

**Schaeffler India Limited**

**NOTICE OF MEETING OF UNSECURED CREDITORS OF  
SCHAEFFLER INDIA LIMITED CONVENED BY NATIONAL  
COMPANY LAW TRIBUNAL, MUMBAI BENCH.**

# SCHAEFFLER

## Schaeffler India Limited

[Formerly known as FAG Bearings India Limited]

**Corporate Identity No. (CIN):** L29130MH1962PLC012340  
**Registered Office:** Nariman Bhavan, 8th Floor, 227, Backbay Reclamation, Nariman Point,  
Mumbai - 400021, Maharashtra, India  
**Tel. No.:** +91 22 66814444; **Fax No.:** +91 22 22027022  
**Email:** investorsupport.in@schaeffler.com; **Website:** www.schaeffler.co.in

### MEETING OF THE UNSECURED CREDITORS OF SCHAEFFLER INDIA LIMITED CONVENED BY THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

#### NOTICE TO UNSECURED CREDITORS

<b>Day</b>	Tuesday
<b>Date</b>	March 20, 2018
<b>Time</b>	05:00 p.m. (1700 hours)
<b>Venue</b>	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra, India

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT MUMBAI  
COMPANY SCHEME APPLICATION NO.1078 OF 2017**

In the matter of the Companies Act, 2013;

And

In the matter of application under Sections 230 – 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Scheme of Amalgamation of INA Bearings India Private Limited ('**Transferor Company 1**') and LuK India Private Limited ('**Transferor Company 2**') with Schaeffler India Limited ('**Transferee Company**' or '**Applicant Company**' or '**Company**') and their respective shareholders and creditors.

Schaeffler India Limited [CIN: L29130MH1962PLC012340] )  
a company incorporated under the Companies Act, 1956, )  
having its registered office at Nariman Bhavan, 8th Floor, )  
227, Backbay Reclamation, Nariman Point, Mumbai 400021, )  
Maharashtra, India. ) Applicant Company

**NOTICE CONVENING MEETING OF THE UNSECURED CREDITORS OF SCHAEFFLER INDIA LIMITED, THE APPLICANT COMPANY**

To,

**The Unsecured Creditors of Schaeffler India Limited**

**TAKE NOTICE** that by an Order made on January 12, 2018, in the above mentioned Company Scheme Application (the 'Order'), the Hon'ble National Company Law Tribunal, Mumbai Bench ('**Hon'ble Tribunal**' or '**NCLT**') has directed that a Meeting of the Unsecured Creditors of the Company, be convened and held at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra, India on Tuesday, March 20, 2018 at 05:00 p.m. (1700 hours) to consider, and, if thought fit, to approve with or without modification(s), the proposed Scheme of Amalgamation of INA Bearings India Private Limited ('**Transferor Company 1**') and LuK India Private Limited ('**Transferor Company 2**') with Schaeffler India Limited ('**Applicant Company**' or '**Transferee Company**' or '**Company**') and their respective shareholders and creditors ('**Scheme**').

**TAKE FURTHER NOTICE** that in pursuance of the Order and as directed therein, a Meeting of the Unsecured Creditors of the Company, will be held at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra, India on Tuesday, March 20, 2018 at 05:00 p.m. (1700 hours) (the 'Meeting'), at which place, day, date and time you are requested to attend.

**TAKE FURTHER NOTICE** that you may attend and vote at the Meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorized representative, is deposited at the Registered Office of the Company at Nariman Bhavan, 8th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai 400021, Maharashtra, not later than 48 hours before the scheduled time of the Meeting.

**TAKE FURTHER NOTICE** that copy of the Scheme and the Explanatory Statement under Section 230(3) and Section 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with Form of Proxy, Attendance Slip and other annexures as stated in the Index are enclosed herewith. Copy of the Scheme and the Explanatory Statement under Section 230 of the Companies Act, 2013 can be obtained free of charge at the registered office of the Company.

The Hon'ble Tribunal has appointed Mr. Avinash Gandhi, Chairman of the Company, failing him, Mr. Dharmesh Arora, Managing Director of the Company, failing him, Dr. Sanak Mishra, Independent Director of the Company to be the Chairperson of the Meeting.

The above Scheme, if approved by the Unsecured Creditors, will be subject to the subsequent approval of the Hon'ble Tribunal.

The Audit Committee and the Board of Directors of the Company at their respective Meetings, both held on August 30, 2017, have approved the Scheme, subject to approval by the requisite majority of the Unsecured Creditors of the Company as may be required, and subject to the sanction of the Hon'ble Tribunal and of such other authorities as may be necessary.

To consider and if thought fit to pass, with or without modification(s), and with requisite majority, the following resolutions under

Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force):

**“RESOLVED THAT** pursuant to the provisions of Section 230 read with Section 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable provisions of the Companies Act, 2013 and the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Mumbai Bench of the National Company Law Tribunal, and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Mumbai Bench of the National Company Law Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the proposed Scheme of Amalgamation of INA Bearings India Private Limited ('Transferor Company 1') and LuK India Private Limited ('Transferor Company 2') with Schaeffler India Limited ('Applicant Company' or 'Transferee Company' or 'Company') and their respective shareholders and creditors ('Scheme') placed before this Meeting and initialled by the Chairperson of the Meeting for the purpose of identification, be and is hereby approved.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the National Company Law Tribunal, Mumbai Bench while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper.”

Sd/-  
Avinash Gandhi  
DIN: 00161107  
Chairperson Appointed for the Meeting

Dated this the 12<sup>th</sup> day of February, 2018  
Place: New Delhi

**Registered Office:**  
**Schaeffler India Limited,**  
[Formerly known as FAG Bearings India Limited.]  
Nariman Bhavan, 8th Floor,  
227, Backbay Reclamation,  
Nariman Point, Mumbai 400021,  
Maharashtra, India  
Email: [investorsupport.in@schaeffler.com](mailto:investorsupport.in@schaeffler.com)  
Website: [www.schaeffler.co.in](http://www.schaeffler.co.in)

**Notes:-**

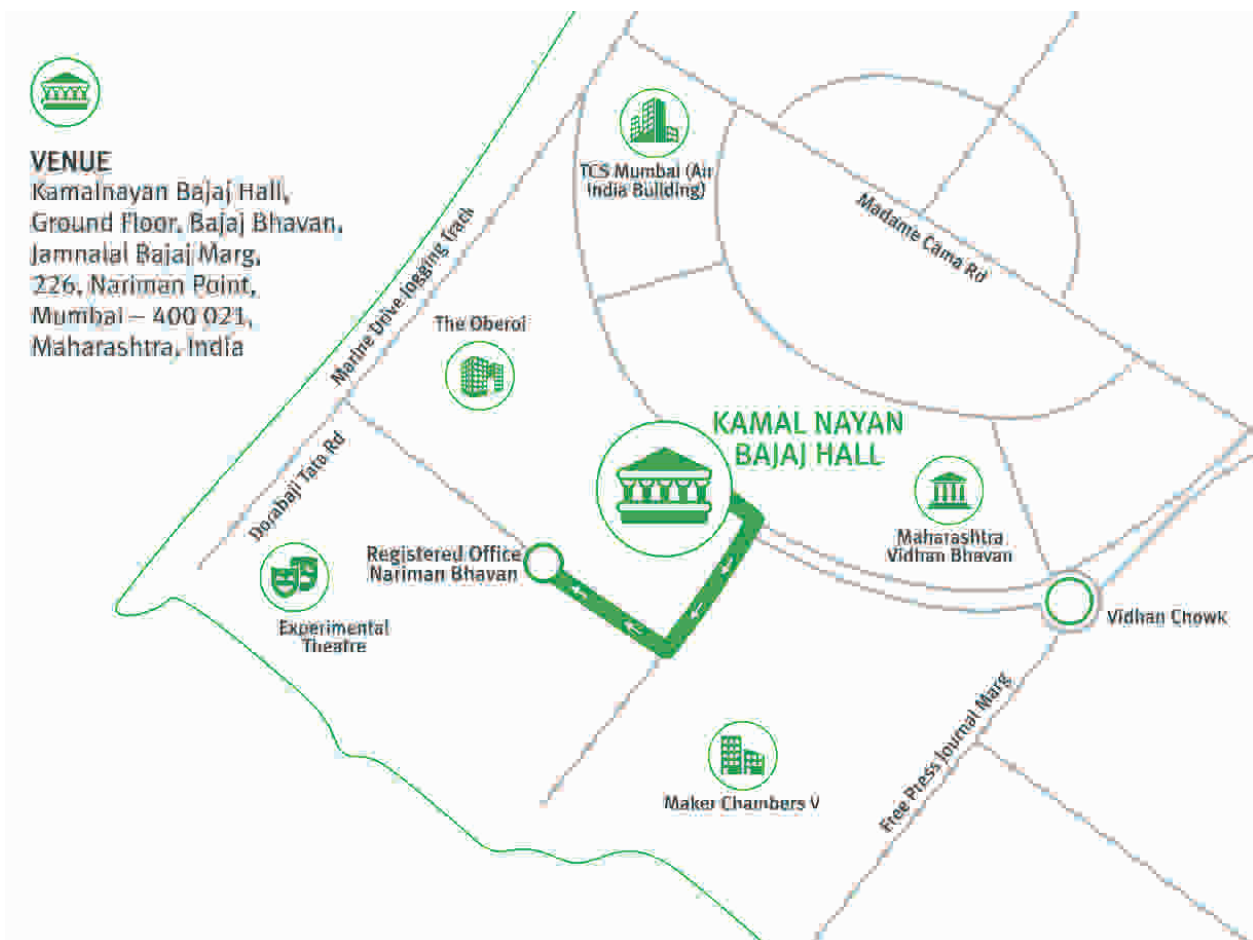
1. All alterations made in the Form of Proxy should be initialled. The form of proxy can be obtained free of charge from the registered office of the Company.
2. Only Unsecured Creditors of the Company may attend and vote (either in person or by proxy or by authorized representative under Section 113 of the Companies Act, 2013) at the Unsecured Creditors' Meeting of the Company. The authorized representative of a body corporate which is an Unsecured Creditor of the Company may attend and vote at the Unsecured Creditors' Meeting provided a certified true copy of the resolution of the Board of Directors under Section 113 of the Companies Act, 2013 or other governing body of the body corporate authorizing such representative to attend and vote at the Unsecured Creditors' Meeting is deposited at the Registered Office of the Company not later than 48 hours before the Meeting.
3. **AN UNSECURED CREDITOR ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE AN UNSECURED CREDITOR OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
4. The quorum of the meeting of the Unsecured Creditors shall be 5 (five) Unsecured Creditors present in person or by representative. In case the quorum as noted above are not present at the meeting, then the meeting shall be adjourned for half an hour, and thereafter, the persons present and voting shall be deemed to constitute the quorum.
5. An Unsecured Creditor or his/her Proxy is requested to bring the copy of the notice to the Meeting and produce the attendance slip, duly completed and signed, at the entrance of the Meeting venue.
6. The Company shall provide the facility of ballot / polling paper at the venue of the Meeting.

7. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the Unsecured Creditors of the Company, voting in person or by proxy, agrees to the Scheme.
8. As directed by Hon'ble Tribunal, Mr. Suresh Kumar Kabra (Membership No. ACS 9711), failing him, Mr. Satyanarayan Samdani (Membership No. FCS 3677) of M/s. Samdani Kabra & Associates, Practicing Company Secretaries, shall act as Scrutinizer to scrutinize votes cast through ballot / polling paper at the Meeting. The Scrutinizer will submit his report to the Chairperson of the meeting after completion of the scrutiny of the votes cast by the Unsecured Creditors of the Company through ballot/poll paper at the venue of the meeting. The scrutinizer's decision on the validity of the vote shall be final. The results of votes cast through ballot/poll paper at the venue of the meeting will be announced on or before Thursday, March 22, 2018 at the registered office of the Company. The results, together with the scrutinizer's reports, will be displayed at the registered office of the Company and on the website of the Company [www.schaeffler.co.in](http://www.schaeffler.co.in) besides being communicated to BSE Limited and National Stock Exchange of India Limited.
9. The notice convening meeting shall be published through an advertisement in the "Free Press Journal" in the English language and "Navshakti" in the Marathi language, both having circulation in Mumbai.
10. The voting rights of the Unsecured Creditors of the Company shall be in proportion to the value of sum outstanding to the Unsecured Creditor as on the cut-off date i.e. 31st day of October 2017.
11. All relevant documents referred to in the above Notice and other documents required to be open for inspection are open for inspection by the Unsecured Creditors of the Company at the Registered Office of the Company at Nariman Bhavan, 8th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai 400021, Maharashtra, India between 11.00 a.m. (1100 hours) to 01.00p.m.(1300 hours) on all working days (except Saturdays, Sundays and Holidays) up to the date of the Meeting.

Route Map to the Venue of the Meeting

Venue: Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra, India

Landmark: Maharashtra Vidhan Bhavan



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT MUMBAI  
COMPANY SCHEME APPLICATION NO.1078 OF 2017**

In the matter of the Companies Act, 2013;

And

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In the matter of Scheme of Amalgamation of INA Bearings India Private Limited ('**Transferor Company 1**') and LuK India Private Limited ('**Transferor Company 2**') with Schaeffler India Limited ('**Transferee Company**' or '**Applicant Company**' or '**Company**') and their respective shareholders and creditors.

Schaeffler India Limited [CIN: L29130MH1962PLC012340]	)	
a company incorporated under the Companies Act, 1956,	)	
having its registered office at Nariman Bhavan, 8th Floor,	)	
227, Backbay Reclamation, Nariman Point, Mumbai 400021,	)	
Maharashtra, India.	)	Applicant Company

**EXPLANATORY STATEMENT UNDER SECTION 230(3) READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 FOR THE MEETING OF THE UNSECURED CREDITORS OF SCHAEFFLER INDIA LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH**

1. This is a statement accompanying the Notice convening the Meeting of the Unsecured Creditors of the Company, pursuant to an Order dated January 12, 2018 ('**Order**') passed by the Hon'ble National Company Law Tribunal, Mumbai Bench ('**Hon'ble Tribunal**' or '**NCLT**') in the Company Scheme Application No. 1078 of 2017, referred to hereinabove, to be held at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, Maharashtra, India on Tuesday, March 20, 2018 at 05:00 p.m. (1700 hours) for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of INA Bearings India Private Limited ('**Transferor Company 1**') and LuK India Private Limited ('**Transferor Company 2**') with Schaeffler India Limited ('**Applicant Company**' or '**Transferee Company**' or '**Company**') and their respective shareholders and creditors ('**Scheme**').
2. A copy of the Scheme is enclosed herewith as **Annexure A**. The proposed Scheme is envisaged to be effective from the Appointed Date (i.e., January 1, 2018) but shall be made operative from the Effective Date (as defined in the Scheme).
3. Pursuant to the Order made on January 12, 2018 passed by the Hon'ble National Company Law Tribunal, Mumbai Bench in Company Scheme Application No. 1078 of 2017, a Meeting of the Unsecured Creditors of the Company is being convened and held for the purpose of considering and if thought fit, approving, with or without modification(s), the Scheme. Unsecured Creditors would be entitled to vote in the said meeting either in person or through proxy.
4. NCLT, by its Order, has stated that the value and number of the Unsecured Creditors of the Company shall be in accordance with the books of account of the Company as on October 31, 2017.
5. The said Order is available for inspection at the Registered Office of the Company at Nariman Bhavan, 8th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai 400021, Maharashtra, India from 11.00 a.m. (1100 hours) to 01.00 p.m. (1300 hours), on any working day of the Company up to the date of the Meeting.
6. **Background of Companies**
- 6.1 The Company, Schaeffler India Limited, was incorporated on April 27, 1962 under the Companies Act, 1956, as a public limited company, under the name and style of 'Precision Bearings India Limited' vide certificate of incorporation dated April 27, 1962 by the Registrar of Companies, Maharashtra. The Company was granted a certificate for commencement of business dated August 20, 1962, issued by the Registrar of Companies, Maharashtra. Consequent upon change of name from 'Precision Bearings India Limited' to 'FAG Precision Bearings Limited', a fresh certificate of incorporation dated May 20, 1986 was issued by the Registrar of Companies, Maharashtra. Consequent upon further change of name from 'FAG Precision Bearings Limited' to 'FAG Bearings India Limited' a fresh certificate of incorporation dated May 5, 1999 was issued by Registrar of Companies, Mumbai, Maharashtra. Consequent upon further change of name from 'FAG Bearings India Limited' to 'Schaeffler India Limited' a fresh certificate of incorporation dated July 7, 2017 was issued by Registrar of Companies, Mumbai, Maharashtra. The PAN and CIN of the Company are AAACF3357Q and L29130MH1962PLC012340 respectively. The email address of the Company is investorsupport.in@schaeffler.com. During the last five years there has been no change in the registered office of the Company.

6.2 The authorised, issued, subscribed and paid-up share capital of the Company as on December 31, 2017 is as under:

Particulars	Amount in Rs.
<b>Authorized Capital</b>	
2,00,00,000 equity shares of Rs. 10 each	20,00,00,000
<b>Total</b>	20,00,00,000
<b>Issued, Subscribed and Paid-Up Capital</b>	
1,66,17,270 equity shares of Rs. 10 each fully Paid-up	16,61,72,700
<b>Total</b>	16,61,72,700

As on date, there has been no change in the authorized, issued, subscribed and paid up share capital of the Company.

6.3 The Company is a public limited company and its equity shares are listed on the BSE Limited ('BSE') and the National Stock Exchange of India Ltd. ('NSE'). The Company is, *inter alia*, engaged in the development, manufacturing and supply of high precision and high quality rolling bearings – ball, cylindrical, spherical and taper – for mechanical engineering, wind energy, railways, aerospace and the automotive industry worldwide and related machine building activities.

6.4 The details of Directors of the Company along with their addresses are mentioned herein below:

Name of Director	Category	Address
Mr. Avinash Prakash Gandhi	Director	C-2/14, Safdarjung Development Area, New Delhi 110016, Delhi, India
Mr. Dharmesh Subhash Chandra Arora	Managing Director	D-402, Amar Renaissance, Sopan Baug, Ghorpadi Goan Pune 411001, Maharashtra India
Mr. Klaus Rosenfeld	Director	Liliencronstrasse 31, 60320, Frankfurt am Main, Germany
Mr. Dietmar Heinrich	Director	Walther-Weis-Str. 18, St. Ingbert 66386, Germany
Mr. Marcus Wilhelm Karl Eisenhuth	Additional Director	Waldstr. 33, 56479, Westernohe, Germany
Mr. Sampath Kumar Raman	Director	204, Tower 2 Palm, South City 1, Gurgaon 122001, Haryana, India
Dr. Sanak Mishra	Director	Flat No. 341, Green Heavens Sail Co-op. Housing Society, Plot No. 35, Sector 4, Dwarka Phase-I, New Delhi 110045, Delhi, India
Mrs. Renu Challu	Director	A 34/1, AFOCHS, Sainikpuri, Secunderabad 500094, Telangana, India
Mr. Rakesh Jinsi	Director	House No. 277, Sector 17-A, Gurgaon, Haryana 122001, India

6.5 The details of Promoter of the Company along with their address are mentioned herein below

Name of Promoter	Category	Address
FAG Kugelfischer GmbH	Promoter	Georg-Schefer-Strasse 30, 97421, - Schweinfurt, Germany

6.6 As on October 31, 2017, the amount due to the unsecured creditors of the Company is Rs. 234.23 crores.

6.7 The main objects of the Company as set out in Clause III of its Memorandum of Association are as follows:

*“(1) To carry on business of manufacturers of and dealers in antifriction ball and/or roller bearings and components in respect thereof and also the business of manufacturers and/or assemblers of and dealers in all types of bearing units and other component parts of machinery and accessories in respect thereof.*

*(2) To carry on the business of supplying, repairing, servicing, processing, installing, assembling, altering, improving, converting, rebuilding, reconditioning and/or manipulating of all types of machine elements such as anti-friction ball, cylindrical roller and taper roller bearings, plain bearings and/or thin walled bearings.*

*(3) To carry on the business of manufacturing, buying, selling, repairing, converting, altering, letting on hire and otherwise dealing in machinery, apparatus, implements, component parts, rolling stock and hardware of all kinds connected with and used in industries engaged in the production of automobiles, bicycles, tricycles, scooters, auto-rickshaws and other self-motivating transport vehicles and in the production of industrial, agricultural, earth moving and conveying equipment whether self-propelled or otherwise.”*

6.8 The Transferor Company 1, INA Bearings India Private Limited, was incorporated on September 23, 1997, under the Companies Act, 1956 under the name and style of 'INA Bearings India Private Limited' by the Registrar of Companies, Delhi and Haryana, vide certificate of incorporation dated September 23, 1997. Consequent to change in registered office of the Transferor Company 1 from New Delhi to Maharashtra, a fresh certificate of incorporation

dated August 18, 2000, was issued by the Registrar of Companies, Pune, Maharashtra. The PAN and CIN of the Transferor Company 1 are AAACI7163H and U34300PN1997PTC015240 respectively. The email address of the Transferor Company 1 is info.in@schaeffler.com. During the last five years there has been no change in the name and registered office of the Transferor Company 1.

- 6.9 The authorised, issued, subscribed and paid-up share capital of the Transferor Company 1 as on December 31, 2017 is as under:

Particulars	Amount in Rs.
<b>Authorized Capital</b>	
8,30,00,000 equity shares of Rs. 10 each	83,00,00,000
<b>Total</b>	83,00,00,000
<b>Issued, Subscribed and Paid-Up Capital</b>	
5,33,96,777 equity shares of Rs. 10 each fully Paid-up	53,39,67,770
<b>Total</b>	53,39,67,770

As on date, there has been no change in the authorized, issued, subscribed and paid up share capital of the Transferor Company 1.

