerger and Merging Companies in the case of Amalgamation.

## **PART III**

### **AMALGAMATION**

#### **(2). DATE OF TAKING EFFECT**

The Amalgamation of the Transferor Companies into Transferee Company shall come into operation from the Appointed Date but shall only become effective from the Effective Date.

#### **AMALGAMATION OF MIPS AND CHARON INTO MIL**

- (a) The Merging Business of the Merging Companies shall stand transferred to and vested in or be deemed to be transferred to and vested in MIL with effect from the Appointed Date, under the provisions of Sections 391, 392, 394 and all other applicable provisions of the Act and without any further act, instrument or deed to be done by any person, and as a going business concern so as to become as and from the Appointed Date the undertakings of MIL for all intent and purposes.
- (b) Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, other sales tax concessions/exemptions, custom duty benefits/ exemptions, tax holidays, incentives, concessions and other authorizations related to Merged Business, shall stand vested in MIL by the orders of sanction of the Hon’ble Court, MIL shall file the Scheme with the sanction order for the record of the concerned statutory authorities and the same shall be taken as the appropriate permission, approval, consents etc. for MIL pursuant to the sanction orders of the Hon’ble High Court, without any further act, instrument or deed to be done by any person.
- (c) With effect from the Appointed Date, all taxes relating to the Merged Business payable by the Merging Companies including all or any refunds of the claims shall be treated as the tax liability or refunds/claims, as the case may be of MIL pursuant to the sanction orders of the Hon’ble High Court and without any further act, instrument or deed to be done by any person.
- (d) MIL shall be entitled to file or revise the statutory returns and related tax payment certificates and to claim refunds, advance tax credits etc. as may be required in place of Merging Companies consequent to the implementation of the Scheme and pursuant to the sanction orders of the Hon’ble High Court and without any further act, instrument or deed to be done by any person.

- (e) From the Effective Date and till such time as the name of MIL is entered as the account holder in respect of all the bank accounts of the Merging Companies in the relevant banks' books of record, MIL shall be entitled to operate the bank accounts of the Merging Companies pursuant to the sanction orders of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.

## **PART IV DEMERGER**

### **(3). DATE OF TAKING EFFECT**

The Demerger of the Demerged Undertaking into MPIL shall come into operation from the Appointed Date but shall only become effective from the Effective Date.

#### **TRANSFER OF DEMERGED UNDERTAKING**

- (a) The Demerged Undertaking of MIL shall stand transferred to and vested in or be deemed to be transferred to and vested in MPIL with effect from the Appointed Date, under the provisions of Sections 391, 392, 394 and all other applicable provisions of the Act and without any further act, instrument or deed to be done by any person, as a going business concern so as to become as and from the Appointed Date the undertaking of MPIL for all intent and purposes.
- (b) Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, other sales tax concessions/exemptions, custom duty benefits/ exemptions, tax holidays, incentives, concessions and other authorizations related to Demerged Business, shall stand vested in MPIL by the orders of sanction of the Hon'ble Court, MPIL shall file the Scheme with the sanction order for the record of the concerned statutory authorities and the same shall be taken as the appropriate permission, approval, consents etc. for MPIL pursuant to the sanction orders of the Hon'ble High Court, without any further act, instrument or deed to be done by any person.
- (c) With effect from the Appointed Date, all taxes relating to the Demerged Business payable by MIL including all or any refunds of the claims shall be treated as the tax liability or refunds/claims as the case may be of MPIL pursuant to the sanction orders of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.
- (d) MPIL shall be entitled to file or revise the statutory returns and related tax payment certificates and to claim refunds, advance tax credits etc. as may be required in place of MIL consequent to the implementation of the Scheme and pursuant to the sanction orders of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.

- (e) From the Effective Date and till such time as the name of MPIL is entered as the account holder in respect of all the bank accounts of MIL related to Demerged Business in the relevant banks' books of record, MPIL shall be entitled to operate the bank accounts of such Demerged Business, pursuant to the sanction orders of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.

