

COMPOSITE SCHEME OF ARRANGEMENT

AMONGST

SUNDARAM - CLAYTON LIMITED

AND

TVS HOLDINGS PRIVATE LIMITED

AND

VS INVESTMENTS PRIVATE LIMITED

AND

SUNDARAM - CLAYTON DCD LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013**

For Sundaram-Clayton Limited


R Raja Prakash
Company Secretary

For TVS Holdings Private Limited


Dev Kishan P D
Company Secretary

For VS Investments Private Limited


Director

For Sundaram - Clayton DCD Limited


Director

A. PREAMBLE

1. This Scheme (*as defined hereinafter*) is presented under Sections 230 to 232 and other applicable provisions of the Act (*as defined hereinafter*) read with Section 2(1B), Section 2(19AA) and other applicable provisions of the Income Tax Act (*as defined hereinafter*) and provides for the following:
 - (i) issue of Preference Shares of SCL (*as defined hereinafter*) by way of bonus to the shareholders of SCL (*as defined hereinafter*) by utilising the general reserves/ retained earnings;
 - (ii) the amalgamation of the Transferor Company 1 (*as defined hereinafter*) with the Transferee Company (*as defined hereinafter*) and cancellation of the share capital of the Transferee Company held by the Transferor Company 1 and the consideration thereof;
 - (iii) the amalgamation of the Transferor Company 2 (*as defined hereinafter*) with the Transferee Company and cancellation of the share capital of the Transferee Company held by the Transferor Company 2 and the consideration thereof; and
 - (iv) the demerger, transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company (*as defined hereinafter*) into the Resulting Company (*as defined hereinafter*) on a *going concern* basis, reduction and cancellation of the paid-up share capital of the Resulting Company held by the Demerged Company and the consequent issue of shares of the Resulting Company by the Resulting Company to the shareholders of the Demerged Company.
2. This Scheme also provides for various other matters consequent and incidental thereto.

B. BACKGROUND OF THE COMPANIES

- (i) **Sundaram - Clayton Limited** ("Transferee Company" or "Demerged Company" or "SCL") is a public company incorporated under the provisions of the Companies Act, 1956. SCL is engaged, *inter alia*, in the business of manufacturing non-ferrous gravity and pressure die castings and has four manufacturing plants located in Tamil Nadu, group management services' business and business of manufacturing and distributing two & three wheeler vehicles through TVS Motor Company Limited. The equity shares of SCL are listed on BSE Limited and the National Stock Exchange of India Limited. SCL is a subsidiary of the Transferor Company 1. The non-convertible debentures of SCL are listed on the National Stock Exchange of India Limited.
- (ii) **TVS Holdings Private Limited** ("Transferor Company 1") is a private company incorporated under the provisions of the Act. The Transferor Company 1 is engaged in the business of making and holding investments and trading in automobile spare parts.
- (iii) **VS Investments Private Limited** ("Transferor Company 2") is a private company incorporated under the provisions of the Act. The Transferor Company 2 is engaged in the business *inter alia* of making and holding investments and trading in raw materials and components relating to automobiles.



- (iv) **Sundaram - Clayton DCD Limited ("Resulting Company")** is a public company incorporated under the provisions of the Act. The Resulting Company is incorporated to carry on the business of manufacturing non-ferrous gravity and pressure die castings. The Resulting Company is a wholly owned subsidiary of SCL.

C. RATIONALE FOR THIS SCHEME

- (i) SCL has built up substantial surplus reserves, over the years from its retained profits. The surplus reserves are well above SCL's current and likely future business needs. Further, barring unforeseen circumstances, SCL is confident of generating incremental cash over the next few years. Overall reserves position is expected to improve further even after considering cash requirements for SCL's capex programme and working capital requirements.
- (ii) Further, upon taking into consideration SCL's capability to generate strong cash flow and the surplus reserves being more than what is needed to fund SCL's future growth, SCL is of the view that these excess funds can be optimally utilized to reward its shareholders in such difficult and unprecedented times by way of distribution.
- (iii) At the same time, in keeping with SCL's tradition of conventional cash management and being mindful of the challenging business environment, SCL is of the view that it would be prudent to retain liquidity as well. Accordingly, SCL has proposed, *inter alia*, to distribute such funds amongst its shareholders by issuing fully paid up non-convertible redeemable preference shares by way of bonus in terms of this Scheme.
- (iv) Non-convertible redeemable preference shares, while giving near-cash (traded, encashable) instrument in the hands of shareholders, give increased flexibility to SCL in managing its liquidity through options like buy back, redemptions, etc.
- (v) In view of the aforesaid factors, SCL has concluded that it can optimally utilize its surplus reserves by distributing a considerable portion of the same to the equity shareholders. In order to maintain high level of corporate governance and transparency, SCL proposes issuance of preference shares by way of bonus under Section 230 of the Act which will be subject to necessary statutory, regulatory and corporate approvals.
- (vi) As part of the restructuring exercise, it is proposed to consolidate all the resources of the Transferor Companies with the Transferee Company. The said amalgamation will result in the following benefits:
- (a) Streamline the promoter holding structure;
- (b) Optimal utilisation of resources and better corporate governance; and
- (c) Reduction of administrative responsibilities, multiplicity of records and legal and regulatory compliances.
- (vii) Given its diversified business, it has become imperative for the Demerged Company to reorient and reorganize itself in a manner that allows imparting greater focus on each of its businesses. With this repositioning, the Demerged Company is desirous of enhancing its operational efficiency.



- (viii) The Scheme proposes to reorganise, segregate and demerge the Demerged Undertaking comprising of manufacturing non-ferrous gravity and pressure die castings from Demerged Company into the Resulting Company and the Demerged Company will be left with group management services' business, trading business and manufacturing of two & three wheeler vehicles through TVS Motor Company Limited.
- (ix) The proposed demerger pursuant to this Scheme is expected, *inter alia*, to result in following benefits:
 - (a) segregation and unbundling of the businesses of the Demerged Company into the Resulting Company, which will enable enhanced focus on the Demerged Company and Resulting Company for exploiting opportunities of each of the said companies;
 - (b) unlocking of value for the shareholders of the Demerged Company, attracting investors and providing better flexibility in accessing capital, focused strategy and specialisation for sustained growth;
 - (c) logistics alignment leading to economies of scale for the Resulting Company and creation of sectoral efficiencies and benefitting stakeholders as well as optimization of operation and capital expenditure; and
 - (d) enhancing competitive strength, achieving cost optimisation, ensuring benefits through focused management of the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Resulting Company and the Demerged Company thereby significantly contributing to future growth and maximizing shareholders' value.

The proposed restructuring is in the interest of the shareholders, creditors, employees, and other stakeholders in each of the companies.

D. PARTS OF THIS SCHEME

This Scheme is divided into the following parts:

- (i) **PART I** deals with the definitions, share capital and date of taking effect and implementation of this Scheme;
- (ii) **PART II** deals with the issue of Preference Shares of SCL by way of bonus;
- (iii) **PART III** deals with the amalgamation of the Transferor Company 1 with the Transferee Company and cancellation of the share capital of the Transferee Company held by the Transferor Company 1 and the consideration thereof;
- (iv) **PART IV** deals with the amalgamation of the Transferor Company 2 with the Transferee Company and cancellation of the share capital of the Transferee Company held by the Transferor Company 2 and the consideration thereof;



- (v) **PART V** deals with the transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company, reduction and cancellation of the existing equity share capital of the Resulting Company held by the Demerged Company and the consideration thereof; and
- (vi) **PART VI** deals with the general terms and conditions that would be applicable to this Scheme.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

- 1.1 In this Scheme, unless inconsistent with the subject or context thereof (a) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; (b) all terms and words not defined in this Scheme shall have the meaning ascribed to them under the relevant Applicable Law (as defined hereinafter); and (c) the following expressions shall have the meanings ascribed hereunder:

"Act" means the Companies Act, 2013;

"Appointed Date 1" means the Effective Date 1 or such other date as may be decided by the Board of the Parties;

"Appointed Date 2" means the Effective Date 2 or such other date as may be decided by the Board of the Parties;

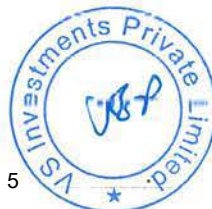
"Appointed Date 3" means the Effective Date 3 or such other date as may be decided by the Board of the Parties;

"Appointed Date 4" means the Effective Date 4 or such other date as may be decided by the Board of the Parties;

"Applicable Law" means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Parties; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties as may be in force from time to time;

"Appropriate Authority" means:

- (a) the government of any jurisdiction (including any central, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
- (b) any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities;



- (c) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation), SEBI, the Tribunal; and
- (d) Stock Exchanges.

"Board" in relation to each of the Parties, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto;

"Business Day" shall mean any day except Saturday or Sunday on which the banks in Chennai and Mumbai are open for business;

"Demerged Undertaking" shall mean entire Manufacturing Business of the Demerged Company, as on the Appointed Date 4, and shall include (without limitation):

- (a) all assets and properties, including all movable or immovable, freehold, leasehold or licensed, tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, and associated capital costs, security deposits, capital work in progress, easmentary rights, rights of way, plant and machinery, furniture, fixtures, office equipment, appliances, accessories, vehicles, investments (in associates, joint ventures, subsidiaries, etc) including investments in Sundaram Holding USA Inc, all stocks, sundry debtors, deposits, provisions, advances, recoverables, receivables, accumulated losses as well as unabsorbed depreciation as per books as well as per Income Tax Act, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, security deposits, or other entitlements, funds of the Demerged Company pertaining to the Manufacturing Business, all import quotas and other quota rights, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever and all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Demerged Company pertaining to the Manufacturing Business;
- (b) all debts (including debentures), cash flow hedge reserves, liabilities, whether fixed or contingent, matured or unmatured, including indebtedness, employee related, pension, tax and environmental liabilities, of the Demerged Company pertaining to the Manufacturing Business;
- (c) all contracts, agreements, schemes, arrangements and any other instruments for the purpose of carrying of the Demerged Company pertaining to the Manufacturing Business;
- (d) all refunds, reimbursements, claims, concessions, exemptions, benefits including sales tax deferrals, income tax deducted/ collected at source, goods and service tax



credit, minimum alternate tax credit, deductions and benefits under the relevant Law or any other taxation statute with pertaining to the Manufacturing Business;

- (e) all Permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, pertaining to the Manufacturing Business;
- (f) entire experience, credentials, past record and market share of the Demerged Company pertaining to the Manufacturing Business;
- (g) all intellectual property and intellectual property rights (including any applications for the same) of any nature whatsoever, including patents, copyrights, designs, goodwill which includes the positive reputation, all books, records, files, papers, engineering and process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or pertaining to Manufacturing Business;
- (h) Trade marks, service names, service marks, used exclusively in relation to the Manufacturing Business; and
- (i) all employees (including Joint Managing Director) and contract workers employed exclusively in the conduct of the Manufacturing Business.

It is clarified that the question of whether a specified asset, liability or employee pertains to the Demerged Undertaking or arises out of the activities or operations of Demerged Undertaking shall be decided by the Board of the Demerged Company.