- 6.10 The Transferor Company 1 is a private limited company currently, *inter alia*, engaged in the business of manufacturing and supply of precision engine, transmission and chassis components as well as needle and linear bearings for automotive, motorcycles, precision equipment, machine tools and material handling industries.
- 6.11 The details of Directors and Promoters of the Transferor Company 1 along with their addresses are mentioned herein below:

Name of Director / Promoter	Category	Address
Mr. Satish Chunibhai Patel	Director	12, Vicenza Highlands, Gotri - Sevasi Road, B/h FGI Business Centre, Sevasi Vadodara 391 101, Gujarat, India
Mr. Dharmesh Subhash Chandra Arora	Managing Director	D-402, Amar Renaissance, Sopan Baug, Ghorpadi Goan Pune 411001, Maharashtra India
Mr. Stefan Peter Hermann Bauerreis	Director	Zum Kopfwasen, 19D, Herzogenaurach, 91074 Germany
Mrs. Preeti Bhushan Shalukar	Additional Director	A/6-7, Saritanagari Ganeshmala, Near Dattawadi, Pune 411030, Maharashtra, India
Mr. Jens Maximilian Reichling	Additional Director	Siegfriedstr. 12 80803, Munich, Germany
INA Beteiligungsverwaltungs GmbH	Promoter	Industriestrasse 1-3, 91074 Hezogenaurach, Germany
Industriewerk Schaeffler INA Ingenieurdiens GmbH	Promoter	Industriestrasse 1-3, 91074 Herzogenaurach, Germany
Schaeffler Beteiligungsgesellschaft mbH	Promoter	Industriestrasse 1-3, 91074 Herzogenaurach, Germany

- 6.12 The shares of the Transferor Company 1 are not listed on any stock exchange.
- 6.13 As on October 31, 2017, the amount due to the unsecured creditors of the Transferor Company 1 is Rs. 252.84 crores.
- 6.14 The main objects of the Transferor Company 1 as set out in Clause III of its Memorandum of Association are as follows:

1. To carry on in India or elsewhere, the business of manufacturing, producing, designing, preparing, assembling, heating, grading, moulding, casting, buying, selling, re-selling, importing, exporting, transporting, storing, forwarding, distributing, disposing, developing, handling, manipulating, marketing, supplying and /or otherwise dealing in all types, description, diameters, capacities, applications and uses of anti-friction bearings, needle rollers, needle roller bearings and combined needle roller bearings and their assemblies, linear products engine elements and allied items, their components, parts, war materials & consumables.

2. To provide services in connection with the manufacture, preparation, assembly, moulding, casting, buying, selling, re-selling, importing, exporting, transporting, storing, forwarding, distributing, disposing, developing, handling, manipulating, marketing, supplying, and/or otherwise dealing in anti-friction bearings, needle rollers, needle roller bearings and combined needle roller bearings and their assemblies, linear products and engine elements and allied items, and to provide maintenance support in connection thereof to customers, persons, firms and corporations engaged in business with the Company."

- 6.15 The Transferor Company 2, LuK India Private Limited, was incorporated on March 22, 1995 under the Companies Act, 1956 under the name and style of 'Rane Clutch Products Limited' vide certificate of incorporation dated March 22, 1995, issued by the Registrar of Companies, Tamil Nadu. It was subsequently converted into a private company



under Section 31 of the Companies Act, 1956 and hence the name of the Transferor Company 2 was changed to 'Rane Clutch Products Private Limited' vide approval dated January 24, 1996 and fresh certificate of Incorporation dated January 31, 1996 was issued consequent to change of name. The Transferor Company 2 then became a public company pursuant to the provisions of section 43A of the Companies Act, 1956 with effect from January 25, 1996. The name of the Transferor Company 2 was once again changed to 'Rane LuK Clutch Limited' vide certificate of Incorporation consequent to name change dated March 24, 1997. The Transferor Company 2 then became a private company pursuant to provisions of section 43A of the Companies Act, 1956 with effect from August 1, 2001. The name of the Transferor Company 2 was once again changed from 'Rane LuK Clutch Private Limited' to the present name and a Fresh Certificate of Incorporation dated December 6, 2001 was issued. The PAN and CIN of the Transferor Company 2 are AAACL6817D and U29199TZ1995PTC010015 respectively. The email address of the Transferor Company 2 is info.in@schaeffler.com. During the last five years there has been no change in the name and registered office of the Transferor Company 2.

- 6.16 The authorised, issued, subscribed and paid-up share capital of the Transferor Company 2 as on December 31, 2017 is as under:

Particulars	Amount in Rs.
<b>Authorized Capital</b>	
2,25,00,000 equity shares of Rs. 10 each	22,50,00,000
<b>Total</b>	22,50,00,000
<b>Issued, Subscribed and Paid-Up Capital</b>	
2,25,00,000 equity shares of Rs. 10 each fully Paid-up	22,50,00,000
<b>Total</b>	22,50,00,000

As on date, there has been no change in the authorized, issued, subscribed and paid up share capital of the Transferor Company 2.

- 6.17 The Transferor Company 2 is a private limited company currently, *inter alia*, engaged in the business of manufacturing and supply of high quality innovative products such as clutch systems, dual mass flywheel, transmission automation and hybrid systems to the automotive industry.
- 6.18 The details of Directors and Promoters of the Transferor Company 2 along with their addresses are mentioned herein below:

Name of Director / Promoter	Category	Address
Mr. Satish Chunibhai Patel	Director	12, Vicenza Highlands, Gotri - Sevasi Road, B/h FGI Business Centre, Sevasi Vadodara 391 101, Gujarat, India
Mr. Santosh Ratnappa Poojari	Managing Director	Flat No. B-301, Concorde Manhattans, Neeladri Road, Electronic City Phase 1, Bangalore 560100, Karnataka, India
Mr. Stefan Peter Hermann Bauerreis	Director	Zum Kopfwasen, 19D, Herzogenaurach, 91074 Germany
Dr. Alexandra Zech	Additional Director	David-Schroen-Strasse, 12 91097, Oberreichenbach, Germany
LuK Vermögensverwaltungsgesellschaft mbH	Promoter	Industriestrasse 3, 77815, Buhl, Germany
Industrieraufbaugesellschaft Buhl mbH	Promoter	Industriestrasse 3, 77815, Buhl/Baden, Germany

- 6.19 The shares of the Transferor Company 2 are not listed on any stock exchange.
- 6.20 As on October 31, 2017, the amount due to the unsecured creditors of the Transferor Company 2 is Rs. 142.49 crores.
- 6.21 The main objects of the Transferor Company 2 as set out in Clause III of its Memorandum of Association are as follows:

*"1. To manufacture, buy, sell, service, repair, import, export, distribute, process, deal and trade in all kinds of automotive components, machinery spares for all types of engines whether stationary, automobile, marine, aircraft, locomotives or others and all parts, supplies, accessories, ancillaries and sub-systems, tools, machine tools and machine tool ancillaries used in the manufacture thereof.*

*2. To carry on all kinds of engineering work, including electrical, mechanical, structural and general engineering, to act as Structural and general fabricators and metal workers and metal finishers.*

*3. To undertake all kinds of metal finishing such as grinding, machining, welding, riveting, forging, bolting, soldering, brazing, metal powdering, metal spraying, electroforming, electroplating, hot and electro-galvanizing, oxidising, anodising, lacquering finishing and polishing, enameling, thermoplastic coating, metallizing and engraving.*

*4. To establish and work heat treatment shops, smithy and press shops, forging shops, tool rooms, drop stamping works, to manufacture and deal in transmission line materials and structural materials."*

**7 Rationale of the Scheme**

- 7.1 The Scheme of Amalgamation of the Transferor Company 1 and Transferor Company 2 with the Company provides for the transfer of the entire business of the Transferor Company 1 and Transferor Company 2 to, and vesting thereof in, the Company, as a “going concern”, in accordance with the terms of the Scheme.
- 7.2 The management proposes to achieve the above pursuant to the Scheme under Sections 230-232 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 (to the extent notified), in the manner set out herein.
- 7.3 The background, circumstances, rationale and benefits of the Scheme are:
- a. The Transferor Company 1 and Transferor Company 2 (collectively hereinafter referred to as “**Transferor Companies**”) and the promoter of the Company are part of the same group i.e. Schaeffler group and are engaged in industrial and automotive products and related services;
  - b. Recognizing the strengths of each other and with the intent of aligning the business operations undertaken by the Transferor Companies and the Company, the said companies now propose, by way of this Scheme to amalgamate the Transferor Companies into and with the Company in accordance with the terms of the Scheme; and
  - c. The amalgamation of the Transferor Companies with the Company would inter-alia have the following benefits:
    - Creation of a leading Indian automotive and industrial supplier;
    - Establish a diversified product offering across the high growth automotive and industrial segments and benefit from access to each company's client base;
    - Create revenue and cost synergies by bundling the product offerings, leveraging distribution networks, and reducing overhead costs; and
    - Enhance the financial profile with higher growth and margin expansion.

**8 Relationship subsisting amongst the Company and the Transferor Companies**

- 8.1 Transferor Company 1 and Transferor Company 2 are (indirect) wholly-owned subsidiaries of the entities belonging to the Schaeffler group.
- 8.2 The Schaeffler group through an entity holds more than 50% of the total share capital of the Company.
- 8.3 By virtue of shareholding of an entity, belonging to the Schaeffler group, in excess of 50% in the Company, the Company is under control of the Schaeffler group.

**9 Salient Features of the Scheme**

The material provisions of the proposed Scheme are detailed hereunder:

- “(a) Upon coming into effect of the Scheme and with effect from the Appointed Date and subject to the provisions of the Scheme, the Undertakings of the Transferor Companies shall, pursuant to the sanction of the Scheme by the Tribunals and pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act, be and stand transferred to and vested in and/or deemed to have been transferred to and vested in the Transferee Company, as a going concern, without any further act, deed, instrument, matter so as to become, as and from the Appointed Date, the undertakings of the Transferee Company by virtue of and in the manner provided in the Scheme. Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Companies or the Transferee Company, if applicable and the Transferee Company shall not be obliged to create any further or additional security therefore after the Effective Date or otherwise.
- (b) Pursuant to the Scheme coming into effect and without any further application, act or deed, the Transferee Company shall issue and allot: (i) 10 equity shares of Rs. 10 each fully paid up in its equity share capital in respect of every 65 equity shares of Rs. 10 each fully paid up in the equity share capital of the Transferor Company 1; and (ii) 10 equity shares of Rs. 10 each fully paid up in its equity share capital in respect of every 35 equity shares of Rs. 10 each fully paid up in the equity share capital of the Transferor Company 2, whose names appear in the register of members of the respective Transferor Companies and whose names appear as the respective beneficial owners of the equity shares of the Transferor Companies in the records of the depositories (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferee Company) as on the Record Date. The equity shares to be issued by the Transferee Company to the shareholders of Transferor Companies in accordance with Clause 5.1 of the Scheme shall be hereinafter referred to as “New Equity Shares”. Fractional entitlement of shares, if any, will be rounded up to the nearest integer.
- (c) Upon the Scheme becoming effective and upon the New Equity Shares being issued and allotted as provided in this Scheme, the equity shares of the Transferor Companies, both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date.