## **PART V**

### **TERMS AND CONDITIONS APPLICABLE TO AMALGAMATION AND DEMERGER**

#### **(4) BUSINESS AND PROPERTY IN TRUST FOR TRANSFeree COMPANY**

As and from the Appointed Date and upto and including the Effective Date:

- (a) The Transferor Company(ies) shall carry on and be deemed to have carried on their respective business and activities and shall stand possessed of all their properties and assets in trust for the Transferee Company and shall account for the same to the Transferee Company.
- (b) Any income or profit accruing or arising to the Transferor Company(ies) and all costs, charges, expenses and losses or taxes (including deferred tax balances, if any) incurred by the Transferor Company(ies) related to their respective business and activities shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes (including deferred tax balances, if any), as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.
- (c) With effect from the Appointed Date, all debts, liabilities, duties and obligations of the business and activities and all liabilities which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Transferee Company.

#### **5. CONDUCT OF BUSINESS**

- (a). Till the Effective Date:
- (i) The Transferor Company(ies) shall carry on their respective business with reasonable diligence and business prudence and in the same manner as it had been doing on the date of approval of the Scheme by the Board of Directors of the Transferor Company. The Transferor Company shall not undertake any new business or a substantial expansion of the existing business which are the subject matter of the Scheme without the prior written consent of the Transferee Company.

- (ii) The Transferor Company(ies) shall not, without the prior written concurrence of the Transferee Company, alienate, charge or encumber any of their properties and assets except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Board of Directors of the Transferor Company(ies), unless prior written consent of the Transferee Company is obtained.
- (iii) The Transferor Company(ies) shall not vary or alter, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Board of Directors of the Transferor Company(ies), the terms and conditions of employment of any of the employees nor shall it conclude any settlement or compromise with its employees, unless prior written consent of the Transferee Company is obtained.
- (iv) The Transferee Company shall be entitled to apply to the Central and/or the State Governments, 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 operate the Business and Undertakings of the Transferor Company(ies).

**(6). LEGAL PROCEEDINGS**

- (a). All legal proceedings of whatsoever nature by or against the Transferor Company(ies) pending and/ or arising at the Appointed Date related to the business or activities of the Transferor Company(ies) shall be continued and/ or enforced until the Effective Date as desired by the Transferee Company and as and from the Effective Date shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company(ies).
- (b) On and from the Effective Date, the Transferee Company shall be entitled to initiate legal proceeding in its name in relation to the business and activities of the Transferor Company(ies) in the same manner and to the same extent as would or might have been initiated by the Transferor Company(ies).

## 7. CONTRACTS AND DEEDS

- (a) Subject to the other provisions of this Scheme, all contracts, deeds, bonds, licenses, agreements, insurance policies and other instruments, if any, of whatsoever nature related to the business and activities of the Transferor Company(ies) to which the Transferor Company(ies) is a party and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Transferee Company and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company(ies), the Transferee Company had been a party thereto.
- (b) The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any agreement, confirmations or novations to which the Transferor Company(ies) has been a party, if necessary, in order to give formal effect to the provisions of this Scheme.

## 8. CAPITAL STRUCTURE BEFORE AND AFTER SCHEME AND STATUS OF SHARES

- a. The capital structure of MIL as at 1.1.2008 is as follows:

	Amount in Rupees
<b>Authorised Share Capital</b>	
20,000,000 Equity Shares of Rs.10 each	200,000,000
<b>Total</b>	<b>200,000,000</b>
<b>Issued, Subscribed and Paid up Share Capital</b>	
16,822,668 Equity shares of Rs.10/- each	168,226,680
<b>Total</b>	<b>168,226,680</b>

The capital structure of MIPS as at 1.1.2008 is as follows:

	Amount in Rupees
<b>Authorised Share Capital</b>	
1,00,000 Equity Shares of Rs.100 each	10,000,000
<b>Total</b>	<b>10,000,000</b>
<b>Issued, Subscribed and Paid up Share Capital</b>	
1,00,000 Equity Shares of Rs.100 each	10,000,000
<b>Total</b>	<b>10,000,000</b>

The capital structure of Charon as at 1.1.2008 is as follows:

	<b>Amount in Rupees</b>
<b>Authorised Share Capital</b>	
600,000 equity shares of Rs. 10 each	6,000,000
<b>Total</b>	<b>6,000,000</b>
<b>Issued, Subscribed and Paid up Share Capital</b>	
600,000 equity shares of Rs. 10 each	6,000,000
<b>Total</b>	<b>6,000,000</b>

The capital structure of MPIL as at 28.05.2008 is as follows:

	<b>Amount in Rupees</b>
<b>Authorised Share Capital</b>	
20,000,000 equity shares of Rs. 10 each	200,000,000
<b>Total</b>	<b>200,000,000</b>
<b>Issued, Subscribed and Paid up Share Capital</b>	
50,000 equity shares of Rs. 10 each	500,000
<b>Total</b>	<b>500,000</b>

- b. Upon the Scheme becoming effective in consideration of the transfer and vesting of the demerged undertaking in MPIL:
- (i) MPIL shall, without any further act or deed, issue and allot on a proportionate basis to each shareholder of MIL whose name is recorded in the register of members of the Transferor Company as on the Record Date for this purpose, One Equity Share of Rs 10/- each in MPIL, credited as fully paid up in the ratio (the “**Entitlement Ratio**”) of One Equity Share in MPIL of Rs 10 each credited as fully paid up for every 1 (One) fully paid up Equity Share of Rs 10 (Rupees Ten ) each held by such member in MIL.
- The equity shares in the capital of MPIL issued to the members of MIL shall rank *pari passu* in all respects, including payment of dividend, with the existing subscribers to the equity shares in MPIL from the Appointed Date.
- c. The shares issued and allotted in MPIL shall not be listed on any stock exchange and shall not have the facility of trading as in the case of shares held in MIL.
- d. The shares held in MIL shall continue to be listed and there shall be no change in respect thereof as a result of the Demerger.

- e. Subject to the relevant approvals and after the Effective Date, the following further steps shall be taken by MIL and MPIL for the implementation of this Scheme:
- (a) The Promoter shall designate a Registrar and Transfer Agent (hereinafter Registrar and Transfer Agent) for the issue of shares in MPIL.
  - (b) The Registrar and Transfer Agent shall issue to the Members of MIL as of the Record Date a written notice informing them that they are entitled to receive equity shares in the Transferee Company in the Entitlement Ratio described in Clause 8 (b) (i) above.
  - (c) The members of MIL shall have the right to exercise either of the following two options on the receipt of the notice from the Registrar and Transfer Agent and within 3 months from the Record Date:
    - (i) notify the Registrar and Transfer Agent that they wish to receive the equity shares that they are entitled to in MPIL, acknowledging that the shares of MPIL shall not be tradable on the stock exchanges as in the case of MIL; or
    - (ii) exercise the right to transfer their entitlement to shares in MPIL to the Promoters, in which case the Promoters shall purchase or cause to be purchased the entitlement of such shareholder and pay the shareholder concerned the value of such share(s) as per the valuation report provided by an independent valuer, PricewaterhouseCoopers Private Limited, which is available for inspection to the members anytime during the business hours at the Registered Office of MIL. In such an event the Promoter shall be the shareholder in MPIL to the extent of the above shares acquired by the Promoters;
  - (d) In the event the shareholder does not exercise either of the options under clause (c) above during the period of 3 months from the Record Date it shall be deemed that such shareholder has exercised the option (ii) under clause (c) above and the Registrar and Transfer Agent shall proceed to implement the option (ii) in clause (c) above and effect the Transfer and assignment of the shares to the Promoters against the remittance of the price to the members concerned to be paid by the Promoters. The Members who receive such payment shall have the option to return the cheque to the Promoters within 60 days together with a letter exercising the option (i) under clause (c) above to the Registrar and Transfer Agent. The Registrar and Transfer Agent shall act in accordance with such option exercised by the shareholder. If the cheque is not returned within 60 days along with the exercise of option, the members shall be deemed to have consented to the sale of their share entitlement in MPIL to the Promoters finally and irrevocably and the purchase of shares by the Promoters shall be final and conclusive.

- (e) The Registrar and Transfer Agent shall be the transfer agent under the Scheme and is Authorised to execute a consolidated transfer deed on behalf of the members opting for transferring their shares in favour of Promoters for cash consideration as mentioned in clause (c) (ii) above or who shall be deemed to have agreed to transfer the share entitlement in MPIL under clause (d) above. The Promoters shall bear the stamp duty and other expenses related to the above transfer of shares.
- (f) Subject to the above MPIL shall cause to be issued share certificates to the Members of MIL who are to be issued and allotted shares in MPIL in terms of this Scheme.