"Effective Date 1" means the date on which last of the conditions specified in Clause 37 (Conditions Precedent) of this Scheme are complied with or waived, as applicable;

"Effective Date 2" means the 1st (first) Business Day after receipt of approval of the Stock Exchanges for the listing and trading Preference Shares of SCL issued in terms of Clause 4 of this Scheme;

"Effective Date 3" means the 5th (fifth) Business Day after receipt of approval of the Stock Exchanges for the listing and trading Preference Shares of SCL and equity shares issued in terms of Clause 10 of this Scheme;

"Effective Date 4" means the 5th (fifth) Business Day after the Effective Date 3;

"Encumbrance" means (a) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (b) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or (c) any equity, assignments hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (d) any agreement to create any of the above; the term **"Encumber"** shall be construed accordingly;



"INR" means Indian Rupee, the lawful currency of the Republic of India;

"Income Tax Act" means the Income-tax act, 1961 as may be amended or supplemented from time to time and shall include any statutory replacement or re-enactment thereof, read together with all applicable by-laws, rules, regulations, orders, ordinances, policies, directions, supplements issued thereunder;

"Manufacturing Business" means the entire business of manufacturing non-ferrous gravity and pressure die castings of the Demerged Company;

"Parties" shall mean collectively the Transferor Companies, SCL or the Demerged Company or the Transferee Company and the Resulting Company and **"Party"** shall mean each of them, individually;

"Permits" means all consents, licences, permits, certificates, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory or otherwise as required under Applicable Law, excluding, trade marks, service names, service marks;

"Person" means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

"Preference Shares of SCL" means 9% cumulative non-convertible redeemable preference shares of INR 10 each to be issued by SCL by way of bonus to its equity shareholders as on Record Date 1, pursuant to Part II of this Scheme, and issued to shareholders of the Transferor Company 1, pursuant to Part III of this Scheme, the principal terms and conditions for which have been set out in **Schedule 1** to this Scheme;

"Preference Shares of the Resulting Company" means 0.1% cumulative non-convertible redeemable preference shares of INR 10 each to be issued by the Resulting Company in consideration for demerger of Demerged Undertaking to holders of Preference Shares of SCL as on Record Date 2, pursuant to Part V of this Scheme, the principal terms and conditions for which have been set out in **Schedule 2** to this Scheme;

"Record Date 1" means such date as may be fixed by the Board of SCL, after Effective Date 1, to determine the eligibility of shareholders of SCL to receive the Preference Shares of SCL, pursuant to Part II of this Scheme;

"Record Date 2" means the date to be fixed by the Board of SCL, after Effective Date 4, in consultation with the Resulting Company for the purpose of determining the shareholders of the Demerged Company for issue of the equity shares and Preference Shares of the Resulting Company, pursuant to Part V of this Scheme;

"Remaining Business" means all of the businesses, units, divisions, undertakings, and assets and liabilities of the Demerged Company including in particular group management services' business, trading business and manufacturing of two & three wheeler vehicles through TVS Motor Company Limited, other than the Demerged Undertaking;

"Resulting Company" means Sundaram - Clayton DCD Limited, a company incorporated under the provisions of the Act and having its corporate identity number U51100TN2017PLC118316



and registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai - 600006, Tamil Nadu;

"RoC" means the Registrar of Companies having jurisdiction over the Parties;

"Scheme" means this composite scheme of arrangement, with or without any modification(s);

"SEBI" means the Securities and Exchange Board of India;

"SEBI Circular" means the circular issued by the SEBI, being SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, and any amendments thereof, modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

"SEBI LODR Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any amendments thereof;

"SCL" or "Demerged Company" or "Transferee Company" means Sundaram - Clayton Limited, a public company incorporated under the provisions of the Companies Act, 1956 and having its corporate identity number L35999TN1962PLC004792 and registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai - 600006, Tamil Nadu;

"Stock Exchanges" means BSE Limited and National Stock Exchange of India Limited, collectively;

"Taxation" or "Tax" or "Taxes" includes all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions, taxes under the Income Tax Act and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of tax, whether by way of deduction or collection at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Parties or any other Person and all penalties, charges, costs and interest relating thereto;

"Tax Laws" means all applicable laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, excise duty, customs duty or any other levy of similar nature;

"Transferor Company 1" means TVS Holdings Private Limited (formerly known as TVS Investments and Holdings Private Limited), a private company incorporated under the provisions of the Act, having its corporate identity number U74999TN2018PTC121693 and registered office at "Chaitanya", No 12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006, Tamil Nadu;

"Transferor Company 2" means VS Investments Private Limited, a private company incorporated under the provisions of the Act, having its corporate identity number U51100TN2021PTC146623 and registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai - 600006, Tamil Nadu;

"Transferor Companies" means the Transferor Company 1 and the Transferor Company 2, collectively; and



"Tribunal" means the Chennai bench of the National Company Law Tribunal.

1.2 In this Scheme, unless the context otherwise requires:

1.2.1 words denoting the singular shall include the plural and *vice versa*;

1.2.2 headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are for information and convenience only and shall be ignored in construing the same; and

1.2.3 the words "include" and "including" are to be construed without limitation.

2. SHARE CAPITAL

2.1 The share capital of SCL as on 31 January 2022 is as follows:

Particulars	INR
Authorised Share Capital	
5,00,00,000 equity shares of INR 5 each	25,00,00,000
Total	25,00,00,000
Issued, Subscribed and Paidup Capital	
2,02,32,085 equity shares of INR 5 each	10,11,60,425
Total	10,11,60,425

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of SCL till the date of approval of the Scheme by the Board of SCL.

2.2 The share capital of the Transferor Company 1 as on 31 January 2022 is as follows:

Particulars	INR
Authorised Share Capital	
21,00,00,000 equity shares of INR 1 each	21,00,00,000
Total	21,00,00,000
Issued, Subscribed and Paid Up Capital	
20,00,00,000 equity shares of INR 1 each	20,00,00,000
Total	20,00,00,000

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company 1 till the date of approval of the Scheme by the Board of the Transferor Company 1.

2.3 The share capital of the Transferor Company 2 as on 31 January 2022 is as follows:

Particulars	INR
Authorised Share Capital	
10,00,000 equity shares of INR 1 each	10,00,000
Total	10,00,000
Issued, Subscribed and Paid Up Capital	
1,00,000 equity shares of INR 1 each	1,00,000
Total	1,00,000



Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company 2 till the date of approval of the Scheme by the Board of the Transferor Company 2.

- 2.4 The share capital of the Resulting Company as on 31 January 2022 is as follows:

Particulars	INR
Authorised Share Capital	
2,500 equity shares of INR 10 each	25,000
Total	25,000
Issued, Subscribed and Paid Up Capital	
2,500 equity shares of INR 10 each	25,000
Total	25,000

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company till the date of approval of the Scheme by the Board of the Resulting Company.

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

- 3.1 This Scheme set out herein in its present form or with any modification(s) and amendment(s) made under Clause 36 of this Scheme duly approved or imposed or directed by the Tribunal shall be effective and operative as under:

- 3.1.1 Part II of the Scheme shall be operative and effective from the Appointed Date 1;
- 3.1.2 Part III of the Scheme shall be operative and effective from the Appointed Date 2;
- 3.1.3 Part IV of the Scheme shall be operative and effective from the Appointed Date 3; and
- 3.1.4 Part V of the Scheme shall be operative and effective from the Appointed Date 4.

PART II

ISSUE OF PREFERENCE SHARES OF SCL BY WAY OF BONUS

4. ISSUE OF PREFERENCE SHARES OF SCL BY WAY OF BONUS

- 4.1 Upon the effectiveness of Part II of the Scheme, SCL shall issue and allot Preference Shares of SCL by way of bonus, to each equity shareholder whose name is recorded in the register of members of SCL and/or the records of the depository(ies) as equity shareholder of SCL on the Record Date 1, by utilizing its general reserves/ retained earnings, 116 Preference Shares of SCL of face value of INR 10 each fully paid up for every 1 equity share of INR 5 each fully paid up held by such equity shareholder.
- 4.2 The issue and allotment of Preference Shares of SCL, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of SCL or their shareholders and as if the procedure laid down under the Act and such other Applicable Law(s) as may be applicable were duly complied with.



It is clarified that the approval of the members of SCL to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of Preference Shares of SCL.

- 4.3 Subject to the Applicable Law, the Preference Shares of SCL that are to be issued in terms of this Scheme shall be issued in dematerialised form. The register of members maintained by SCL and/ or, other relevant records, whether in physical or electronic form, maintained by SCL, the relevant depository and registrar and transfer agent in terms of Applicable Law(s) shall (as deemed necessary by the Board of SCL) be updated to reflect the issue of Preference Shares of SCL in terms of this Scheme. The shareholders of SCL who hold equity shares in physical form, should provide the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required, to SCL, prior to the Record Date 1 to enable it to issue the Preference Shares of SCL.

However, if no such details have been provided to SCL by the equity shareholders holding equity shares in physical share certificates on or before the Record Date 1, SCL shall deal with the relevant Preference Shares of SCL in such manner as may be permissible under the Applicable Law, including by way of issuing the corresponding Preference Shares of SCL in dematerialised form to a trustee nominated by the Board of SCL ("**Trustee of SCL**") who shall hold these Preference Shares of SCL in trust for the benefit of such shareholder. The Preference Shares of SCL held by the Trustee of SCL for the benefit of the shareholder shall be transferred to the respective shareholder once such shareholder provides details of his/her/its demat account to the Trustee of SCL, along with such other documents as may be required by the Trustee of SCL. The respective shareholders shall have all the rights that of the preference shareholders of SCL, including the right to receive dividend and other corporate benefits, pending the transfer of Preference Shares of SCL from the Trustee of SCL. All costs and expenses incurred in this respect shall be borne by SCL.

- 4.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of SCL, the Board of SCL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date 1, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date 1, in order to remove any difficulties arising to the transferor or transferee of equity shares of SCL or Preference Shares of SCL, after the effectiveness of Part II of this Scheme.
- 4.5 No Preference Shares of SCL will be issued under this Scheme in respect of any equity shares of SCL that have been forfeited. The issuance of Preference Shares of SCL pursuant to this Scheme in respect of any equity shares of SCL which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by SCL.
- 4.6 The equity shares of SCL lying in 'Unclaimed Suspense Account' shall also be eligible for issuance of Preference Shares of SCL and such Preference Shares of SCL shall be dealt with in the same manner as said equity shares lying in the said Unclaimed Suspense Account. The Preference Shares of SCL to be issued by SCL *in lieu* of the equity shares of SCL held in the investor education protection fund shall be issued to investor education protection fund in favour of such shareholders of SCL.
- 4.7 In the event, SCL restructures its equity share capital by way of share split / consolidation / issue of bonus shares / any other manner during the pendency of the Scheme, the share



entitlement ratio, as per Clause 4.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions.