- (d) *The Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) and other relevant provisions of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of IT Act or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of the IT Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) and other relevant provisions of the IT Act. Such modification will however not affect the other parts of the Scheme.*
- (e) *If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the “Proceedings”) by or against the Transferor Companies are pending on the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies with the Transferee Company or anything contained in the Scheme, but on and from the Effective Date, the Proceedings may be continued and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Companies, in the absence of the Scheme.*
- (f) *For avoidance of doubt and without prejudice to the generality of Clause 4 of the Scheme, it is clarified that upon the coming into effect of the Scheme and with effect from the Appointed Date and without any further act of the parties, all memoranda of understanding, contracts, approvals, no objection certificates, rights, consents, permissions, quotas, deeds, bonds, agreements, arrangements, incentives, engagements, registrations, schemes, assurances, licenses, insurance policies and claims, guarantees, powers of attorney, authorities given by, issued to or executed in favour of the Transferor Companies, quality certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property and other interests relating to the Undertaking of the Transferor Companies and other instruments (including all tenancies, leases, and other assurances in favour of the Transferor Companies or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be transferred to and vested in the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the rights and benefits under the same shall be available to the Transferee Company and, shall continue in full force and effect against or in favour of the Transferee Company as the case may be, under the same terms and conditions, and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee or obligor thereto.*
- (g) *The transfer of the assets and liabilities of the Transferor Companies under Clause 4 of the Scheme, the continuance of Proceedings under Clause 7 of the Scheme and the effectiveness of contracts, deeds, bonds, approvals and other instruments under Clause 8 of the Scheme, shall not affect any transaction or Proceedings already concluded by the Transferor Companies on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto, as if done and executed on its behalf.*
- (h) *All Employees of the Transferor Companies in service on the Effective Date shall, on and from the Effective Date, become the employees of the Transferee Company on the terms and conditions not less favourable than those on which they were engaged with the Transferor Companies on the Effective Date.*
- (i) *The Transferor Companies shall be deemed to have been carrying on and shall carry on their respective businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the assets of the Transferor Companies for and on account of, and in trust for, the Transferee Company. The Transferor Companies hereby undertake to hold the said assets with utmost prudence until the Effective Date.*
- (j) *As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorized share capital of the Transferor Companies shall be deemed to be combined with the authorized share capital of the Transferee Company, without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to Registrar of Companies and the stamp duty and fees paid by the Transferor Companies on their authorized share capital shall be set-off against any stamp duty and fees payable by the Transferee Company on any increase in the authorized share capital of the Transferee Company pursuant to the Scheme.*
- (k) *In order to carry on the activities currently being carried on by the Transferor Companies, upon coming into effect of the Scheme, the main objects in the memorandum of association of each Transferor Company shall be added to the main objects of the memorandum of association of the Transferee Company, to the extent such objects are not already covered by those of the Transferee Company. The following objects clause as set out in Schedule II of the Scheme shall be added to the memorandum of association of the Transferee Company.*
- (l) *On the Scheme becoming effective, the Transferor Companies shall be dissolved without being wound up without any further act by the parties.*
- (m) *The amalgamation shall be accounted for in the books of account of the Transferee Company according to the applicable accounting standards i.e. Indian Accounting Standards (Ind AS) notified under Section 133 of the Act read with relevant rules issued thereunder and in accordance with prevailing guidelines.*
- (n) *Upon the coming into effect of the Scheme and with effect from the Appointed Date, the resolutions of the Transferor Companies, as are considered necessary by the Board of Directors of Transferee Company and which are validly subsisting, shall be considered as resolutions of Transferee Company. If any such resolutions have any monetary limits approved subject to the provisions of the Act or of any other Applicable*

Laws, then the said limits, as are considered necessary by the Board of Directors of Transferee Company, shall be added to the limits, if any, under the like resolutions passed by Transferee Company.

- (o) The Transferor Companies and the Transferee Company shall, with all reasonable dispatch, make applications to the Tribunals where the respective registered offices of the Transferor Companies and the Transferee Company are situated, for sanctioning this Scheme under Sections 230 to 232 of the Act for an order or orders thereof for carrying this Scheme into effect and for dissolution of the Transferor Companies without winding up.
- (p) Subject to the approval of Tribunals, the Transferor Companies and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may consent, to any modifications or amendments of the Scheme or to any conditions or limitations that the Tribunals or any other Governmental Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Tribunals or such other Governmental Authority for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme, whether in pursuance of a change in Law or otherwise. The Transferor Companies and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to give effect to the Scheme and to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- (q) The Scheme is conditional upon and subject to the approvals and/or sanctions laid down in Clause 20 of the Scheme.”

**Note: The features set out above being only the extract of the Scheme, the shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.**

10. Except Mrs. Renu Challu who holds 124 Equity Shares of the Company, the directors of the Company and the Transferor Companies do not hold any shares in the Company and the Transferor Companies respectively. Further, except a relative of Mrs. Renu Challu, who holds 100 Equity Shares of the Company, none of the key managerial personnel and relatives of the directors of the Company and the respective Transferor Companies is concerned or interested, financial or otherwise in the Scheme. None of the directors and key managerial personnel of the Company and the Transferor Companies have any material interest in the Scheme.

**11. Fairness Opinion and Approvals:**

11.1 A Valuation Report dated August 29, 2017 has been prepared jointly by Price Waterhouse & Co LLP and Walker Chandiook & Co LLP, recommending the Share Exchange Ratio to the Board of Directors of the Company and the respective Transferor Companies. A copy of the said report is enclosed herewith as **Annexure B** and is also available for inspection at the registered office of the Company.

11.2 In terms of the Securities and Exchange Board of India (“SEBI”) Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (the “SEBI Circular”), ICICI Securities Limited, a Category-I Merchant Banker, vide its letter dated August 30, 2017, has submitted to the Audit Committee and Board of Directors of the Company, a fairness opinion, stating that the Valuation Report is fair and reasonable. A copy of the said certificate is enclosed herewith as **Annexure C**.

11.3 A certificate has been issued by the auditors of the Company and each of the Transferor Companies stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.

11.4 The Audit Committee of the Company, at its meeting held on August 30, 2017, has reviewed and recommended the Scheme for consideration by the Board of Directors of the Company. The Board of Directors of the Company, at its board meeting held on August 30, 2017, has by resolution approved the Scheme, as detailed below:

Name of Director	Voted in favor / against / did not participate or vote
Mr. Avinash Prakash Gandhi	Favor
Mr. Dharmesh Subhash Chandra Arora	Did not participate
Mr. Klaus Rosenfeld	Did not participate
Mr. Dietmar Heinrich	Did not participate
Mr. Marcus Wilhelm Kari Eisenhuth	Did not participate
Mr. Sampath Kumar Raman	Leave of Absence
Dr. Sanak Mishra	Favor
Mrs. Renu Challu	Favor
Mr. Rakesh Jinsi	Favor

11.5 The Board of Directors of the Transferor Company 1, at its board meeting held on August 30, 2017, has by resolution approved the Scheme, as detailed below:

Name of Director	Voted in favor / against / did not participate or vote
Mr. Satish Chunibhai Patel	Did not vote
Mr. Dharmesh Subhash Chandra Arora	Did not vote
Mr. Stefan Peter Hermann Bauerreis	Leave of Absence
Mrs. Preeti Bhushan Shaulkar	Favor
Mr. Jens Maximilian Reichling	Favor

- 11.6 The Board of Directors of the Transferor Company 2, at its board meeting held on August 30, 2017 has by resolution approved the Scheme, as detailed below:

Name of Director	Voted in favor / against / did not participate or vote
Mr. Satish Chunibhai Patel	Did not vote
Mr. Santosh Ratnappa Poojari	Favor
Mr. Stefan PeterHermann Bauerreis	Leave of Absence
Dr. Alexandra Zech	Favor

- 11.7 By the resolution passed in the meeting of the Board of Directors of the Company held on August 30, 2017, the Board of Directors of the Company has authorised certain officers of the Company to constitute a Scheme Implementation Committee and the Scheme Implementation Committee has been severally authorized to, *inter alia*, make and agree to such modifications or alterations or amendments to the draft Scheme which do not amount to a material change to the substance of the Scheme.
- 11.8 The Scheme is conditional and subject to necessary sanctions and approvals as set out in the Scheme.
- 11.9 Pursuant to the SEBI Circular read with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**SEBI LODR Regulations**"), the Company have applied to BSE and NSE for their "no adverse observation" to file the Scheme for sanction. Both BSE and NSE by their respective letter dated November 29, 2017 have given their "no adverse observation" letters to file the Scheme. Copy of the letter dated November 29, 2017 received from BSE and copy of the letter dated November 29, 2017 received from NSE are enclosed herewith as **Annexures D and E** respectively.
- 11.10 The Scheme along with related documents was hosted on the website of the Company, BSE and NSE and was open for complaints / comments. The Company has received 1 (one) comment on the Scheme from one of its shareholders, which has been duly responded to. A Complaint Report was filed with BSE and NSE on October 6, 2017 and November 3, 2017 respectively. Copy of the report dated October 6, 2017 filed with BSE and copy of the report dated November 3, 2017 filed NSE are enclosed herewith as **Annexures F and G** respectively. Further, as on the date of filing the Company Scheme Application, the Company has not received any complaints.
- 11.11 In compliance with the provisions of Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of the Company and each of the Transferor Companies, in their respective meetings held on August 30, 2017, have adopted a report, *inter alia*, explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders. Copy of the report adopted by the Board of Directors of the Company and each of the Transferor Companies is enclosed herewith as **Annexures H, I and J** respectively.
- 11.12 In terms of the SEBI Circular, the applicable information of the Transferor Companies in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is enclosed herewith as **Annexures K and L**.
- 11.13 The Audited Financial Results of the Company for the quarter and year ended December 31, 2017 is enclosed herewith as **Annexure M**.
- 11.14 The Company and the Transferor Company 1 will make a Petition under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 to the Hon'ble National Company Law Tribunal, Bench, at Mumbai for sanctioning of the Scheme. The Transferor Company 2 will make a Petition under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 to the Hon'ble National Company Law Tribunal, Bench, at Chennai for sanctioning of the Scheme.
- 11.15 No investigation proceedings are pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of the Company and each of the Transferor Companies.
- 11.16 A copy of the Scheme has been filed by the Company with the Registrar of Companies, Maharashtra on February 09, 2018.
- 11.17 No winding up petition is pending against the Company and each of the Transferor Companies.
- 11.18 The Scheme does not involve any capital or debt restructuring and therefore the requirement to disclose details of capital or debt restructuring is not applicable.
- 11.19 In the event that the Scheme is terminated or withdrawn in the manner set out herein, the Scheme shall stand revoked, cancelled and be of no effect and null and void and in such event each party hereto shall bear and pay respective costs, charges and expenses for and or in connection with the Scheme.
- 11.20 As far as the shareholders of the Transferor Companies are concerned, they shall receive equity shares of the Company as per the share entitlement ratio as described in the para 9 (b) hereof and upon issue of such shares, they shall be classified as 'Promoters' of the Company. Accordingly, the shareholding of promoter shareholders, which shall include the shareholders of the Transferor Companies, will increase and the shareholding of non promoter shareholders of the Company will decrease as detailed in para 11.21 B hereof. Further, as the Transferor Companies shall be dissolved without being wound up, the directors and key managerial personnel of the Transferor Companies shall cease to be directors and the key managerial personnel of the Transferor Companies. The Scheme is not expected to have any effect on the directors and key managerial personnel of the Company. The liabilities of Transferor Companies and the Company towards their respective creditors, under the Scheme, is neither being reduced or being extinguished. The creditors of the Transferor Companies and the Company would in no way be affected by the Scheme. Upon the Scheme becoming effective, all the employees of the respective Transferor

Companies shall become the employees of the Company, without any break or interruption in their services, on same (but in any case no less favourable) terms and conditions on which they are engaged as on the Effective Date (as defined under the Scheme). In the circumstances, the rights of the employees of the Transferor Companies would in no way be affected by the Scheme. Further, under the Scheme, no rights of the employees of the Company are being affected. The services of the employees of Company shall continue on the same terms and conditions on which they were engaged by the Company. Neither the Company nor any of the Transferor Companies have issued any debentures or have accepted public deposits and therefore, the question of effect on depositors, debenture holders, deposit trustees and debenture trustees does not arise.

- 11.21 Pursuant to SEBI Circular and the SEBI LODR Regulations, the detailed pre scheme and post scheme (expected) capital structure and shareholding pattern of the Company and the Transferor Companies are given herein below:

**Pre & Post Scheme Capital Structure as on December 31, 2017**

The Scheme contemplates the transfer of the entire business of the respective Transferor Companies to, and vesting thereof in, the Company, as a “going concern”. Upon the Scheme becoming effective, the Company shall issue and allot equity shares to the shareholders of the respective Transferor Companies in the manner as provided in the Scheme. The equity shares of the respective Transferor Companies, both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date (as defined in the Scheme).