## **9. GENERAL PROVISIONS**

- (a) The Companies namely MIL, MIPS, Charon and MPIL shall, with all reasonable dispatch, make applications to the Hon'ble High Court under Section 391, and other applicable provisions of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the classes of their respective members and/or creditors and for sanctioning the Scheme with such modifications as may be approved by the Hon'ble High Court.
- (b) On the Scheme being agreed to by the requisite majorities of the classes of the members and/or creditors as may be directed by the Hon'ble High Court, the Transferor Companies and the Transferee Company shall, with all reasonable dispatch, apply to the Hon'ble High Court, for sanctioning the Scheme under Sections 391 to 394 and other applicable provisions of the Act, and for such other order or orders, as the Hon'ble High Court may deem fit for carrying this Scheme into effect and for dissolution of MIPS and Charon without winding-up.
- (c) Each of the Transferor Company(ies) and the Transferee Company (acting through their respective Boards of Directors) may assent to any modifications or amendments to this Scheme including those which the Hon'ble High Court, the shareholders and/or creditors of the Transferor Company and/or Transferee Company and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise in relation to the Scheme or its implementation and/or carrying out the Scheme.
- (d) In the event that any modification or amendment to this Scheme is unacceptable to the respective Boards of Directors of Transferor Company(ies) and Transferee Company for any reason whatsoever, the Transferor Company(ies) and/or Transferee Company shall be entitled to withdraw from this Scheme
- (e) Each of the Transferor Company(ies) and the Transferee Company (acting through their respective Board of Directors) be and is hereby authorised to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to this Scheme.

- (f) MIL shall, upon the Scheme becoming effective, record the assets and liabilities of the Merged Business vested in it pursuant to this Scheme, at the respective values thereof as appearing in the books of MIPS and Charon without revaluation. The excess, if any, of the value of the assets over the value of the liabilities of the Merged Business pursuant to this Scheme, shall after accounting for the cancellation of share capital in respective transferor companies held by MIL, be recorded as and credited to the general reserve account in the books of MIL.
- (g) MPIL shall, upon the Scheme becoming effective, record the assets and liabilities of the Demerged Undertaking vested in it pursuant to this Scheme, at the respective values thereof as appearing in the books of MIL without revaluation and in accordance with Section 2(19AA) and other applicable provisions of the Income Tax Act, 1961. The excess, if any, of the value of the assets over the value of the liabilities of the Demerged Business pursuant to this Scheme, shall after accounting for the issue of capital at par, be recorded as and credited to the general reserve account in the books of MPIL.
- (h) MIL shall deduct the book values of the assets and liabilities pertaining to the Demerged Undertaking that are vested in MPIL by adjusting any difference between them against the general reserves of MIL.
- (i) Upon the Scheme becoming effective, the balance sheets of MIL and MPIL shall be as provided in the reference balance sheets of MIL and MPIL as attached to this Scheme shall be appropriately made giving effect to the Scheme.
- (j) All past, present and future costs, charges, levies, duties (including any stamp duty) and expenses related to or in connection with this Scheme or its implementation shall be shared equally by the Transferor Company(ies) and Transferee Company.

#### **10. STAFF, WORKMEN AND EMPLOYEES**

- (a) On the Scheme becoming effective, all staff, workmen and employees of MIPS and Charon in their service on the day immediately preceding the Effective Date shall be deemed to have become staff, workmen and employees of MIL with effect from the Effective Date without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with MIL shall not be less favourable than those applicable to them with reference to MIPS and Charon immediately prior to such date.
- (b) On the Scheme becoming effective, all staff, workmen and employees of MIL related to Publishing business in service on the day immediately preceding the Effective Date shall be deemed to have become staff, workmen and employees of MPIL with effect from the Effective Date without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with MPIL shall not be less favourable than those applicable to them with reference to MIL immediately prior to such date.

- (c) It is expressly provided that, in so far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund created or existing for the benefit of the staff, workmen and employees of the Demerged Undertaking are concerned including all arrangements in relation to such Fund or Funds, upon the Scheme coming into effect, MPIL shall stand substituted for MIL for all purposes whatsoever. All rights, duties, powers and obligations of MIL in relation to such Fund or Funds shall become those of MPIL but all the rights, duties and benefits of the employees employed in different business divisions of MIL under such Funds and Trusts shall be protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of MIL transferred to MPIL shall be treated as having been continuous for the purpose of the said Fund or Funds.