- 4.8 The issue of such a bonus to equity shareholders does not involve any release of assets by SCL to shareholders at the time of issuance of Preference Shares of SCL by way of bonus.
- 4.9 SCL shall apply for listing of Preference Shares of SCL on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The Preference Shares of SCL, issued pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange.
- 4.10 SCL shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

5. ACCOUNTING TREATMENT

Upon Part II of this Scheme coming into effect and with effect from Appointed Date 1, SCL shall account for issue and allotment of Preference Shares of SCL in its books of account in the following manner:

- 5.1 SCL shall credit its share capital account in its books of account with the aggregate face value of the Preference Shares of SCL issued by way of bonus pursuant to Clause 4.1 of this Scheme, to the equity shareholder whose name is recorded in the register of members of SCL and/or the records of the depository(ies) as equity shareholder of SCL on the Record Date 1; and
- 5.2 SCL shall debit its general reserves and/ or retained earnings in its books of account with the aggregate face value of the Preference Shares of SCL issued pursuant to Clause 4.1 of this Scheme to the equity shareholder whose name is recorded in the register of members of SCL and/or the records of the depository(ies) as equity shareholder of SCL on the Record Date 1.

PART III

AMALGAMATION OF TRANSFEROR COMPANY 1 WITH TRANSFeree COMPANY

6. AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE BUSINESS OF THE TRANSFEROR COMPANY 1

- 6.1 Upon effectiveness of Part III of this Scheme and with effect from the Appointed Date 2 and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(1B) of the Income Tax Act, the Transferor Company 1 shall stand transferred to and vested in the Transferee Company as a going concern and accordingly, all assets, Permits, contracts, liabilities, loan, debentures, duties and obligations of the Transferor Company 1 shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date 2, the assets, Permits, contracts, liabilities, loan, debentures, duties and obligations of the Transferee Company by virtue of operation of law, and in the manner provided in this Scheme.
- 6.2 Upon effectiveness of Part III of this Scheme and with effect from the Appointed Date 2, without prejudice to the generality of the provisions of Clause 6.1 above, the manner of



transfer and vesting of assets and liabilities of the Transferor Company 1 under this Scheme, is as follows:

- 6.2.1 In respect of such of the assets and properties of the Transferor Company 1 which are movable in nature (including but not limited to all intangible assets, brands, trademarks of the Transferor Company 1, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature) or are otherwise capable of transfer by delivery or possession or by endorsement, shall stand transferred upon the Scheme coming into effect and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Transferee Company without requiring any deed or instrument of conveyance for transfer of the same. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested, and title to the property shall be deemed to have been transferred accordingly;
- 6.2.2 With respect to the assets of the Transferor Company 1, other than those referred to in Clause 6.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other persons, whether or not the same is held in the name of the Transferor Company 1 shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company, with effect from the Appointed Date 2, by operation of law as transmission or as the case may be in favour of Transferee Company;
- 6.2.3 All debts, liabilities, duties and obligations of the Transferor Company 1 shall, without any further act, instrument or deed be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Transferee Company, so as to become on and from the Appointed Date 2, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company 1, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 6;
- 6.2.4 On and from the Effective Date 2 and till such time that the bank accounts of the Transferor Company 1 have been transferred in favour of the Transferee Company or the Transferor Company 1's name has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company 1 in the name of the Transferor Company 1 and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments (including but not limited to bank guarantee(s), letter(s) of credit), payment orders received or presented for encashment which are in the name of the Transferor Company 1 after the Effective Date 2 shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company;



- 6.2.5 Unless otherwise agreed between the Parties, the vesting of all the assets of the Transferor Company 1, as aforesaid, shall be along with 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 1 or part thereof on or over which they are subsisting prior to the amalgamation of the Transferor Company 1 with the Transferee Company, and no such Encumbrances shall extend over or apply to any other asset(s) of the Transferee Company;
- 6.2.6 Unless otherwise stated in this Scheme, all Permits, including the benefits attached thereto of the Transferor Company 1, shall be transferred to the Transferee Company from the Appointed Date 2, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company to carry on the operations of the Transferor Company 1 without any hindrance, whatsoever;
- 6.2.7 Without prejudice to the provisions as stated above, all trade and service names and marks, patents, copyrights, designs, goodwill which includes the positive reputation that the Transferor Company 1 were enjoying to retain its clients, statutory licenses, infrastructural advantages, overall increase in market share, customer base, skilled employees, business claims, business information, business contracts, trade style and name, marketing and distribution channels, marketing or other commercial rights, customer relationship, trade secrets, information on consumption pattern or habits of the consumers in the territory, technical know-how, client records, KYC (know your customer) records/ POAs (power of attorney), authorisations, client details and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company 1 shall be transferred to the Transferee Company from the Appointed Date 2, without any further act, instrument or deed;
- 6.2.8 All contracts where the Transferor Company 1 is a party, shall stand transferred to and vested in the Transferee Company pursuant to Part III of this Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer and vesting shall not affect the operation of the foregoing sentence. The Transferee Company shall, wherever necessary, enter into and/ or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause;

Provided that, upon this Scheme coming into effect, all inter-company transactions including loans, contracts executed or entered into by or *inter se* between the Transferor Company 1 and the Transferee Company, if any, shall stand cancelled with



effect from the Effective Date 2 and neither the Transferor Company 1 and/or Transferee Company shall have any obligation or liability against the other party in relation thereto; and

- 6.2.9 Without prejudice to the provisions of the foregoing sub-clauses of Clause 6.2, the Parties may execute any and all instruments or documents and do all acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme. Any procedural requirements required to be fulfilled solely by the Transferor Company 1, shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company 1. The Transferee Company shall take such actions as may be necessary and permissible to get the assets, Permits and contracts of the Transferor Company 1 transferred and/ or registered in its name.

7. EMPLOYEES

- 7.1 With effect from the Effective Date 2, all employees of the Transferor Company 1 shall become employees of the Transferee Company, without any interruption in service, all employees of the Transferor Company 1 on terms and conditions no less favourable than those on which they are engaged by the Transferor Company 1. The Transferee Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company 1 with any Persons in relation to the employees of the Transferor Company 1. The Transferee Company agrees that the services of all such employees with the Transferor Company 1 prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.
- 7.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Transferee Company and/ or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Transferee Company.

8. LEGAL PROCEEDINGS

With effect from the Effective Date 2, if any suit, cause of action, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatsoever nature by or against the Transferor Company 1 pending on the Effective Date 2, the same shall not abate, be discontinued or be in any way prejudicially affected by anything contained in this Scheme, but such proceedings of the Transferor Company 1 may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company 1 as if this Scheme had not been made. On and from the Effective Date 2, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company 1.



9. TAXES/ DUTIES/ CESS

Upon the effectiveness of Part III of this Scheme and with effect from the Appointed Date 2, by operation of law pursuant to the order of the Authority:

- 9.1 All the profits or income taxes (including but not limited to advance tax, tax deducted at source, tax collected at source, foreign tax credits, dividend distribution tax, minimum alternate tax credit, any credit for dividend distribution tax on dividend received by the Transferor Company 1), all input credit balances (including but not limited to CENVAT/ MODVAT, sales tax, applicable excise and customs duties, SGST, IGST and CGST credits under the goods and service tax laws) or any costs, charges, expenditure accruing to the Transferor Company 1 in India and abroad or expenditure or losses arising or incurred or suffered by the Transferor Company 1 shall for all purpose be treated and be deemed to be and accrue as the profits, taxes (namely advance tax, Tax deducted at source, Tax collected at source, dividend distribution tax & foreign tax credits), tax losses, minimum alternate tax credit, dividend distribution tax credit, input credit balances (namely CENVAT/ MODVAT, sales tax, applicable excise and customs duties, SGST, IGST and CGST credits under the goods and service tax laws, income costs, charges, expenditure or losses of the Transferee Company, as the case may be.
- 9.2 If the Transferor Company 1 is entitled to any benefits under incentive schemes and policies under Tax Laws, such as tax deferrals, exemptions, benefits and subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and all such benefits under all such incentive schemes and policies as mentioned above shall be available and stand vested in the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.
- 9.3 With effect from the Effective Date 2, the Transferee Company shall have the right to revise its financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/ or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. The Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, even beyond the due date, if required, including tax deducted/ collected at source returns, service tax returns, excise tax returns, sales tax/ value added tax/ goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/ withheld, etc. if any, as may be required for the purposes of implementation of the Scheme.
- 9.4 It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc , the Transferor Company 1, shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Authority having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the Person entitled thereto, to the end and intent that the right of the Transferor Company 1, to recover or realise the same, stands transferred to the Transferee Company.



10. CONSIDERATION

- 10.1 Upon Part III of Scheme coming into effect and in consideration of the amalgamation of the Transferor Company 1, the Transferee Company shall, without any further application, act, deed, consent or instrument, issue and allot 1,30,94,460 equity shares of INR 5 each fully paid up and 151,89,57,360 Preference Shares of SCL of INR 10 each fully paid up to shareholders of the Transferor Company 1, in the proportion of the number of shares held by the shareholders in the Transferor Company 1. In the event, the Transferor Company 1, holds less than 1,30,94,460 equity shares of the Transferee Company and/ or 151,89,57,360 Preference Shares of SCL (without incurring additional liability) on the Effective Date 2, the shares to be issued by the Transferee Company in consideration of the amalgamation of the Transferor Company 1, shall stand reduced by such decreased number of shares held by the Transferor Company 1.

The equity shares and Preference Shares of SCL to be issued pursuant to Clause 10.1 shall be referred to as "**New Shares**".

- 10.2 The New Shares shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company and shall rank *pari passu* in all respects with the existing shares of Transferee Company, as the case may be, including with respect to dividend, bonus, rights shares, voting rights and other corporate benefits attached to the New Shares.
- 10.3 The issue and allotment of the New Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Transferee Company or the Transferor Company 1 or their shareholders and as if the procedure laid down under the Act and such other Applicable Law as may be applicable, were duly complied with. It is clarified that the approval of the shareholders of the Transferee Company and/ or the Transferor Company 1 to this Scheme, shall be deemed to be their consent / approval for the issue and allotment of the New Shares.
- 10.4 In the event, the Parties concerned restructure their share capital by way of share split / consolidation/ issue of bonus shares or any other corporate action during the pendency of the Scheme, the share entitlement ratio set out in Clause 10.1 shall be adjusted accordingly to consider the effect of such corporate action without requirement of any further approval from the Appropriate Authority.
- 10.5 The Transferee Company shall apply for listing of New Shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The New Shares, issued pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange.
- 10.6 It is clarified that the approval of the shareholders of the Transferee Company to this Scheme shall be deemed to be their consent/ approval also to the consequential alteration of its memorandum of association and articles of association pursuant to this Scheme and the Transferee Company shall not be required to seek separate consent / approval of its shareholders for such alteration, as required under Sections 13, 14, 42, 61, 64 and other applicable provisions of the Act.



11. REDUCTION AND CANCELLATION OF SHARES OF THE TRANSFeree COMPANY

- 11.1 Upon Part III of this Scheme becoming effective, all shares held by the Transferor Company 1 in the share capital of the Transferee Company immediately before Effective Date 2, shall stand cancelled, without any further act or deed as an integral part of this Scheme.
- 11.2 Without prejudice to the generality of the foregoing, it is clarified and provided that cancellation of the share capital of the Transferee Company in terms of Clause 11.1 above, shall be effected as an integral part of this Scheme. Such cancellation of the share capital of the Transferee Company in terms of Clause 11.1, does not involve either diminution of liability in respect of unpaid share capital or payment of paid-up share capital of the Transferee Company. Further, since the aforesaid cancellation is an integral part of the Scheme in accordance with the provisions of Sections 230 to 232 of the Act, the provisions of Section 66 of the Act are not applicable. It is further clarified and provided that notwithstanding such cancellation of share capital of the Transferee Company in terms of Clause 11.1, the Transferee Company shall not be required to add "And Reduced" as suffix to its name.