**A. Post Amalgamation Capital Structure of Schaeffler India Limited would be as under:**

Particulars	Amount in Rs.
<b>Authorized Capital</b>	
12,55,00,000 equity shares of Rs. 10 each	1,25,50,00,000
<b>Total</b>	1,25,50,00,000
<b>Issued, Subscribed and Paid-Up Capital</b>	
3,12,60,734 equity shares of Rs. 10 each fully Paid-up	31,26,07,340
<b>Total</b>	31,26,07,340

**B. Pre & Post Scheme Shareholding Pattern as on December 31, 2017**

The Scheme contemplates the transfer of the entire business of the respective Transferor Companies to, and vesting thereof in, the Company, as a “going concern”. Upon the Scheme becoming effective, the Company shall issue and allot equity shares to the shareholders of the respective Transferor Companies in the manner as provided in the Scheme. The equity shares of the respective Transferor Companies, both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date (as defined in the Scheme).

**Shareholding Pattern of Schaeffler India Limited:**

Category Code	Category of Shareholder	Pre-Scheme		Post-Scheme	
		Total No. of Shares	As a percentage of total capital	Total No. of Shares	As a percentage of total capital
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
<b>(1)</b>	<b>Indian</b>				
(a)	Individuals/Hindu Undivided Family	0	0.00	0	0.00
(b)	Central Government/State Government(s)	0	0.00	0	0.00
(c)	Bodies Corporate	0	0.00	0	0.00
(d)	Financial Institutions/Banks	0	0.00	0	0.00
(e)	Any Other (specify)	0	0.00	0	0.00
	<b>Sub-Total (A)(1)</b>	0	0.00	0	0.00
<b>(2)</b>	<b>Foreign</b>				
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0.00	0	0.00
(b)	Bodies Corporate				

Category Code	Category of Shareholder	Pre-Scheme		Post-Scheme	
		Total No. of Shares	As a percentage of total capital	Total No. of Shares	As a percentage of total capital
	<b>Name of Promoters:</b>				
	FAG Kugelfischer GmbH	8529183	51.33	8529183	27.28
	INA Beteiligungsverwaltungs GmbH	0	0.00	4692451	15.01
	Industriewerk Schaeffler INA Ingenieurdienst GmbH	0	0.00	3522439	11.27
	Schaeffler Beteiligungsgesellschaft mbH	0	0.00	1	0.00
	LuK Vermögensverwaltungsgesellschaft mbH	0	0.00	6428572	20.56
	Industrieraufbaugesellschaft Bühl mbH	0	0.00	1	0.00
(c)	Institutions	0	0.00	0	0.00
(e)	Any Other (specify)	0	0.00	0	0.00
	<b>Sub-Total (A)(2)</b>	8529183	51.33	23172647	74.13
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	8529183	51.33	23172647	74.13
<b>(B)</b>	<b>Public Shareholding</b>				
<b>(1)</b>	<b>Institutions</b>				
(a)	Mutual Funds/UTI	4280664	25.76	4280664	13.69
(b)	Financial Institutions/Banks	1614	0.01	1614	0.01
(c)	Central Government/State Government(s)	0	0.00	0	0.00
(d)	Venture Capital Funds	0	0.00	0	0.00
(e)	Insurance Companies	174494	1.05	174494	0.56
(f)	Foreign Portfolio Investors / Foreign Institutional Investors	917174	5.52	917174	2.93
(g)	Foreign Venture Capital Investors	0	0.00	0	0.00
(h)	<b>Any Other</b>				
	Foreign Financial Institution	3360	0.02	3360	0.01
	Unit Trust of India	800	0.00	800	0.00
	<b>Sub-Total (B)(1)</b>	5378106	32.36	5378106	17.20
<b>(2)</b>	<b>Non-Institutions</b>				
(a)	Bodies Corporate	1218279	7.33	1218279	3.90
(b)	<b>Individuals</b>				
i.	Individual shareholders holding nominal share capital up to Rs. 1 lakh	1085669	6.53	1085669	3.47

Category Code	Category of Shareholder	Pre-Scheme		Post-Scheme	
		Total No. of Shares	As a percentage of total capital	Total No. of Shares	As a percentage of total capital
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	210136	1.26	210136	0.67
(d)	<b>Any Other</b>				
	Trusts	410	0.00	410	0.00
	Hindu Undivided Family	65794	0.40	65794	0.21
	Non Resident Indians (Non Repat)	11879	0.07	11879	0.04
	Non Resident Indians (Repat)	18125	0.11	18125	0.06
	Clearing Member	99689	0.60	99689	0.32
	<b>Sub-Total (B)(2)</b>	2709981	16.31	2709981	8.67
<b>(B)</b>	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	8088087	48.67	8088087	25.87
	<b>TOTAL (A)+(B)</b>	16617270	100.00	31260734	100.00
<b>(C)</b>	Shares held by Custodian and against which DRs have been issued	0	0.00	0	0.00
	<b>GRAND TOTAL (A)+(B)+(C)</b>	16617270	100.00	31260734	100.00

**Shareholding Pattern of INA Bearings India Private Limited:**

Shareholders	Number of Equity Shares of Rs. 10 each	Percentage (%)
INA Beteiligungsverwaltungs GmbH	3,05,00,927	57.12
Industriewerk Schaeffler INA-Ingenieurdienst GmbH	2,28,95,849	42.88
Schaeffler Beteiligungsgesellschaft mbH	1	0.00
<b>Total</b>	5,33,96,777	100.00

**Shareholding Pattern of LuK India Private Limited:**

Shareholders	Number of Equity Shares of Rs. 10 each	Percentage (%)
Luk Vermögensverwaltungsgesellschaft mbH	2,24,99,999	99.99
Industrieraufbaugesellschaft Buhl mbH	1	0.00
<b>Total</b>	2,25,00,000	100.00

12. The following documents shall be available for obtaining extract from or for making or obtaining copies of or for inspection by the Unsecured Creditors of the Company at the Registered Office of the Company, between 11.00 a.m. (1100 hours) and 01.00 p.m. (1300 hours), up to the date of the Meeting on all working days (except Saturdays, Sundays and public holidays):
  - 12.1 Copy of the Order of the National Company Law Tribunal, Bench, at Mumbai dated January 12, 2018 passed in Company Scheme Application No. 1078 of 2017 directing the Company to, inter alia, convene the Meeting of its Equity Shareholders and Unsecured Creditors.
  - 12.2 Copy of the Order of the National Company Law Tribunal, Bench, at Chennai dated January 17, 2018 passed in Company Application No. 7/CAA/2018 dispensing with the convening and holding of Meeting of the Equity Shareholders and Unsecured Creditors of the Transferor Company 2.
  - 12.3 Memorandum of Association and Article of Association of the Company and each of the Transferor Companies.



- 12.4 Audited Financial Statement of the Company and each of the Transferor Companies for the financial year ended December 31, 2017.
- 12.5 Copy of the Scheme of Amalgamation of the Transferor Companies with the Company and their respective shareholders and creditors.
- 12.6 Observation letter dated November 29, 2017 issued by BSE and observation letter dated November 29, 2017 issued by NSE.
- 12.7 Complaints reports dated October 6, 2017 and November 3, 2017 submitted by the Company to BSE and NSE respectively.
- 12.8 Copies of the resolution passed by the respective Board of Directors of the Company and the Transferor Companies approving the Scheme.
- 12.9 Certificate issued from the Auditors of the Company and each of the Transferor Companies stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.
13. This statement may be treated as an Explanatory Statement under Sections 102 and 230 – 232 of the Companies Act, 2013.

Sd/-  
Avinash Gandhi  
DIN:00161107  
Chairperson Appointed for the Meeting

Dated this the 12<sup>th</sup> day of February, 2018  
Place: New Delhi

**ANNEXURE - A**

**SCHEME OF AMALGAMATION  
OF  
INA BEARINGS INDIA PRIVATE LIMITED  
(Transferor Company 1)  
AND  
LuK INDIA PRIVATE LIMITED  
(Transferor Company 2)  
WITH  
SCHAEFFLER INDIA LIMITED  
(Formerly known as FAG BEARINGS INDIA LIMITED)  
(Transferee Company)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS  
UNDER SECTIONS 230 to 232 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 2013**

## I. DESCRIPTION OF THE COMPANIES:

- (a) Schaeffler India Limited (hereinafter referred to as “**Transferee Company**”) (formerly known as FAG Bearings India Limited) is a public limited company incorporated under the Companies Act, 1956 with CIN L29130MH1962PLC012340, having its registered office at 8 Floor, Nariman Bhavan, 227, Backbay Reclamation, Nariman Point, Mumbai 400021, Maharashtra, India. The Transferee Company is *inter alia* engaged in the development, manufacturing and supply of high precision and high quality rolling bearings – ball, cylindrical, spherical and taper - for mechanical engineering, wind energy, railways, aerospace and the automotive industry worldwide and related machine building activities. The equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited.
- (b) INA Bearings India Private Limited (hereinafter referred to as “**Transferor Company 1**”) is a private limited company incorporated under the Companies Act, 1956 with CIN U34300PN1997PTC015240, having its registered office at Plot No. A3, Talegaon Industrial Area, Village Navalakh Umbre, Taluka Maval Pune, Maharashtra 410507. The Transferor Company 1 is *inter alia* engaged in the business of manufacturing and supply of precision engine, transmission and chassis components as well as needle and linear bearings for automotive, motorcycles, precision equipment, machine tools and material handling industries.
- (c) LuK India Private Limited (hereinafter referred to as “**Transferor Company 2**”) is a private limited company incorporated under the Companies Act, 1956 with CIN U29199TZ1995PTC010015, having its registered office at Survey No. 950 Rayakottah Road, Hosur, Krishnagiri Tamil Nadu 635109. The Transferor Company 2 is *inter alia* engaged in the business of manufacturing and supply of high quality innovative products such as clutch systems, dual mass flywheel, transmission automation and hybrid systems to the automotive industry.

## II. FACTS, RATIONALE AND BENEFITS:

- (a) The **Transferor Company 1** and **Transferor Company 2** (collectively hereinafter referred to as “**Transferor Companies**”) and the promoter of the Transferee Company are part of the same group i.e. Schaeffler group and are engaged in industrial and automotive products and related services.
- (b) Recognizing the strengths of each other and with the intent of aligning the business operations undertaken by the Transferor Companies and the Transferee Company, the said companies now propose, by way of this Scheme to amalgamate the Transferor Companies into and with the Transferee Company in accordance with the terms hereof.
- (c) The amalgamation of the Transferor Companies with the Transferee Company would inter-alia have the following benefits:
- (i) Creation of a leading Indian automotive and industrial supplier;
  - (ii) Establish a diversified product offering across the high growth automotive and industrial segments and benefit from access to each company's client base;
  - (iii) Create revenue and cost synergies by bundling the product offerings, leveraging distribution networks, and reducing overhead costs; and
  - (iv) Enhance the financial profile with higher growth and margin expansion.
- (d) The Scheme shall not in any manner be prejudicial to the interests of the concerned shareholders and creditors or general public at large.
- (e) In view of the aforesaid, the Board of Directors of the Transferor Companies as well as the Board of Directors of the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Companies with the Transferee Company in order to benefit the stakeholders of the said companies. Accordingly, the Board of Directors of both Transferor Companies and Transferee Company have formulated this Scheme for the transfer and vesting of the Undertakings of the Transferor Companies (as defined hereinafter) with and into the Transferee Company pursuant to the provisions of Section 230 to Section 232 and other relevant provisions of the Act.