#### **11. CONDITIONALITY OF SCHEME**

- (a) The Scheme is conditional upon and subject to being approved by the Hon'ble High Court.
- (b) This Scheme, although to come into operation from the Appointed Date, shall not become effective until the date on which all necessary certified copies of Orders are duly filed with the Registrar of Companies, Madras by the Transferor Company(ies) and Transferee Company.

#### **12. WHEN SCHEME TO BECOME NULL AND VOID**

In the event of any sanction of the Hon'ble High Court referred to in Clause 11 of this Scheme not being obtained and/or the certified copies of the orders referred to in Clause 11 above respectively not being filed as aforesaid on or before 30<sup>th</sup> June 2009 or within such further period or periods as may be agreed upon between the Transferor Company(ies) by its Board and the Transferee Company by its Board or the Transferor Company(ies) and/or the Transferee Company withdrawing from this Scheme pursuant to Clause 9 (d) of Part V above, this Scheme shall become null and void and in such an event no rights or liabilities whatsoever shall accrue to or be incurred interse the Transferor Company(ies) and the Transferee Company under the Scheme.

**IN THE HIGH COURT OF JUDICATURE AT MADRAS**

**(ORDINARY ORIGINAL CIVIL JURISDICTION)**

**COMPANY APPLICATION No. 1879 OF 2008**

IN THE MATTER OF THE COMPANIES ACT, 1956  
AND  
IN THE MATTER OF SECTIONS 391 TO 394 OF THE COMPANIES  
ACT, 1956  
AND  
IN THE MATTER OF SCHEME OF ARRANGEMENT INVOLVING  
(A) AMALGAMATION OF MACMILLAN-ICC PUBLISHING  
SOLUTIONS (PRIVATE) LIMITED AND CHARON TEC. LIMITED  
WITH MACMILLAN INDIA LIMITED & (B) DEMERGER OF  
PUBLISHING BUSINESS UNDERTAKING AND BUSINESS OF  
MACMILLAN INDIA LIMITED INTO MACMILLAN PUBLISHERS  
INDIA LIMITED

**MACMILLAN INDIA LIMITED,**

a Company incorporated under  
the Companies Act, 1956 having its registered  
office at 21, Patullos Road, Chennai – 600 002  
Represented by its Company Secretary  
Mr.S.M.Krishnan

.....**APPLICANT**

**FORM OF PROXY**

I/We, the undersigned, as equity shareholder/s of the above company do hereby appoint  
Mr./Mrs./Ms. \_\_\_\_\_ and failing him/her  
Mr./Mrs./Ms . \_\_\_\_\_ as my/our proxy,  
to act for me/us at the meeting of equity shareholders to be held at Hotel Palmgrove, No. 5, Kodambakkam High  
Road, Chennai – 600 034, on Saturday the 2nd August 2008 at 3 PM for the purpose of considering and, if thought  
fit, approving with or without modification(s), the Scheme of Arrangement proposed to be entered into between the  
said Applicant Company and its share holders and Macmillan-ICC Publishing Solutions (Private) Limited and  
Charon Tec. Limited and Macmillan Publishers India Limited and at such meeting and any adjournment thereof, to  
vote for me/us and in my/our name \_\_\_\_\_ (here, if for,  
insert for, if against, insert against and in the latter case strike out the words below after scheme ) the said scheme  
either with or without modification as my/our proxy may approve.

Dated this the \_\_\_\_\_ day of \_\_\_\_\_ 2008.

SIGNATURE:

NAME

ADDRESS

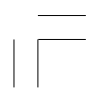


Re.1 stamp to be affixed.

LEDGER FOLIO No.

Note: 1) All alterations made in the form of proxy should be initialled.

2) Proxy should be deposited at the Registered Office of the company not later than 48 hours before the meeting.



## Macmillan India Limited

Registered Office: 21, Patullos Road, Chennai – 600 002

### ATTENDANCE SLIP

Regd. Folio No.

No.of shares:

I/We certify that I/we/am/are Registered Equity shareholder/Proxy for the Registered Equity Shareholder of the Company. I/We hereby record my/our presence at the Extraordinary General Meeting of the company on 02.08.2008 at Hotel Palmgrove, No. 5, Kodambakkam High Road, Chennai – 600 034



Member's/Proxy's name  
in Block letters

Member's/proxy's  
signature

Note: Please fill in this attendance slip and hand it over at the entrance of the Hall.