12. ACCOUNTING TREATMENT

Upon Part III of this Scheme becoming effective and with effect from Appointed Date 2, the Transferee Company shall account for the amalgamation of the Transferor Company 1 in the books of accounts in accordance with the "Pooling of Interest Method" of accounting as laid down in Appendix C of Indian Accounting Standard 103 (Business Combinations of entities under common control) as under:

- 12.1 All assets, liabilities and reserves in the books of the Transferor Company 1 shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at their carrying amounts as appearing in the Books of the Transferor Company 1 on the Appointed Date 2.
- 12.2 The Transferee Company shall credit to its Share Capital account, the aggregate face value of the new shares issued by it pursuant to Clause 10.1 of this Scheme.
- 12.3 The carrying amount of investments in the equity shares of the Transferee Company to the extent held by the Transferor Company 1 shall stand cancelled and there shall be no further obligation on that behalf.
- 12.4 Upon the Scheme coming into effect, the surplus/ deficit, if any, of the net value of assets, liabilities and reserves of the Transferor Company 1 acquired and recorded by the Transferee Company in terms of Clause 12.1 over the sum of (a) the face value of the new shares on merger issued and allotted pursuant to Clause 10.1 and (b) the value of investments cancelled pursuant to Clause 12.3 shall be adjusted in "Capital Reserve Account" in the financial statements of the Transferee company.
- 12.5 Inter company transactions and balances including loans, advances, receivable, payable inter se between the Transferor Company 1 and Transferee Company as appearing in their books of accounts, if any, shall stand cancelled.
- 12.6 In case of any difference in accounting policies between the Transferor Company 1 and Transferee Company, the accounting policies of the Transferee Company will prevail and the



impact of the same till Appointed Date 2 of amalgamation shall be quantified and adjusted in the reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the true financial position on the basis of consistent accounting policies.

- 12.7 Comparative financial information in the financial statements of the Transferee Company shall be restated for the accounting impact of the merger, as stated above, as if the merger had occurred from the beginning of the comparative period.

13. DISSOLUTION OF THE TRANSFEROR COMPANY 1

- 13.1 Upon the effectiveness of Part III of this Scheme, the Transferor Company 1 shall stand dissolved without winding up and the Board and any committees thereof of the Transferor Company 1 shall without any further act, instrument or deed be and stand discharged. On and from the Effective Date 2, the name of the Transferor Company 1 shall be struck off from the records of the concerned RoC.

PART IV

AMALGAMATION OF TRANSFEROR COMPANY 2 WITH TRANSFEE COMPANY

14. AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE BUSINESS OF THE TRANSFEROR COMPANY 2

- 14.1 Upon effectiveness of Part IV of this Scheme and with effect from the Appointed Date 3 and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(1B) of the Income Tax Act, the Transferor Company 2 shall stand transferred to and vested in the Transferee Company as a going concern and accordingly, all assets, Permits, contracts, liabilities, loan, debentures, duties and obligations of the Transferor Company 2 shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date 3, the assets, Permits, contracts, liabilities, loan, debentures, duties and obligations of the Transferee Company by virtue of operation of law, and in the manner provided in this Scheme.

- 14.2 Upon effectiveness of Part IV of this Scheme and with effect from the Appointed Date 3, without prejudice to the generality of the provisions of Clause 14.1 above, the manner of transfer and vesting of assets and liabilities of the Transferor Company 2 under this Scheme, is as follows:

- 14.2.1 In respect of such of the assets and properties of the Transferor Company 2 which are movable in nature (including but not limited to all intangible assets, brands, trademarks of the Transferor Company 2, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature) or are otherwise capable of transfer by delivery or possession or by endorsement, shall stand transferred upon the Scheme coming into effect and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Transferee Company without requiring any deed or instrument of conveyance for transfer of the



same. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested, and title to the property shall be deemed to have been transferred accordingly;

- 14.2.2 With respect to the assets of the Transferor Company 2, other than those referred to in Clause 14.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other persons, whether or not the same is held in the name of the Transferor Company 2 shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company, with effect from the Appointed Date 3, by operation of law as transmission or as the case may be in favour of Transferee Company;
- 14.2.3 All debts, liabilities, duties and obligations of the Transferor Company 2 shall, without any further act, instrument or deed be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Transferee Company, so as to become on and from the Appointed Date 3, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company 2, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 14;
- 14.2.4 On and from the Effective Date 3 and till such time that the bank accounts of the Transferor Company 2 have been transferred in favour of the Transferee Company or the Transferor Company 2's name has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company 2 in the name of the Transferor Company 2 and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments (including but not limited to bank guarantee(s), letter(s) of credit), payment orders received or presented for encashment which are in the name of the Transferor Company 2 after the Effective Date 3 shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company;
- 14.2.5 Unless otherwise agreed between the Parties, the vesting of all the assets of the Transferor Company 2, as aforesaid, shall be along with 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 2 or part thereof on or over which they are subsisting prior to the amalgamation of the Transferor Company 2 with the Transferee Company, and no such Encumbrances shall extend over or apply to any other asset(s) of the Transferee Company;
- 14.2.6 Unless otherwise stated in this Scheme, all Permits, including the benefits attached thereto of the Transferor Company 2, shall be transferred to the Transferee Company from the Appointed Date 3, without any further act, instrument or deed and shall be



appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company to carry on the operations of the Transferor Company 2 without any hindrance, whatsoever;

14.2.7 Without prejudice to the provisions as stated above, all trade and service names and marks, patents, copyrights, designs, goodwill which includes the positive reputation that the Transferor Company 2 were enjoying to retain its clients, statutory licenses, infrastructural advantages, overall increase in market share, customer base, skilled employees, business claims, business information, business contracts, trade style and name, marketing and distribution channels, marketing or other commercial rights, customer relationship, trade secrets, information on consumption pattern or habits of the consumers in the territory, technical know-how, client records, KYC (know your customer) records/ POAs (power of attorney), authorisations, client details and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company 2 shall be transferred to the Transferee Company from the Appointed Date 3, without any further act, instrument or deed;

14.2.8 All contracts where the Transferor Company 2 is a party, shall stand transferred to and vested in the Transferee Company pursuant to Part IV of this Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer and vesting shall not affect the operation of the foregoing sentence. The Transferee Company shall, wherever necessary, enter into and/ or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.

Provided that, upon this Scheme coming into effect, all inter-company transactions including loans, contracts executed or entered into by or *inter se* between the Transferor Company 2 and the Transferee Company, if any, shall stand cancelled with effect from the Effective Date 3 and neither the Transferor Company 2 and/or Transferee Company shall have any obligation or liability against the other party in relation thereto; and

14.2.9 Without prejudice to the provisions of the foregoing sub-clauses of Clause 6.2, the Parties may execute any and all instruments or documents and do all acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme. Any procedural requirements required to be fulfilled solely by the Transferor Company 2, shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company 2. The Transferee Company shall take such actions as may be



necessary and permissible to get the assets, Permits and contracts of the Transferor Company 2 transferred and/ or registered in its name.

15. EMPLOYEES

- 15.1 With effect from the Effective Date 3, all employees of the Transferor Company 2 shall become employees of the Transferee Company, without any interruption in service, all employees of the Transferor Company 2 on terms and conditions no less favourable than those on which they are engaged by the Transferor Company 2. The Transferee Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company 2 with any Persons in relation to the employees of the Transferor Company 2. The Transferee Company agrees that the services of all such employees with the Transferor Company 2 prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.
- 15.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Transferee Company and/ or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Transferee Company.

16. LEGAL PROCEEDINGS

With effect from the Effective Date 3, if any suit, cause of action, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatsoever nature by or against the Transferor Company 2 pending on the Effective Date 3, the same shall not abate, be discontinued or be in any way prejudicially affected by anything contained in this Scheme, but such proceedings of the Transferor Company 2 may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company 2 as if this Scheme had not been made. On and from the Effective Date 3, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company 2.

17. TAXES/ DUTIES/ CESS

Upon the effectiveness of Part IV of this Scheme and with effect from the Appointed Date 3, by operation of law pursuant to the order of the Authority:

- 17.1 All the profits or income taxes (including but not limited to advance tax, tax deducted at source, tax collected at source, foreign tax credits, dividend distribution tax, minimum alternate tax credit, any credit for dividend distribution tax on dividend received by the Transferor Company 2), all input credit balances (including but not limited to CENVAT/ MODVAT, sales tax, applicable excise and customs duties, SGST, IGST and CGST credits under the goods and service tax laws) or any costs, charges, expenditure accruing to the Transferor Company 2 in India and abroad or expenditure or losses arising or incurred or suffered by the Transferor Company 2 shall for all purpose be treated and be deemed to be and accrue as the



profits, taxes (namely advance tax, Tax deducted at source, Tax collected at source, dividend distribution tax & foreign tax credits), tax losses, minimum alternate tax credit, dividend distribution tax credit, input credit balances (namely CENVAT/ MODVAT, sales tax, applicable excise and customs duties, SGST, IGST and CGST credits under the goods and service tax laws, income costs, charges, expenditure or losses of the Transferee Company, as the case may be.

- 17.2 If the Transferor Company 2 is entitled to any benefits under incentive schemes and policies under Tax Laws, such as tax deferrals, exemptions, benefits and subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and all such benefits under all such incentive schemes and policies as mentioned above shall be available and stand vested in the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.
- 17.3 With effect from the Effective Date 3, the Transferee Company shall have the right to revise its financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/ or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. The Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, even beyond the due date, if required, including tax deducted/ collected at source returns, service tax returns, excise tax returns, sales tax/ value added tax/ goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/ withheld, etc. if any, as may be required for the purposes of implementation of the Scheme.
- 17.4 It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company 2, shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Authority having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the Person entitled thereto, to the end and intent that the right of the Transferor Company 2, to recover or realise the same, stands transferred to the Transferee Company.

18. CONSIDERATION

- 18.1 Upon Part IV of Scheme coming into effect and in consideration of the amalgamation of the Transferor Company 2, the Transferee Company shall, without any further application, act, deed, consent or instrument, issue and allot 19 equity shares of INR 5 each fully paid up of the Transferee Company to shareholders of the Transferor Company 2, in the proportion of the number of equity shares held by the shareholders in the Transferor Company 2, as on the Effective Date 3.

The equity shares to be issued pursuant to Clause 18.1 shall be referred to as "New Equity Shares".