## 1. DEFINITIONS:

- 1.1 In this Scheme unless the meaning or context otherwise requires (i) terms defined in the introductory paragraphs above shall have the same meanings throughout this Scheme; and (ii) the following words or expressions, wherever used, (including in the introductory paragraphs above) shall have the meanings set out below:
- 1.1.1 “**Act**” means the Companies Act, 2013 or any modifications or re-enactments or amendments thereof from time to time and shall include any rules, regulations, circulars, directions or guidelines issued thereunder;
  - 1.1.2 “**Appointed Date**” means the opening of business on January 1, 2018;
  - 1.1.3 “**Applicable Law**” or “**Law**” means all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, ordinances or orders of any Governmental Authority

(as defined hereinafter); (b) Governmental Approvals (as defined hereinafter); and © orders, decisions, injunctions, judgments, awards and decrees of any Governmental Authority;

- 1.1.4 “**Board of Directors**” or “**Board**” means the board of directors of the respective Transferor Companies and/or Transferee Company, as the case may be and shall include a committee of the Board (if any) constituted for the implementation of this Scheme;
- 1.1.5 “**BSE**” means BSE Limited;
- 1.1.6 “**DSIR**” means Department Of Scientific and Industrial Research;
- 1.1.7 “**Effective Date**” means the date on which the last of conditions referred to in Clause 20 hereof have been fulfilled;
- 1.1.8 “**Employees**” means all staff and **employees engaged in the business or in connection with the Transferor Companies, and on the rolls of the Transferor Companies on the closing hours of the date immediately preceding the Effective Date;**
- 1.1.9 “**Encumbrance**” means : (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law; (ii) a contract to give or refrain from giving any of the foregoing; (iii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person; and (iv) any adverse claim as to title, possession or use; and the term “**Encumbered**” shall be construed accordingly;
- 1.1.10 “**Governmental Approval**” means and includes any consents, approvals, authorisations, concessions, permits, licenses issued by any Governmental Authority;
- 1.1.11 “**Governmental Authority**” means any applicable Central, State or local Government, legislative body, regulatory or administrative authority including but not limited to the Securities and Exchange Board of India to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law;
- 1.1.12 “**IT Act**” means Income-tax Act, 1961 and rules and regulations made there under and shall include any statutory modification, amendment or re-enactment thereof for the time being in force;
- 1.1.13 “**Liabilities**” means all debts and liabilities, both present and future comprised in the Undertakings of the Transferor Companies, whether or not provided in the books of accounts or disclosed in the balance sheet of the Transferor Companies, including all secured and unsecured debts, liabilities (including deferred tax liabilities, contingent liabilities), duties and obligations (including under any licenses or permits or schemes of every kind) and undertakings of the Transferor Companies of every kind, nature and description whatsoever and howsoever arising, whether or not raised or incurred or utilized for its business activities and operations along with any charge, Encumbrances created in relation to the same;
- 1.1.14 “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and shall include any statutory modification, amendment, and re-enactment thereof for the time being in force or any regulations, rules, guidelines etc., that may replace such regulations;
- 1.1.15 “**NSE**” means the National Stock Exchange of India Limited;
- 1.1.16 “**Person**” means any natural person, firm, company, body corporate (whether incorporated in India or not), Governmental Authority, joint venture, partnership, association, works council, employee representatives body or other entity (whether or not having separate legal identity);
- 1.1.17 “**Record Date**” means the date to be fixed by the Board of Directors of the Transferee Company for the purpose of determining the respective equity shareholders of the Transferor Companies, who shall be entitled to receive equity shares of the Transferee Company as per Clause 5 of this Scheme;
- 1.1.18 “**RoC**” means the Registrar of Companies, having jurisdiction over the Transferor Company 1, Transferor Company 2 and the Transferee Company, as the case may be;
- 1.1.19 “**Scheme of Amalgamation**” or “**this Scheme**” or “**the Scheme**” means this Scheme of Amalgamation in its present form or with any modifications made under Clause 19 of the Scheme or any modifications approved or directed by the Tribunals or any other Governmental Authority;
- 1.1.20 “**SEBI**” means Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;

- 1.1.21 “**SEBI Circular**” means circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by SEBI or any other circulars issued by SEBI applicable to schemes of arrangement from time to time;
- 1.1.22 “**Stock Exchanges**” shall mean BSE Limited and National Stock Exchange of India Limited collectively;
- 1.1.23 “**Transferee Company**” means Schaeffler India Limited (formerly known as FAG Bearings India Limited), a public limited company incorporated under the Companies Act, 1956, having its registered office at 8<sup>th</sup> Floor, Nariman Bhavan, 227, Backbay Reclamation, Nariman Point, Mumbai 400021;
- 1.1.24 “**Transferor Companies**” means collectively the Transferor Company 1 and Transferor Company 2;
- 1.1.25 “**Transferor Company 1**” means INA Bearings India Private Limited, a private limited company incorporated under the Companies Act, 1956, having its registered office at Plot No. A3, Talegaon Industrial Area, Village Navalakh Umbre, Taluka Maval Pune, Maharashtra 410507;
- 1.1.26 “**Transferor Company 2**” means LuK India Private Limited, a private limited company incorporated under the Companies Act, 1956, having its registered office at Survey No. 950 Rayakottah Road, Hosur, Krishnagiri Tamil Nadu 635109;
- 1.1.27 “**Tribunal(s)**” means National Company Law Tribunal, Mumbai Bench having jurisdiction in relation to the Transferee Company and Transferor Company 1 and National Company Law Tribunal, Chennai Bench, having jurisdiction in relation to the Transferor Company 2 as applicable or such other forum or authority as may be vested with any of the powers for approving any scheme of arrangement, compromise or reconstruction of a company under Section 230 to 234 of the Act of the above mentioned tribunals under the Act;
- 1.1.28 “**Tribunal Order(s)**” means order(s) passed by the Tribunal sanctioning this Scheme and/or any Tribunal order(s) for extension of time or condonation of delay in filing of the requisite forms with the RoC in relation to the Scheme, if applicable;
- 1.1.29 “**Undertakings of the Transferor Companies**” means all the undertakings and entire business of the Transferor Companies as a going concern, including, without limitation:
- (a) all the assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature) of the Transferor Companies, whether or not recorded in the books of accounts of the Transferor Companies (including, without limitation, the freehold and leasehold properties of the Transferor Companies, a list of which as on the date of approval of the Scheme by the Board of Directors of the Transferor Companies and the Transferee Company has been specifically set out in **Schedule 1**), investments of all kinds (i.e., shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), furniture, fixtures, machinery, office equipment, computers, fixed assets, current assets (including, without limitation, all inventories, stock-in-trade or stock-in-transit, raw materials, minerals extracted, supplies, finished goods, packaging items, wherever located), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Companies, financial assets, vehicles, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, privileges, liberties and advantages of whatsoever nature and where-so-ever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies or in connection with or relating to the Transferor Companies and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Companies, whether in India or abroad;
  - (b) all permissions, approvals, consents, subsidies, privileges, permits, quotas, rights, claims, entitlements, refunds, registrations (including relating to sales tax, service tax, excise duty, value added tax, entry tax, octroy, goods and services tax), licenses, clearances, exemptions, authorizations, no objection certificates, registrations, income tax benefits and exemptions, indirect tax benefits and exemptions (including, but not limited to credits in respect of income tax, sales tax, service tax, excise duty, value added tax, turnover tax, goods and services tax, tax credits, tax refunds, tax holidays, security transaction tax, Minimum Alternative Tax ('MAT') credit, duty entitlement credit certificates), all other rights, benefits and Liabilities related thereto, licenses for research and development activities (including but not limited to approvals granted by DSIR to Transferor Company 2), powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferor Companies;
  - (c) all contracts, agreements (including but not limited to distribution and supply agreements, purchase agreements, procurement agreements, service agreements, customer and vendor contracts,

agency agreements, claim settlement agreements, technology license agreement, trademark license agreement), concessions (of any nature and any rights therein or thereto or thereunder), memoranda of understanding, letters of intent, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, if any, whether written, oral or otherwise, to which the Transferor Companies is a party to, or to the benefit of which the Transferor Companies may be eligible;

- (d) all intellectual property rights of any nature whatsoever, books, records, files, papers, software licenses (whether proprietary or otherwise), and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Companies along with any and all goodwill of the Transferor Companies;
- (e) right to any claim not presented or made by the Transferor Companies in respect of refund of any tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Companies and any interest thereon, with regard to any Law made by any Governmental Authority, and in respect of set-off, carry forward of un-absorbed losses, deferred revenue expenditure, deduction, exemption, rebate, allowance, amortization benefit, etc. under and in accordance with any Law, whether in India, or anywhere outside India;
- (f) all Liabilities, lien, security or Encumbrance in relation thereto, whether in Indian rupees or foreign currency and whether or not provided for in the books of account or disclosed in the balance sheet of the Transferor Companies; and
- (g) all Employees.

It is intended that the definition of 'Undertakings of the Transferor Companies' under this Clause would enable the transfer of all property, assets, rights, duties, licenses, Employees and Liabilities of the Transferor Companies into the Transferee Company pursuant to this Scheme.

- 1.2 All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other Applicable Laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.
- 1.3 References to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation;
- 1.4 References to any of the terms 'taxes', 'duty', 'levy', 'cess' in the Scheme shall be construed as reference to all of them whether jointly or severally.
- 1.5 Any reference to any statute or statutory provision shall include:
  - (a) all subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment; and
  - (b) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the date of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the transaction entered into under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.
- 1.6 Words denoting the singular shall include the plural and words denoting any gender shall include all genders. Words of either gender shall be deemed to include all the other genders.
- 1.7 Any references in this Scheme to “upon this Scheme becoming effective” or “upon coming into effect of this Scheme” or “upon the Scheme coming into effect” or “effectiveness of the Scheme” shall be construed to be a reference to the Effective Date.
- 1.8 Headings, subheadings, titles, subtitles to clauses, sub-clauses and paragraphs are for information only and shall not form part of the operative provisions of this Scheme or the schedules hereto and shall be ignored in construing the same.
- 1.9 Words directly or indirectly mean directly or indirectly through one or more intermediary Persons or through contractual or other legal arrangements, and direct or indirect have the correlative meanings.
- 1.10 The words “include” and “including” are to be construed without limitation.
- 1.11 The terms “hereof”, “herein”, “hereby”, “hereto” and derivative or similar words shall refer to this entire Scheme or specified Clauses of this Scheme, as the case may be.

1.12 Any reference to the Preamble, Recital, Clause or Schedule shall be a reference to the preamble, or recital, clause or schedule of this Scheme.

1.13 The Schedules hereto shall form an integral part of this Scheme.

## 2. DATE OF TAKING EFFECT

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

## 3. SHARE CAPITAL AND FINANCIAL POSITION

3.1 The share capital of the Transferor Company 1 as on June 30, 2017 is as under:

Particulars	Amount in Rs.
<b>Authorised</b> 8,30,00,000 Equity Shares of Rs. 10 each	83,00,00,000
<b>Total</b>	83,00,00,000
<b>Issued</b> 5,33,96,777 equity share of Rs. 10 each	53,39,67,770
<b>Subscribed &amp; Paid-up</b> 5,33,96,777 equity shares of Rs. 10 each fully paid-up	53,39,67,770
<b>Total</b>	53,39,67,770

3.2 The share capital of the Transferor Company 2 as on June 30, 2017 is as under:

Particulars	Amount in Rs.
<b>Authorised</b> 2,25,00,000 Equity Shares of Rs. 10 each	22,50,00,000
<b>Total</b>	22,50,00,000
<b>Issued</b> 2,25,00,000 equity share of Rs. 10 each	22,50,00,000
<b>Subscribed &amp; Paid-up</b> 2,25,00,000 equity shares of Rs. 10 each fully paid-up	22,50,00,000
<b>Total</b>	22,50,00,000

3.3 The share capital of the Transferee Company as on June 30, 2017 is as under:

Particulars	Amount in Rs.
<b>Authorised</b> 2,00,00,000 Equity Shares of Rs. 10 each	20,00,00,000
<b>Total</b>	20,00,00,000
<b>Issued</b> 1,66,17,270 equity share of Rs. 10 each	16,61,72,700
<b>Subscribed &amp; Paid-up</b> 1,66,17,270 equity shares of Rs. 10 each fully paid-up	16,61,72,700
<b>Total</b>	16,61,72,700

3.4 The unaudited limited review of the financial position of the Transferor Company 1 as on June 30, 2017 is as under:

Particulars	Amount in Mio Rs.
Net worth	2,406.3
Turnover	5,866.5
Current Assets	3,926.2
Non-Current Assets	2,658.8
Current Liabilities	2,916.1
Non-Current Liabilities	1,262.5

Turnover includes other income

3.5 The unaudited limited review of the financial position of the Transferor Company 2 as on June 30, 2017 is as under:

<b>Particulars</b>	<b>Amount in Mio Rs.</b>
Net worth	3,140.6
Turnover	4,086.9
Current Assets	3,257.1
Non-Current Assets	1,873.7
Current Liabilities	1,782.2
Non-Current Liabilities	208.1

Turnover includes other income

3.6 The unaudited limited review of the financial position of the Transferee Company as on June ,30, 2017 is as under:

<b>Particulars</b>	<b>Amount in Mio Rs.</b>
Net worth	15,670.2
Turnover	9,204.6
Current Assets	13,846.7
Non-Current Assets	5,556.2
Current Liabilities	3,438.4
Non-Current Liabilities	294.3

Turnover includes other income

#### 4. **AMALGAMATION OF COMPANIES**

4.1 Upon coming into effect of the Scheme and with effect from the Appointed Date and subject to the provisions of the Scheme, the Undertakings of the Transferor Companies shall, pursuant to the sanction of the Scheme by the Tribunals and pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act, be and stand transferred to and vested in and/ or deemed to have been transferred to and vested in the Transferee Company, as a going concern, without any further act, deed, instrument, matter so as to become, as and from the Appointed Date, the undertakings of the Transferee Company by virtue of and in the manner provided in this Scheme.

Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Companies or the Transferee Company, if applicable and the Transferee Company shall not be obliged to create any further or additional security therefore after the Effective Date or otherwise.

4.2 All the movable assets of the Transferor Companies and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, shall be so transferred to the Transferee Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, without the need to execute any separate instrument, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date. Such delivery shall be made on a date which shall be mutually agreed upon between the Transferor Companies and the Transferee Company on or prior to the Effective Date.

4.3 The transfer and vesting shall be subject to the existing charges/ hypothecation/mortgages, if any, as may be subsisting and agreed to be created over or in respect of the said assets or any part thereof.

Provided however, any reference in any security documents or arrangements to which the Transferor Companies are a party wherein the assets of the Transferor Companies have been or are offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Transferor Companies and vested in the Transferee Company by virtue of this Scheme to the end, and intent that the charges shall not extend or deemed to be extended to any assets of the Transferee Company.

4.4 With effect from the Appointed Date, the approval of DSIR pertaining to the Undertaking of Transferor Company 2 would continue to be available to the Transferee Company. The Transferee Company shall be entitled, pending the sanction of the Scheme to apply to Central Government / DSIR, Ministry of Science and Technology (as applicable) for obtaining necessary approval and/ or transfer of existing approval obtained in relation to the Undertaking of Transferor Company 2 and such application shall be considered to be a valid application for the purpose of claiming appropriate tax deduction including under Section 35(2AB) of the IT Act. Upon the Scheme becoming effective and on obtaining necessary approval and/ or transfer of existing approval from the DSIR, Ministry of Science and Technology, the Transferee Company can claim tax deduction specified under the relevant provisions of the IT Act including Section 35(2AB) of the IT Act in respect of all the eligible expenditure incurred by the Transferor Company 2 in relation to the Undertaking with effect from the Appointed Date mentioned in the Scheme.

4.5 Upon the Scheme coming into effect and with effect from the Appointed Date, in respect of any assets of the Transferor Companies other than those mentioned in Clause 4.2 above, including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with any Person including any Governmental Authority, semi-Government, local and other authorities and bodies and customers, the Transferor Companies shall issue notices, if so required by the Transferee Company, and in such form as the Transferee Company may deem fit and proper, stating that pursuant to the Tribunals having sanctioned this Scheme



under Sections 230 to 232 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Transferee Company, as the Person entitled thereto, to the end and intend that the right of the Transferor Companies to recover or realise the same stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes. Notwithstanding anything contained in this clause, it being clarified that the notices referred to herein above are for information purposes only and the same shall not affect the transfer of the assets pursuant to the Scheme.

- 4.6 Upon the Scheme coming into effect and with effect from the Appointed Date, all immovable property (including but not limited to the freehold and leasehold properties as set out in **Schedule 1**) of the Transferor Companies, whether freehold or leasehold, and any document of title, rights, interest and easements in relation thereto shall stand transferred to and be vested in the Transferee Company, as a successor of the Transferor Companies, without any act or deed to be done or executed by the Transferor Companies and/ or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay appropriate rent, rates, taxes and charges and fulfil all obligations, in relation to or applicable to all such immovable properties. The mutation and/or substitution of the title to the immovable properties shall be made and duly recorded in the name of the Transferee Company by the appropriate Governmental Authorities and third parties pursuant to the sanction of the Scheme by the Tribunals and upon the Scheme becoming effective in accordance with the terms hereof without any further act or deed to be done or executed by the Transferor Companies and/ or the Transferee Company. It is clarified that the Transferee 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 pending sanction of the Scheme.
- 4.7 Upon coming into effect of the Scheme and with effect from the Appointed Date, all Liabilities, duties and obligations of the Transferor Companies, as on or after the Appointed Date whether provided for or not in the books of accounts of the Transferor Companies, and all other Liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall, pursuant to the Tribunal Order(s) or such other Governmental Authority as may be applicable under the provisions of the Act, without any further act or deed, be transferred or deemed to be transferred to and vested in the Transferee Company, so as to become as from the Appointed Date the Liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies.
- 4.8 Without prejudice to the above provisions, upon the Scheme coming into effect and with effect from the Appointed Date, all inter-party transactions between the Transferor Companies and the Transferee Company shall be considered as intra-party transactions for all purposes. For the avoidance of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there are inter-corporate loans, deposits, obligations, balances or other outstanding as between the Transferor Companies inter-se and/or the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.
- 4.9 Upon coming into effect of the Scheme, all taxes (including but not limited to income tax, sales tax, excise duty, service tax, Value Added Tax ('VAT'), goods and services tax etc.) paid or payable by the Transferor Companies in respect of their respective operations and/or the profits of businesses, on account of the Transferor Companies and, in so far as it relates to tax payment whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies in respect of the operations and/or the profits of the business after the Appointed Date shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.
- 4.10 Upon coming into effect of the Scheme, all the profits or income, taxes (including any carry forward accumulated losses, unabsorbed depreciation, advance tax, tax deducted at source, foreign tax credit and MAT credit) or any costs, charges, expenditure accruing or arising to the Transferor Companies or expenditure or losses arising or incurred or suffered by the Transferor Companies shall for all purposes be treated and deemed to be and accrue from the Appointed Date as the profits or income, taxes (including any carry forward of accumulated tax losses, unabsorbed depreciation, advance tax, tax deducted at source, foreign tax credit, MAT credit), costs, charges, expenditure or losses of the Transferee Company, as the case may be.
- 4.11 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon coming into effect of this Scheme and with effect from the Appointed Date, in accordance with the provisions of relevant Laws, consents, approvals, permissions, licenses, registrations, certificates, grants, concessions, authorities (including for the operation of bank accounts and demat accounts), powers of attorneys given by, issued to or executed in favour of the Transferor Companies, and the rights and benefits under the same shall, in so far as they relate to the Transferor Companies and all quality certifications and approvals, permits, quotas, rights, entitlements, tenancies, patents and domain names, copyrights, brands, trade secrets, product registrations and other intellectual and industrial property and all other interests relating to the goods or services being dealt with by the Transferor Companies, shall without any further act or deed be transferred to and vested in the Transferee Company under the same terms and conditions as were applicable to the Transferor Companies immediately prior to the coming into effect of this Scheme. In so far as the various incentives, sales tax, deferral benefits, subsidies (including applications for subsidies), available tax credits (including MAT credit, if any), rehabilitation schemes, grants, permissions, approvals, sanctions, remissions, special reservations, tax holidays, concessions, special status and other benefits or privileges enjoyed, granted by any Person (including any Governmental Authority), or availed of or to be availed of by the Transferor Companies are concerned, the same shall, without any further act or deed, in so far as they relate to the Transferor Companies, vest with and be available to the Transferee Company on the same terms and conditions as were applicable immediately

prior to the coming into effect of this Scheme. The Transferee Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.

- 4.12 For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant consents, approvals, patents, permissions, licenses, registrations, certificates etc.; and (iii) continued vesting of the benefits, exemptions available to the Transferor Companies in favour of the Transferee Company, the Board of Directors of the respective Transferor Companies and the Transferee Company shall be deemed to be authorized to execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable and the same shall be considered as giving effect to the Tribunal Order(s) and shall be considered as an integral part of this Scheme. Further, the Transferee Company shall be deemed to be authorized to execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable, on behalf of the Transferor Companies and to carry out or perform all such formalities or compliance required for the purpose of implementation of the provisions of the Scheme.
- 4.13 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to operate all bank accounts, demat accounts, if any, of the Transferor Companies and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Companies in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Companies to the Transferee Company under this Scheme have been formally given effect to under such contracts and transactions.
- 4.14 For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that with effect from the Effective Date and till such times the name of the bank accounts of the Transferor Companies would be replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Companies in the name of the Transferor Companies in so far as may be necessary. All cheques and other negotiable instruments, deposit slips, payment orders received or presented for encashment which are in the name of the Transferor Companies after the Effective Date 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. The Transferee Company shall be allowed to maintain bank accounts in the name of Transferor Companies by the Transferee Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Companies. It is hereby expressly clarified that any legal proceedings by or against the Transferor Companies in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Companies shall be instituted, or as the case may be, continued, by or against, the Transferee Company after the coming into effect of the Scheme.