- 18.2 The New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company and shall rank *pari passu* in all respects with the existing equity shares of Transferee Company, as the case may be, including with respect to dividend, bonus, rights shares, voting rights and other corporate benefits attached to the New Equity Shares.
- 18.3 The issue and allotment of the New Equity Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Transferee Company or the Transferor Company 2 or their shareholders and as if the procedure laid down under the Act and such other Applicable Law as may be applicable, were duly complied with. It is clarified that the approval of the shareholders of the Transferee Company and/or the Transferor Company 2 to this Scheme, shall be deemed to be their consent / approval for the issue and allotment of the New Equity Shares.
- 18.4 All fractional entitlements arising out issuance of equity shares of the Transferee Company pursuant to Clause 18.1 above, if any, shall be ignored.
- 18.5 The Transferee Company shall apply for listing of New Equity Shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The New Equity Shares, issued pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange.
- 18.6 It is clarified that the approval of the shareholders of the Transferee Company to this Scheme shall be deemed to be their consent / approval also to the consequential alteration of its memorandum of association and articles of association pursuant to this Scheme and the Transferee Company shall not be required to seek separate consent / approval of its shareholders for such alteration, as required under Sections 13, 14, 42, 61, 64, and other applicable provisions of the Act.

19. REDUCTION AND CANCELLATION OF SHARES OF THE TRANSFEE COMPANY

- 19.1 Upon Part IV of this Scheme becoming effective, all shares held by the Transferor Company 2 in the share capital of the Transferee Company as on Effective Date 3, shall stand cancelled, without any further act or deed as an integral part of this Scheme.
- 19.2 Without prejudice to the generality of the foregoing, it is clarified and provided that cancellation of the share capital of the Transferee Company in terms of Clause 19.1 above, shall be effected as an integral part of this Scheme. Such cancellation of the share capital of the Transferee Company in terms of Clause 19.1, does not involve either diminution of liability in respect of unpaid share capital or payment of paid-up share capital of the Transferee Company. Further, since the aforesaid cancellation is an integral part of the Scheme in accordance with the provisions of Sections 230 to 232 of the Act, the provisions of Section 66 of the Act are not applicable. It is further clarified and provided that notwithstanding such cancellation of share capital of the Transferee Company in terms of Clause 19.1, the Transferee Company shall not be required to add "And Reduced" as suffix to its name.



20. ACCOUNTING TREATMENT

Upon Part IV of this Scheme coming into effect and with effect from Appointed Date 3, the Transferee Company shall account for the amalgamation of the Transferor Company 2 in the books of accounts in accordance with the "Pooling of Interest Method" of accounting as laid down in Appendix C of Indian Accounting Standard 103 (Business Combinations of entities under common control) as under:

- 20.1 All assets, liabilities and reserves in the books of the Transferor Company 2 shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at their carrying amounts as appearing in the Books of the Transferor Company on the Appointed Date 3.
- 20.2 The Transferee Company shall record the equity shares, issued and allotted by the Transferee Company in accordance with Clause 18.1 of the Scheme, at fair value as on the Appointed Date 3. The face value of the equity shares on such issue shall be credited to the share capital account and the balance shall be credited to the share premium account.
- 20.3 The carrying amount of investments in the shares of the Transferee Company to the extent held by the Transferor Company 2, if any, shall stand cancelled and there shall be no further obligation on that behalf.
- 20.4 Upon the Scheme coming into effect, the surplus/ deficit, if any, of the net value of assets, liabilities and reserves of the Transferor Company 2 acquired and recorded by the Transferee Company in terms of Clause 20.1 over the sum of the fair value of the new shares on merger issued and allotted pursuant to Clause 18.1 shall be adjusted in "Capital Reserve Account" in the financial statements of the Transferee Company.
- 20.5 Inter-company transactions and balances including loans, advances, receivable, payable inter se between the Transferor Company 2 and Transferee Company as appearing in their books of accounts, if any, shall stand cancelled.
- 20.6 In case of any difference in accounting policies between the Transferor Company 2 and Transferee Company, the accounting policies of the Transferee Company will prevail and the impact of the same till Appointed Date 3 of amalgamation shall be quantified and adjusted in the reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the true financial position on the basis of consistent accounting policies.
- 20.7 Comparative financial information in the financial statements of the Transferee Company shall be restated for the accounting impact of the merger, as stated above, as if the merger had occurred from the beginning of the comparative period.

21. DISSOLUTION OF THE TRANSFEROR COMPANY 2

Upon the effectiveness of Part IV of this Scheme, the Transferor Company 2 shall stand dissolved without winding up and the Board and any committees thereof of the Transferor Company 2 shall without any further act, instrument or deed be and stand discharged. On and from the Effective Date 3, the name of the Transferor Company 2 shall be struck off from the records of the concerned RoC.

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PART V

DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING AND REDUCTION OF SHARE CAPITAL OF THE RESULTING COMPANY

22. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

- 22.1 Upon effectiveness of Part V of this Scheme and with effect from the Appointed Date 4 and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, the Demerged Undertaking along with all its assets, Permits, contracts, liabilities, loan, debentures, duties and obligations of the Demerged Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company on a *going concern* basis, so as to become as and from the Appointed Date 4, the assets, Permits, contracts, liabilities, loan, debentures, duties and obligations of the Resulting Company by virtue of operation of law, and in the manner provided in this Scheme.

This Scheme complies with the definition of "demerger" as per Sections 2(19AA), 2(19AAA), 47, 72A and other provisions of the Income Tax Act. If any terms of this Scheme are found to be or interpreted to be inconsistent with provisions of the Income Tax Act, then this Scheme shall stand modified to be in accordance with aforesaid provisions of the Income Tax Act.

- 22.2 Upon effectiveness of Part V of this Scheme and with effect from the Appointed Date 4, without prejudice to the generality of the provisions of Clause 22.1 above, the manner of transfer and vesting of assets and liabilities forming part of the Demerged Undertaking under this Scheme, is as follows:

22.2.1 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable in nature (including but not limited to all intangible assets, brands, trademarks of the Demerged Undertaking, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature) or are otherwise capable of transfer by delivery or possession or by endorsement, shall stand transferred upon the Part V of the Scheme coming into effect and shall, ipso facto and without any other order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested, and title to the property shall be deemed to have been transferred accordingly;

22.2.2 Subject to Clause 22.2.3 below, with respect to the assets forming part of the Demerged Undertaking other than those referred to in Clause 22.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank



balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company, with effect from the Appointed Date 4 by operation of law as transmission in favour of Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required;

- 22.2.3 In respect of such of the assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether or not included in the books of the Demerged Company, including rights, interest and easements in relation thereto, the same shall stand transferred to the Resulting Company with effect from the Appointed Date 4, without any act or deed or conveyance being required to be done or executed by the Demerged Company and/or the Resulting Company;
- 22.2.4 For the avoidance of doubt and without prejudice to the generality of Clause 22.2.3 above and Clause 22.2.5 below, it is clarified that, with respect to the immovable properties forming part of the Demerged Undertaking in the nature of land and buildings, the Demerged Company and/ or the Resulting Company shall register the true copy of the orders of the Tribunal approving the Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause 22.2.4 or Clause 22.2.5 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any property of the Demerged Company takes place and the assets and liabilities forming part of the Demerged Undertaking shall be transferred solely pursuant to and in terms of this Scheme and the order of the Tribunal sanctioning this Scheme;
- 22.2.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties forming part of the Demerged Undertaking in the nature of land and buildings situated in states other than the state of Tamil Nadu, whether owned or leased, for the purpose of, *inter alia*, payment of stamp duty and vesting in the Resulting Company, if the Resulting Company so decides, the Demerged Company and/ or the Resulting Company, whether before or after the Effective Date 4, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme;
- 22.2.6 Upon effectiveness of Part V of the Scheme, all debts, liabilities, debentures, loans, obligations and duties of the Demerged Company as on the Appointed Date 4 and forming part of the Demerged Undertaking ("**Demerged Undertaking Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as



on the Appointed Date 4 and the Resulting Company shall meet, discharge and satisfy the same. The term "Demerged Undertaking Liabilities" shall include:

- 22.2.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;
- 22.2.6.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and
- 22.2.6.3 in cases other than those referred to in Clauses 22.2.6.1 or 22.2.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date 4.

However, Tax liabilities and Tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date 4 in relation to the Demerged Company, shall not be transferred as part of the Demerged Undertaking to the Resulting Company.

- 22.2.7 The Demerged Company may, at its sole discretion but without being obliged to, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, debenture or deposit, contracts or policies relating to the Demerged Undertaking stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes;
- 22.2.8 Unless otherwise agreed to between the Demerged Company and/ or the Resulting Company, the vesting of all the assets of the Demerged Company forming part of the Demerged Undertaking, 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 forming part of the Demerged Undertaking of the Demerged Company or part thereof on or over which they are subsisting on and vesting of such assets in the Resulting Company and no such Encumbrances shall extend over or apply to any other asset(s) of Resulting Company. Any reference in any security documents or arrangements (to which Demerged Company is a party) related to any assets of Demerged 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 Resulting Company. Similarly, Resulting Company shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of /to be availed of by it, and the Encumbrances in respect of such indebtedness of the Demerged Company shall not extend or be deemed to extend or apply to the assets so vested.



22.2.9 In so far as any Encumbrance in respect of Demerged Undertaking Liabilities is concerned, such Encumbrance shall without any further act, instrument or deed being required to be modified and, if so agreed, shall be extended to and shall operate over the assets of the Resulting Company. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Demerged Undertaking Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.

22.2.10 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date 4 and specifically pertaining to Demerged Undertaking shall be treated as paid or payable by the Resulting Company and the Resulting Company shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.

22.2.11 If the Demerged Company is entitled to any unutilized credits (including unutilised credits and unabsorbed depreciation, minimum alternate tax credit), balances or advances, benefits under the incentive schemes and policies including Tax holiday or concessions relating to the Demerged Undertaking under any Tax Laws or Applicable Law(s), the Resulting Company shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission.

22.2.12 Upon the Part V of this Scheme becoming effective, the Demerged Company and/ or the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company.

22.2.13 Subject to this Clause 22 and any other provisions of the Scheme, in respect of any refund, financial benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, financial benefit, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;



- 22.2.14 On and from the Effective Date 4, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Demerged Company and are in relation to or in connection with the Demerged Undertaking, shall be accepted by the bankers of the Resulting Company and credited to the account of Resulting Company, if presented by Resulting Company;
- 22.2.15 Permits, including the benefits attached thereto of the Demerged Company, in relation to the Demerged Undertaking, shall be transferred to the Resulting Company from the Appointed Date 4, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of Resulting Company as if the same were originally given by, issued to or executed in favour of Resulting Company and the Resulting Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Demerged Company to carry on the operations of the Demerged Undertaking without any hindrance, whatsoever; and
- 22.2.16 Contracts in relation to the Demerged Undertaking, where the Demerged Company is a party, shall stand transferred to and vested in the Resulting Company pursuant to Part V of this Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer and vesting shall not affect the operation of the foregoing sentence. The Demerged Company and Resulting Company shall, wherever necessary, enter into and/or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.
- 22.3 Without prejudice to the provisions of the foregoing sub-clauses of this Clause, the Demerged Company and/ or the Resulting Company may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including executing necessary confirmatory deeds for filing with the trademark registry and Appropriate Authorities, filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme. Any procedural requirements required to be fulfilled solely by the Demerged Company or upon Part V of this Scheme becoming effective, shall be fulfilled by the Resulting Company as if it were the duly constituted attorney of the Demerged Company. The Resulting Company shall take such actions as may be necessary and permissible to get the assets, Permits and contracts forming part of the Demerged Undertaking transferred and/ or registered in its name.
- 23. EMPLOYEES**
- 23.1 With effect from the Effective Date 4, the Resulting Company ("Sundaram - Clayton DCD Limited", to be renamed as "Sundaram - Clayton Limited" (SCL) pursuant to the Scheme) undertakes to engage, without any interruption in service, all employees engaged in or in relation to the Demerged Undertaking, including Joint Managing Director of the Demerged Company ("Sundaram - Clayton Limited", to be renamed as "TVS Holdings Limited" (THL) pursuant to the Scheme), on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company.



- 23.2 Further, upon transfer of the employees of the Demerged Company (THL) to the Resulting Company (SCL), the Joint Managing Director of the Demerged Company (THL) will be designated as the Joint Managing Director of the Resulting Company (SCL) on such terms and conditions which are no less favourable than the existing terms of appointment on which the Joint Managing Director was engaged by the Demerged Company (THL), and the Demerged Company (THL) will appoint a new Managing Director after following the due process of law.
- 23.3 The Resulting Company (SCL) undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company (THL) with any of the aforesaid employees or union representing them. The Resulting Company (SCL) agrees that the services of all such employees with the Demerged Company (THL) prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.
- 23.4 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund, superannuation fund or any other fund(s), of which they are members, as the case may be, will be transferred respectively to such gratuity fund and superannuation fund or other fund(s) nominated by the Resulting Company and/ or such new gratuity fund, superannuation fund or any other fund to be established by the Resulting Company in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities. Pending the transfer as aforesaid, the dues of the said employees may be continued to be deposited in the existing gratuity fund, superannuation fund or other fund(s) respectively of the Demerged Company, as may be decided between the Parties.
- 23.5 Further, in so far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of the Demerged Company may be retained in such provident fund and subject to provisions of Clause 23.6 below, such provident fund may be continued for the benefit of the said employees who are transferred to the Resulting Company. In relation to the employees being transferred, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund trust shall stand amended accordingly.
- 23.6 Immediately upon implementation of Part V of the Scheme, in so far as provident fund trust deed, as stated in Clause 23.5 above, shall without any further act or deed, stand modified to include the following provisions:
- 23.6.1 the expression "Employee" to also include the employees of the Resulting Company;
- 23.6.2 the Board of the Resulting Company shall solely have the ability to appoint and/ or remove the trustees and shall solely be liable for all acts and omissions in relation thereto; and
- 23.6.3 such other amendments and modifications to give effect to this Scheme and provisions of any agreement or arrangement entered between the Parties.



24. LEGAL PROCEEDINGS

- 24.1 With effect from the Effective Date 4, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands and legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising on or before the Appointed Date 4 or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Appointed Date 4 in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall consequently stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.
- 24.2 The Resulting Company undertakes to have all legal and other proceedings initiated by or against the Demerged Company referred to in Clause 24.1 above transferred to its name as soon as is reasonably practicable after the Effective Date 4 and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. Both the Demerged Company and/ or the Resulting Company shall make relevant applications and take all steps as may be required in this regard. It is clarified that all income tax proceedings in relation to the Demerged Undertaking for a period prior to the Appointed Date 4 shall be enforced against the Demerged Company and pertaining to the period after the Appointed Date 4 shall be enforced against the Resulting Company.
- 24.3 Notwithstanding anything contained hereinabove, so far as the claims arising on the Demerged Company on account of on-going income tax disputes or on account of demands that may arise on the Demerged Company under the Income Tax Act, for the period prior to the Effective Date 4, the Resulting Company undertakes and agrees with Demerged Company that the Resulting Company shall take all such steps that may be required to defend such proceedings and/or claims including making payments towards the demands in the proceedings before the Appropriate Authority. However, if the Resulting Company does not and/or is unable to defend the said proceedings or claims, for whatsoever reasons, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 24.4 Further, without prejudice to the aforesaid, if at any time after the Effective Date 4, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in such



proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

25. CONSIDERATION

25.1 Upon Part V of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Demerged Company whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date 2, as under:

25.1.1 1 fully paid up equity share of INR 5 each fully paid up of the Resulting Company credited as fully paid up, for every 1 equity share of INR 5 each fully paid up of the Demerged Company (and all such equity shares issued by the Resulting Company referred to as "**New Equity Shares of the Resulting Company**"); and

25.1.2 1 Preference Share of the Resulting Company credited as fully paid up, for every 1,000 Preference Shares of SCL.

The New Equity Shares of the Resulting Company and Preference Shares of the Resulting Company to be issued pursuant to Clause 25.1 shall be referred to as "**Resulting Company New Shares**".

25.2 The Resulting Company New Shares shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares and preference shares of Resulting Company (if any), as the case may be, after the Effective Date 4 including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares and preference shares, if any, of the Resulting Company.

25.3 The issue and allotment of Resulting Company New Shares, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law(s) as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Resulting Company and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of Resulting Company New Shares.

25.4 Subject to the Applicable Law, the Resulting Company New Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. The register of members maintained by the Resulting Company and/ or, other relevant records, whether in physical or electronic form, maintained by the Resulting Company, the relevant depository and registrar and transfer agent in terms of Applicable Law(s) shall (as deemed necessary by the Board of the Resulting Company) be updated to reflect the issue of Resulting Company New Shares in terms of this Scheme. The shareholders of the Demerged Company who hold shares in physical form, should provide the requisite details relating to his/ her/ its account with a



depository participant or other confirmations as may be required, to the Resulting Company, prior to the Record Date 2 to enable it to issue the Resulting Company New Shares.

However, if no such details have been provided to the Resulting Company by the shareholders of the Demerged Company holding shares in physical share certificates on or before the Record Date 2, the Resulting Company shall deal with the relevant shares in such manner as may be permissible under the Applicable Law, including by way of issuing the corresponding shares in dematerialised form to a trustee nominated by the Board of Resulting Company ("**Trustee of Resulting Company**") who shall hold these shares in trust for the benefit of such shareholder. The Resulting Company New Shares held by the Trustee of Resulting Company for the benefit of the shareholder shall be transferred to the respective shareholder once such shareholder provides details of his/her/its demat account to the Trustee of Resulting Company, along with such other documents as may be required by the Trustee of Resulting Company. The respective shareholders shall have all the rights of the shareholders of the Resulting Company, including the right to receive dividend, voting rights and other corporate benefits, pending the transfer of shares from the Trustee of Resulting Company. All costs and expenses incurred in this respect shall be borne by Resulting Company.

- 25.5 For the purpose of the allotment of the Resulting Company New Shares pursuant to this Scheme, in case any shareholder's holding in any of the Demerged Company is such that the shareholder becomes entitled to a fraction of a share of the Resulting Company, the Resulting Company shall not issue fractional shares to such shareholder but shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated shares to a trustee (nominated by the Resulting Company in that behalf), who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of allotment of Resulting Company New Shares, as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee. It is clarified that any such distribution shall take place only on the sale of all the shares of the Resulting Company pertaining to the fractional entitlements.
- 25.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date 2, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date 2, in order to remove any difficulties arising to the transferor or transferee of shares in the Demerged Company, after effectiveness of Part V of this Scheme.
- 25.7 The Resulting Company New Shares to be issued pursuant to this Scheme in respect of any shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Resulting Company.
- 25.8 The shares to be issued by the Resulting Company *in lieu* of the shares of the Demerged Company held in the unclaimed suspense account shall be issued to a new unclaimed suspense account created for shareholders of the Demerged Company. The shares to be issued by the Resulting Company *in lieu* of the shares of the Demerged Company held in the



investor education protection fund shall be issued to investor education protection fund in favour of such shareholders of the Demerged Company.

- 25.9 In the event, the Parties restructure their share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share entitlement ratio, per Clause 25.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions.
- 25.10 The Resulting Company shall apply for listing of New Equity Shares of the Resulting Company on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The New Equity Shares of the Resulting Company, issued pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange.
- 25.11 The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the provisions stated above.

26. ACCOUNTING TREATMENT

26.1 Accounting treatment in the books of the Demerged Company:

- 26.1.1 Upon coming into effect of this Scheme and after giving effect to the accounting treatment specified in Clause 12 and clause 20 of the Scheme and with effect from the Appointed Date 4, the Demerged Company shall reduce the book value of all assets, liabilities and reserves pertaining to the Demerged Undertaking transferred to the Resulting Company from its books of accounts;
- 26.1.2 The difference between the book value of assets pertaining to the Demerged Undertaking and the book value of liabilities and reserves pertaining to the Demerged Undertaking transferred to the Resulting Company shall be adjusted in reserves of the Demerged Company; and
- 26.1.3 Any surplus/ deficit pursuant to the accounting as per Clause 12, Clause 20 and Clause 26.1.1 shall be adjusted against the retained earnings in the books of the Demerged Company.

26.2 Accounting treatment in the books of the Resulting Company:

- 26.2.1 Upon coming into effect of this Scheme and with effect from the Appointed Date 4, the Resulting Company shall account for the Demerged Undertaking in its books as per the applicable accounting principles under Indian Accounting Standard 103 and/ or any other applicable Indian Accounting Standard as the case maybe;
- 26.2.2 The Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same value appearing in the books of the Demerged Company;



- 26.2.3 The shareholding (represented by equity shares and preference shares) of the Demerged Company in the Resulting Company as on the Appointed Date 4 will stand cancelled and the difference between the above and share capital of Resulting Company, if any, shall be adjusted in capital reserve(s);
- 26.2.4 The Resulting Company shall credit its share capital account in its books of account with the aggregate face value of the equity shares issued to the shareholders of the Demerged Company pursuant to Clause 25.1.1 of this Scheme;
- 26.2.5 The Resulting Company shall credit its share capital account in its books of account with the aggregate face value of the preference shares to the shareholders of the Demerged Company pursuant to Clause 25.1.2 of this Scheme;
- 26.2.6 The identity of the reserves pertaining to the Demerged Undertaking of the Demerged Company shall be preserved and shall appear in the financial statements of the Resulting Company in the same form and manner, in which they appeared in the financial statements of the Demerged Company;
- 26.2.7 The surplus/ deficit, if any, of book value of the assets over the liabilities pertaining to the Demerged Undertaking transferred from the Demerged Company and recorded by the Resulting Company in accordance with Clause 26.2.2 above, over the amount credited as share capital as per Clause 26.2.4 and Clause 26.2.5 above, and after giving effect to 26.2.6 above, shall be adjusted in capital reserve;
- 26.2.8 Loans and advances and other dues outstanding as on the Appointed Date 4 between the Demerged Company pertaining to the Demerged Undertaking and the Resulting Company will stand cancelled and there shall be no further obligation/ outstanding in that behalf;
- 26.2.9 In case of any differences in accounting policy between the Demerged Company and the Resulting Company, the accounting policies followed by the Resulting Company will prevail and the difference till the Appointed Date 4 shall be adjusted in capital reserves of the Resulting Company, to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy; and
- 26.2.10 Any negative capital reserve pursuant to the accounting as per Clause 26.2 shall be adjusted against the retained earnings in the books of the Resulting Company.

27. REDUCTION AND CANCELLATION OF EXISTING EQUITY SHARES OF THE RESULTING COMPANY

- 27.1 With effect from Part V of this Scheme becoming effective and upon allotment of Resulting Company New Equity Shares by the Resulting Company, the entire paid up equity share capital, immediately before Effective Date 4, of the Resulting Company ("**Resulting Company Cancelled Shares**") shall stand cancelled, extinguished and annulled on and from the Effective Date 4 and the paid up equity capital of the Resulting Company to that effect shall stand cancelled and reduced.



- 27.2 The reduction of the share capital of the Resulting Company under Sections 230 to 232 of the Act shall be effected as an integral part of this Scheme itself.
- 27.3 On effecting the reduction of the share capital as stated in Clause 27.1 above, the share certificates (if any) in respect of the Resulting Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.
- 27.4 On the Effective Date 4, the Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares.
- 27.5 The capital reserve in the books of the Resulting Company shall be increased to the extent of the amount of the Resulting Company Cancelled Shares.
- 27.6 Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add 'And Reduced' as suffix to its name.

28. CHANGE IN CHARTER DOCUMENTS OF THE DEMERGED COMPANY

- 28.1 With effect from the Effective Date 4, the memorandum of association of the Demerged Company shall be deemed to be altered and amended, without any further act or deed. Accordingly, the memorandum of association of the Demerged Company shall be altered and amended and following clauses shall be inserted in the Clause III of the memorandum of association of the Demerged Company:

1. *To invest, trade, sell, purchase, exchange, convert, subscribe, acquire, hold, and deal in stocks, shares, units, debentures, debenture stocks, bonds, obligations, derivative instruments, financial instruments and securities.*
2. *To invest, hold and deal with security receipts, mortgages, obligations, inter-corporate deposits, call money deposits, commercial papers and other financial instruments.*
3. *To carry on the business of producing, manufacturing, buying, selling, re-settling, sub-contracting, exchanging, hiring, altering, importing, exporting, improving, assembling, supplying, distributing whether wholesale or retail, servicing, overhauling, converting, maintaining and dealing in as original equipment manufacturers as also on jobbing industry basis and in any other capacity, of machineries, motor vehicles and other conveyances of all kinds and descriptions, components, replacement parts, spare parts, accessories, tools, implements and fittings, including of brake systems and all relevant components, parts and accessories, for motor vehicles, which include all types of motorcycles, mini motorcycles, auto-scooters, scooters, scooterettes, mopeds, motorcars, motor buses, mini buses, motor lorries, motor trucks, tractors, motor-lorries, motor-cycles, motors, cycle cars, cycles, scooters, buses, omnibuses, jeeps, trolleys, tractors, trailers, power tillers, sprayers, buses, motor vans, pick-up vans, ambulances, vehicles locomotives, tanks, ships, engines, wagons, boats, barges, launches, submarines, aero planes, airships, sea planes, balloons, aircrafts, space-ships, space crafts, rockets, spaceshuttles and other conveyances of all kinds and description, components, parts thereof, spare parts, accessories, implements, materials and products for the transport or conveyances of passengers, merchandise and goods of every description and other vehicles and products, whether propelled or*



used by means of petrol, spirit, steam, oil, vapour, gas, coal, electricity, petroleum, atoms, or any other motive or mechanical power, in India or elsewhere.

- 28.2 Consequential (numbering) changes shall be made to the objects forming part of Clause III of the memorandum of association of the Demerged Company without any act, instrument or deed, in terms per Clause 28.1 above, pursuant to Sections 13, 14 and other applicable provisions of the Act.
- 28.3 For the purposes of the amendment of the memorandum of association of the Demerged Company as provided in this Clause, the consent/ approval given by the members of the Demerged Company to this Scheme pursuant to Section 232 of the Act and any other applicable provisions of the Act shall be deemed to be sufficient and no further resolution of members of the Demerged Company as required under the applicable provisions of the Act shall be required to be passed for making such change/ amendment in the memorandum of association of the Demerged Company and filing of the certified copy of this Scheme as sanctioned by the Tribunal, in terms of Sections 230 to 232 of the Act and any other applicable provisions of the Act, together with the order of the Tribunal and a printed copy of the memorandum of association for the purposes of the applicable provisions of the Act and the RoC shall register the same and make the necessary alterations in the memorandum of association of the Demerged Company accordingly and shall certify the registration thereof in accordance with the applicable provisions of the Act.
- 28.4 The Demerged Company shall file with the RoC, all requisite forms and complete the compliance and procedural requirements under the Act, if any.

PART VI

GENERAL TERMS & CONDITIONS

29. CHANGE IN AUTHORISED SHARE CAPITAL OF SCL AND THE RESULTING COMPANY

- 29.1 With effect from Effective Date 1, the authorised share capital of SCL will automatically stand increased to INR 2525,00,00,000 (Rupees two thousand five hundred and twenty five crore) by simply filing the requisite forms with the Appropriate Authority and no separate procedure or instrument or deed shall be required to be followed under the Act. SCL will pay necessary stamp duty and registration fees, as may be applicable, for reclassification and increase in authorised preference share capital in terms of the Act.
- 29.2 Consequently, with effect from Effective Date 1 until a day prior to the Effective Date 2, the memorandum of association and articles of association of SCL shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13 and other applicable provisions of the Act, and be replaced by the following clause:

"The Authorised Share Capital of the Company is Rs 2525,00,00,000 (Rupees two thousand five hundred and twenty five crore) divided into 5,00,00,000 (Five crore) equity shares of Rs 5 (Rupee five only) each and 250,00,00,000 (two hundred and fifty crore) non-convertible redeemable preference shares of Rs 10 (Rupees ten) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the



Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force."

- 29.3 With effect from Effective Date 2, and as an integral part of this Scheme, the authorised equity share capital of the Transferor Company 1 shall stand merged into and combined with the authorised equity share capital of the Transferee Company pursuant to Part III of this Scheme and the aggregate authorised share capital of the Transferee Company shall stand increased without any further act, instrument or deed on the part of Transferee Company including payment of stamp duty and registration fee or filing fee to the RoC on such combined authorised share capital.
- 29.4 Consequently, with effect from Effective Date 2 until a day prior to the Effective Date 3, the memorandum of association and articles of association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13 and other applicable provisions of the Act, as per Clause 29.3 above. Consequentially, Clause V of the memorandum of association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended, to reflect the increased combined authorised share capital pursuant to Sections 13, 14, 61, 64, and other applicable provisions of the Act.
- 29.5 With effect from Effective Date 3, and as an integral part of this Scheme, the authorised equity share capital of the Transferor Company 2 shall stand merged into and combined with the authorised equity share capital of the Transferee Company pursuant to Part III of this Scheme and the aggregate authorised share capital of the Transferee Company shall stand increased without any further act, instrument or deed on the part of Transferee Company including payment of stamp duty and registration fee or filing fee to the RoC on such combined authorised share capital.
- 29.6 Consequently, with effect from Effective Date 3, the memorandum of association and articles of association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13 and other applicable provisions of the Act, as per Clause 29.5 above. Consequentially, Clause V of the memorandum of association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended, to reflect the increased combined authorised share capital pursuant to Sections 13, 14, 61, 64, and other applicable provisions of the Act.
- 29.7 With effect from Effective Date 4 and simultaneous to the reduction of share capital of the Resulting Company pursuant to this Scheme and prior to allotment of Resulting Company New Equity Shares pursuant to this Scheme, the face value of equity shares of the Resulting Company will automatically stand altered such that face value of equity shares of the Resulting Company shall be INR 5 each. Further, Upon Part V of this Scheme becoming effective, authorised share capital of the Resulting Company will automatically stand increased to INR 15,00,00,000 (Rupees fifteen crore) by simply filing the requisite forms with the Appropriate Authority and no separate procedure or instrument or deed shall be required to be followed under the Act. The Resulting Company will pay necessary stamp duty and registration fees, as may be applicable, for increase in authorised equity share capital in terms of the Act.



- 29.8 Consequently, the memorandum of association and articles of association of the Resulting Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 61 and other applicable provisions of the Act, and be replaced by the following clause:

"The Authorised Share Capital of the Company is Rs 15,00,00,000 (Rupees fifteen crore) divided into 2,50,00,000 (two crore and fifty lakhs) equity shares of Rs 5 (Rupee five) each and 25,00,000 (twenty five lakhs) preference shares of Rs 10 (Rupee ten) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force."

- 29.9 It is clarified that the approval of the members of SCL and the Resulting Company to this Scheme shall be deemed to be their consent/ approval also to the alteration of face value of shares, alteration of the memorandum of association and articles of association of SCL and the Resulting Company and SCL and the Resulting Company shall not be required to seek separate consent/ approval of its shareholders for such alteration of the memorandum of association and articles of association as required under Sections 13, 14, 61, 62 and 64 and other applicable provisions of the Act.

30. REMAINING BUSINESS OF THE DEMERGED COMPANY

- 30.1 The Remaining Business of the Demerged Company and all the assets, investments, liabilities and obligations of the Demerged Company, shall continue to belong to and be vested in and be managed by the Demerged Company. With effect from the Effective Date 4, only the Demerged Company shall be liable to perform and discharge all liabilities and obligations in relation to the Remaining Business of the Demerged Company and the Resulting Company shall not have any liability or obligation in relation to the Remaining Business of the Demerged Company.
- 30.2 All legal, Tax and/or other proceedings by or against the Demerged Company under any statute, whether pending on the Effective Date 4 or which may be instituted at any time thereafter, and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced against the Demerged Company. The Resulting Company shall in no event be responsible or liable in relation to any such legal, Tax or other proceedings in relation to the Remaining Business of the Demerged Company.
- 30.3 If the Resulting Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Remaining Business of the Demerged Company, the Resulting Company shall, in view of the transfer and vesting of the Demerged Undertaking, pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to substitute the Resulting



Company with the Demerged Company. However, if the Resulting Company, is unable to get the Demerged Company so substituted in such proceedings, it shall defend the same or deal with such demand in accordance with the advice of the Demerged Company and at the cost of the Demerged Company and the latter shall reimburse the Resulting Company, against all liabilities and obligations incurred by or against the Resulting Company, in respect thereof.

31. DIVIDENDS

- 31.1 The Parties shall be entitled to declare and pay dividends to their respective shareholders in the ordinary course of business, whether interim or final.
- 31.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of any of the Parties, as the case may be, to demand or claim or be entitled to any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of respective Parties, and subject to approval, if required, of the shareholders of the respective Parties.

32. CONDUCT OF BUSINESS UPTO THE EFFECTIVE DATE

- 32.1 With effect from the date of approval of the Scheme by the respective Boards of the Parties and up to and including the Effective Date 2, the Effective Date 3 and the Effective Date 4, as may be applicable for each of the respective Parties:
- 32.1.1 Each of the Transferor Companies, and the Demerged Company with respect to the Demerged Undertaking, shall carry on their respective businesses with reasonable diligence and business prudence and in the same manner as the Transferor Companies and the Demerged Company had been doing hitherto; and
- 32.1.2 Each of the Transferor Companies, and the Demerged Company with respect to the Demerged Undertaking, shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Transferee Company or the Resulting Company may respectively require to carry on the relevant business of the Transferor Company or the Demerged Undertaking and to give effect to the Scheme.
- 32.2 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Transferee Company and Resulting Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of the Transferor Companies and demerger of the Demerged Undertaking, in accordance with the provisions of Sections 230 to 232 of the Act. The Transferee Company and the Resulting Company shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Transferee Company and Resulting Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/ or substitution of the ownership or the title to, or interest in the immovable properties



which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Transferee Company and Resulting Company as the case may be pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Transferee Company and the Resulting Company as the case may be. It is clarified that the Transferee Company and Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/ or substitution.

33. FACILITATION PROVISIONS

- 33.1 Immediately upon the Scheme being effective, the concerned Parties shall enter into agreements as may be necessary, *inter alia* in relation to use by the Parties of office space, infrastructure facilities, information technology services, security personnel, trademarks and other intellectual property rights, legal, administrative and other services, etc. on such terms and conditions that may be mutually agreed between them.
- 33.2 It is clarified that approval of the Scheme by the shareholders of Demerged Company and Resulting Company under sections 230 to 232 of the Act shall be deemed to have their approval under Section 188 and other applicable provisions of the Act and Regulation 23 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that no separate approval of the of the Board or audit committee or shareholders shall be required to be sought by the Parties, including, under Section 177 of the Act.
- 33.3 It is clarified that all guarantees provided by the Demerged Company in respect of the Demerged Undertaking and the Transferor Companies shall be valid and subsisting till adequate arrangements/ guarantees have been provided in respect of the same by the Resulting Company or the Transferee Company, as the case may be.
- 33.4 Without prejudice to the aforesaid, immediately after the Effective Date 2 but before the Effective Date 3, the redeemable preference shares so issued to the shareholders of the Transferor Company 1 under Part III of this Scheme shall be transferred by them to the Transferor Company 2 at the face value.

34. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, on or after Effective Date 4, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom forming part of the Demerged Undertaking are transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority, regulatory bodies or otherwise, in favour of the Resulting Company, the Resulting Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the Demerged Company and/ or the Resulting Company, the Demerged Company will continue to hold the property and/or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, as the case may be, in trust for and on behalf of the Resulting Company.



35. APPLICATIONS/ PETITIONS TO THE TRIBUNAL

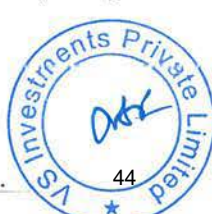
- 35.1 The Parties shall dispatch, make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, under whose jurisdiction, the registered offices of the respective Parties are situated, for sanction of this Scheme under the provisions of Applicable Law, and shall apply for such approvals as may be required under Applicable Law and for dissolution of the Transferor Company without being wound up.
- 35.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Transferee Company and the Resulting Company may require to own the assets and/ or liabilities of the Transferor Companies or the Demerged Undertaking, as the case may be, and to carry on the business of the Transferor Companies or the Demerged Undertaking, as the case may be.

36. MODIFICATION OR AMENDMENTS TO THIS SCHEME

- 36.1 On behalf of each of the Parties, the Board of the respective Parties acting themselves or through authorized Persons, may consent jointly but not individually, to any modifications or amendments to this Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e., the Boards of the Parties) and solve all difficulties that may arise for carrying out this Scheme and do all acts, deeds and things necessary for putting this Scheme into effect.
- 36.2 For the purposes of giving effect to this Scheme or to any modification hereof, the Boards of the Parties acting themselves or through authorized Persons may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all Parties, in the same manner as if the same were specifically incorporated in this Scheme.

37. CONDITIONS PRECEDENT

- 37.1 Unless otherwise decided (or waived) by the relevant Parties, the Scheme is conditional upon and subject to the following conditions precedent:
- 37.1.1 obtaining no-objection letter from Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;
- 37.1.2 approval of the Scheme by the requisite majority of each class of shareholders and such other classes of persons of the Parties, as applicable or as may be required under the Act and as may be directed by the Tribunal;
- 37.1.3 the sanctions and orders of the Tribunal, under Sections 230 to 232 of the Act being obtained by the Parties;
- 37.1.4 SCL complying with other provisions of the SEBI Circular, including seeking approval of the shareholders of SCL through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are



more than the number of votes cast by the public shareholders, of SCL, against it as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957; and

- 37.1.5 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the RoC having jurisdiction over the Parties.
- 37.2 Without prejudice to Clause 37.1 and subject to the satisfaction or waiver of the conditions mentioned in Clause 37.1 above, the Scheme shall be made effective in the order as contemplated below:
- 37.2.1 Part II of the Scheme shall be made effective subject to the satisfaction or waiver of conditions mentioned in Clause 37.1 by the Board of SCL;
- 37.2.2 Part III of the Scheme shall be made effective after the implementation of Part II of the Scheme;
- 37.2.3 Immediately after Part III of the Scheme is made effective, i.e., after the Effective Date 2 but before the effectiveness of Part IV of the Scheme, i.e. Effective Date 3, a portion of Preference Shares of SCL so issued to the shareholders of the Transferor Company 1 under Part III of this Scheme shall be transferred by them to the Transferor Company 2 at the face value and Transferor Company 2 shall pay consideration for the same to such transferors;
- 37.2.4 Part IV of the Scheme shall be made effective after the implementation of the step as suggested in 37.2.3 above; and
- 37.2.5 Part V of the Scheme shall be made effective after the implementation of Part IV of the Scheme.
- 37.3 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the respective Parties may have under or pursuant to all Applicable Law(s).
- 37.4 On the approval of this Scheme by the shareholders and such other classes of Persons of the said Parties, if any, the shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the bonus, demerger, amalgamation, capital reduction set out in this Scheme, related matters and this Scheme itself.

38. CHANGE OF NAME OF THE DEMERGED COMPANY

- 38.1 Upon Part III of this Scheme becoming effective, the name of the Demerged Company shall stand changed to "TVS Holdings Limited" or such other name which is available and approved by the RoC, by simply filing the requisite forms with the Appropriate Authority and no separate act, procedure, instrument, or deed and registration fees shall be required to be followed under the Act.



- 38.2 Consequently, subject to Clause 38.1 above, clause I of the memorandum of association of the Demerged Company shall without any act, procedure, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 232 and other applicable provisions of the Act, and be replaced by the following clause:

"The name of the Company is TVS Holdings Limited."

- 38.3 It is hereby clarified that, for the purposes of acts and events as mentioned in Clause 38.1 and 38.2, the consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14 or any other applicable provisions of the Act, would be required to be separately passed, nor any additional fees (including fees and charges to the relevant RoC) or stamp duty, shall be payable by the Demerged Company.

39. CHANGE OF NAME OF RESULTING COMPANY

- 39.1 Upon Part V of this Scheme becoming effective, the name of the Resulting Company shall stand changed to 'Sundaram - Clayton Limited' or such other name which is available and approved by the RoC, by simply filing the requisite forms with the Appropriate Authority and no separate act, procedure, instrument, or deed and registration fees shall be required to be followed under the Act.

- 39.2 Consequently, subject to Clause 39.1 above, Clause I of the memorandum of association of the Resulting Company shall without any act, act, procedure, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 232 and other applicable provisions of the Act, and be replaced by the following clause:

"The name of the Company is Sundaram - Clayton Limited."

- 39.3 It is hereby clarified that, for the purposes of acts and events as mentioned in Clauses 38.2 and 39.2 above, the consent of the shareholders of the Demerged Company and the Resulting Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14 or any other applicable provisions of the Act, would be required to be separately passed, nor any additional fees (including fees and charges to the relevant RoC) or stamp duty, shall be payable by the Resulting Company.

40. WITHDRAWAL OF THIS SCHEME, NON-RECEIPT OF APPROVALS

- 40.1 Parties, acting jointly, shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.
- 40.2 In the event of withdrawal of the Scheme under Clause 40.1 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person.
- 40.3 In the event of any of the requisite sanctions and approvals not being obtained on or before such date as may be agreed to by the Parties, this Scheme or relevant part(s) of this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/ or in connection with this Scheme.



41. VALIDITY OF EXISTING RESOLUTIONS, ETC.

- 41.1 Upon the coming into effect of Part III, Part IV and Part V of this Scheme, the resolutions/ power of attorneys executed by the Transferor Company 1, the Transferor Company 2 and the Demerged Company (in relation to the Demerged Undertaking), as are considered necessary by the Board of the Transferor Company 1, the Transferor Company 2 and the Demerged Company (in relation to the Demerged Undertaking), and that are valid and subsisting on the Effective Date 1, Effective Date 2, Effective Date 3, or Effective Date 4 as the case may be, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company or the Resulting Company, as the case may be, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then such limits as are considered necessary by the Board of the Transferee Company and/ or the Resulting Company, as the case may be, shall be added to the limits, if any, under like resolutions passed by the Transferee Company or the Resulting Company and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/power of attorneys for the purpose of the Transferee Company or the Resulting Company.

42. COSTS AND TAXES

All costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) of the Parties, respectively in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/ or incidental to the completion of: Part II of this Scheme shall be paid by SCL, Part III and Part IV shall be borne by the shareholders of the Transferor Company 1 and Transferor Company 2 respectively, and for the Part IV of this Scheme shall be borne by the Resulting Company.



SCHEDULE 1

PRINCIPAL TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES OF SCL

Issuer	SCL/ Transferee Company
Type of instrument	Cumulative Non-Convertible Redeemable Preference Shares of SCL
Face value	INR 10 (ten)
Coupon Rate	9% per annum payable at annual rest The payment of coupon will be at completion of 12 month and for the balance period if, the term extends beyond 12 months, the coupon shall be adjusted proportionately for such balance period and paid at the time of the redemption
Tenure	2 nd February 2024 or 12 months from the date of allotment, whichever is later
Redemption	SCL shall redeem Preference Shares of SCL at INR 10 of nominal value
Credit Rating	To be obtained from a credit rating agency after Effective Date 1
Market Lot	One Preference Share or as required by Stock Exchanges
Listing	Proposed to be listed on the same stock exchanges on which the equity shares of SCL are listed
Taxation	The allotment, dividend, redemption amount of Preference Shares of SCL issued by way of bonus, are subject to Taxes including any withholding / deduction as may be applicable in accordance with provisions of Income Tax Act as amended from time to time
Lock in Period	There is no lock in for the Preference Shares of SCL



SCHEDULE 2

PRINCIPAL TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES OF THE RESULTING COMPANY

Issuer	The Resulting Company
Type of instrument	Cumulative Non-Convertible Redeemable Preference Shares of the Resulting Company
Face value	INR 10 (ten)
Coupon Rate	0.1% per annum
Tenure	2 nd February 2024 or 12 months from the date of allotment, whichever is later
Redemption	The Resulting Company shall redeem Preference Shares of the Resulting Company at INR 10
Listing	The Preference Shares of the Resulting Company will not be listed on any stock exchanges
Taxation	The allotment, dividend, redemption amount of Preference Shares of the Resulting Company issued by way of bonus, are subject to Taxes including any withholding / deduction as may be applicable in accordance with provisions of Income Tax Act as amended from time to time
Lock in Period	There is no lock in for the Preference Shares of the Resulting Company