## 5. **CONSIDERATION**

- 5.1 Pursuant to the Scheme coming into effect and without any further application, act or deed, the Transferee Company shall issue and allot : (i) 10 equity shares of Rs. 10 each fully paid up in its equity share capital in respect of every 65 equity shares of Rs. 10 each fully paid up in the equity share capital of the Transferor Company 1; and (ii) 10 equity shares of Rs. 10 each fully paid up in its equity share capital in respect of every 35 equity shares of Rs. 10 each fully paid up in the equity share capital of the Transferor Company 2, whose names appear in the register of members of the respective Transferor Companies and whose names appear as the respective beneficial owners of the equity shares of the Transferor Companies in the records of the depositories (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferee Company) as on the Record Date. The equity shares to be issued by the Transferee Company to the shareholders of Transferor Companies in accordance with this Clause shall be hereinafter referred to as "**New Equity Shares**". Fractional entitlement of shares, if any, will be rounded up to the nearest integer.
- 5.2 The ratio in which the New Equity Shares are to be issued and allotted to the shareholders of the Transferor Companies is herein referred to as the "**Share Entitlement Ratio**".
- 5.3 The New Equity Shares allotted and issued in terms of Clause 5.1 above, shall be listed and/or admitted to trading on the Stock Exchanges, where the equity shares of the Transferee Company are listed and/or admitted to trading; subject to the Transferee Company obtaining the requisite approvals from all the relevant Governmental Authorities pertaining to their listing.
- 5.4 Upon the Scheme becoming effective and upon the New Equity Shares being issued and allotted as provided in this Scheme, the equity shares of the Transferor Companies, both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date.
- 5.5 The New Equity Shares to be issued and allotted as provided in Clause 5.1 above shall be subject to the provisions of the memorandum and articles of association of the Transferee Company and shall rank pari-passu in all respects with the equity shares of the Transferee Company as on the Effective Date including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.
- 5.6 The issue and allotment of New Equity Shares to the respective shareholders of the Transferor Companies as provided in this Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under

Section 62 of the Act and any other applicable provisions of the Act, and such other statutes and regulations as may be applicable were duly complied with.

## **6. APPLICABILITY OF THE PROVISIONS OF IT ACT AND OTHER TAX LAWS AS MAY BE APPLICABLE**

- 6.1 This Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) and other relevant provisions of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of IT Act or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of the IT Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) and other relevant provisions of the IT Act. Such modification will however not affect the other parts of the Scheme.
- 6.2 All the expenses incurred by the Transferor Companies and the Transferee Company in relation to the amalgamation of the Transferor Companies with the Transferee Company as per this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Transferee Company in accordance with Section 35DD of the IT Act over a period of 5 years beginning with the previous year in which the Scheme becomes effective.
- 6.3 Upon the Scheme becoming effective, the Transferor Companies (if required) and the Transferee Company are expressly permitted to revise, its financial statements and returns (including Tax Deducted At Source ('TDS') returns) along with prescribed forms, filings and annexures (including but not limited to Tax deducted at source certificates) under the IT Act, central sales tax, applicable state value added tax, entry tax, octroy, local tax law, service tax laws, excise and Central Value Added Tax ('CENVAT') duty laws, customs duty laws, goods and services tax and other tax laws, if required to give effect to the provisions of the Scheme. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired. The Transferee Company is also expressly permitted to claim refunds / credits in respect of any transaction between or amongst the Transferor Companies and the Transferee Company. With respect to the TDS certificates issued in the name of Transferor Companies after the Appointed Date, the same will be deemed to be issued in the name of the Transferee Company for the income tax purposes.
- 6.4 Upon the Scheme becoming effective, the Transferee Company is expressly permitted to claim any deduction/ exemption, refunds and/or credit for taxes paid (including MAT, tax deducted at source, advance tax, carry forward of accumulated losses, unabsorbed depreciation, foreign tax credit etc.) and for matters incidental thereto under the IT Act, central sales tax, applicable state value added tax, service tax laws, local body tax, entry tax, excise duty and CENVAT duty laws, customs duty laws, goods and service tax laws and other applicable tax laws. All tax assessment proceedings/ appeals of whatsoever nature by or against the Transferor Companies pending and/or arising at the Appointed Date and relating to the Transferor Companies shall be continued and/or enforced until the Effective Date by the Transferor Companies. In the event of the Transferor Companies failing to continue or enforce any proceeding/appeal, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies.
- 6.5 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies with the Transferee Company or anything contained in the Scheme.
- 6.6 Any tax liabilities under the IT Act, service tax laws, excise duty laws, central sales tax, customs duty laws, local body tax, entry tax, wealth tax, goods and services tax, applicable state value added tax laws or other Applicable Laws dealing with taxes/ duties or levies of the Transferor Companies to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company. Any surplus in the provision for taxation / duties or levies account including advance tax, foreign tax credit and tax deducted at source as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- 6.7 Any refund under the IT Act, service tax laws, excise duty laws, central sales tax, customs duty, goods and services tax applicable state value added tax laws or other Applicable Laws dealing with taxes/ duties or levies due to Transferor Companies consequent to the assessment made on Transferor Companies and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company upon this Scheme becoming effective.
- 6.8 The tax payments (including, without limitation income tax, service tax, excise duty, central sales tax, customs duty, local body tax, entry tax, wealth tax, goods and services tax, applicable state value added tax, etc.) whether by way of tax deducted at source, foreign tax credit, advance tax, all earnest monies, security deposits provisional payments, payment under protest, or otherwise howsoever, by the Transferor Companies after the Appointed Date, shall be deemed to be paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly. Credit for such taxes shall be allowed to the Transferee Company notwithstanding that certificates or challans for taxes paid are in the name of the Transferor Companies and not in the name of the Transferee Company.

- 6.9 Further, any tax deducted at source by the Transferor Companies / Transferee Company on transactions with the Transferee Company/ Transferor Companies, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 6.10 Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Companies shall be made or deemed to have been made and duly complied with by the Transferee Company.
- 6.11 Without prejudice to the generality of the above, all benefits, entitlements, incentives, losses, credits, registrations (including, without limitation income tax, minimum alternate tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax, customs duty, goods and services tax, CENVAT, registrations, etc.) to which the Transferor Companies is entitled to in terms of Applicable Laws, shall be available to and vest in the Transferee Company, upon this Scheme coming into effect.
- 6.12 Upon coming into effect of this Scheme, all tax compliances under any tax laws by the Transferor Companies on or after Appointed Date shall be deemed to be made by the Transferee Company.

## **7. LEGAL PROCEEDINGS**

- 7.1 If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the “**Proceedings**”) by or against the Transferor Companies are pending on the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies with the Transferee Company or anything contained in the Scheme, but on and from the Effective Date, the Proceedings may be continued and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Companies, in the absence of the Scheme.

## **8. CONTRACTS, DEEDS, BONDS, APPROVALS AND OTHER INSTRUMENTS**

- 8.1 For avoidance of doubt and without prejudice to the generality of Clause 4 above, it is clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date and without any further act of the parties, all memoranda of understanding, contracts, approvals, no objection certificates, rights, consents, permissions, quotas, deeds, bonds, agreements, arrangements, incentives, engagements, registrations, schemes, assurances, licenses, insurance policies and claims, guarantees, powers of attorney, authorities given by, issued to or executed in favour of the Transferor Companies, quality certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property and other interests relating to the Undertaking of the Transferor Companies and other instruments (including all tenancies, leases, and other assurances in favour of the Transferor Companies or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be transferred to and vested in the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the rights and benefits under the same shall be available to the Transferee Company and, shall continue in full force and effect against or in favour of the Transferee Company as the case may be, under the same terms and conditions, and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee or obligor thereto.
- 8.2 It is hereby clarified that by virtue of the provisions of the Scheme and pursuant to the Tribunal Order(s) sanctioning the Scheme, upon the Scheme coming into effect, all rights, services, obligations, liabilities, responsibilities undertaken by or in favour of the Transferor Companies under any contractual arrangements shall automatically stand transferred to and vested in and/ or shall be deemed to have been transferred to and vested in the Transferee Company and all benefits to which the Transferor Companies are entitled to shall be available to and vested in and/ or shall be deemed to have been available to and vested in the Transferee Company, as a successor-in-interest and the Transferee Company shall be entitled to deal with the same in place and instead of the Transferor Companies, as if the same were originally performed or conferred upon or given or issued to or executed in favour of the Transferee Company, and the rights and benefits under the same will be available to the Transferee Company, without any further act or deed. The Transferee Company shall discharge its obligation in respect of the services to be performed/ provided or in respect of payment of service charges under any contractual arrangements instead of the Transferor Companies.
- 8.3 Without prejudice to the above, the Transferee Company shall, if so desirable or required or as may be necessary, upon the coming into effect of this Scheme and with effect from the Appointed Date, issue writings to the extent that the Transferor Companies are required prior to the Effective Date to issue such writings or confirmations, the Transferee Company shall be entitled to act for and on behalf of and in the name of the Transferor Companies, as the case may be. Further, the Transferee Company shall be deemed to be authorized to issue any such writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies.
- 8.4 Without prejudice to the above, it is further clarified that with respect to approvals, permissions, licenses, registrations, consents that may require amendment for the purpose of giving effect to this Scheme and to ensure that there is no change in the entitlements otherwise available to the Transferor Companies in the absence of this Scheme, the Transferee Company shall be permitted to use the name and approvals, permissions, licenses, registrations, consents of the Transferor Companies till such approvals, permissions, licenses, registrations,

consents are so amended and updated, so as to enable the Transferee Company to continue to avail the entitlements otherwise available to the Transferor Companies.

## 9. **SAVING OF CONCLUDED TRANSACTIONS**

- 9.1 The transfer of the assets and liabilities of the Transferor Companies under Clause 4 above, the continuance of Proceedings under Clause 7 above and the effectiveness of contracts, deeds, bonds, approvals and other instruments under Clause 8 above, shall not affect any transaction or Proceedings already concluded by the Transferor Companies on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto, as if done and executed on its behalf.

## 10. **EMPLOYEES**

- 10.1 All Employees of the Transferor Companies in service on the Effective Date shall, on and from the Effective Date, become the employees of the Transferee Company on the terms and conditions not less favourable than those on which they were engaged with the Transferor Companies on the Effective Date.

- 10.2 On and from the Effective Date, the services of the Employees of the Transferor Companies will be treated as having been continuous, without any break, discontinuance or interruption, for the purpose of membership and the application of the rules or bye-laws of the said Funds (as defined herein below).

- 10.3 With regard to provident fund or gratuity fund or superannuation fund or any other special funds or schemes created or existing for the benefit of the Employees of the respective Transferor Companies (hereinafter referred to as the "**said Funds**"), upon the Scheme becoming effective, the Transferee Company shall stand substituted for the respective Transferor Companies for all purposes whatsoever relating to the administration or operation of the said Funds in relation to the obligations to make contributions to the said Funds in accordance with the provisions thereof in the respective trust deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Companies in relation to the said Funds shall become those of the Transferee Company. In the event that the trustees are constituted as holders of any securities, trust funds or trust monies, in relation to any provident fund trust or gratuity trust or superannuation trust of the Transferor Companies, such funds shall be transferred by such trustees of the trusts of the Transferor Companies, to separate trusts and the trustees of the Transferee Company if set up for the same purpose and object and shall be deemed to be a transfer of trust property from one set of trustees to another set of trustees in accordance with the provisions of the relevant labour laws, Indian Trusts Act, 1882, the IT Act and relevant stamp legislations, as applicable. In such a case, appropriate deeds of trusts and/or documents for transfer of trust properties shall be executed upon the sanction of the Scheme in accordance with the terms hereof by the trustees of such trusts in favour of the trusts of the Transferee Company so as to continue the benefits of the Employees. For this purpose, the trusts created by the Transferor Companies shall be transferred and/or continued by the Transferee Company, if permitted by Law, failing which the Transferee Company shall establish similar trusts ensuring that there is continuity in this regard. The trustees, including the respective Board of Directors of the Transferor Companies and the Transferee Company, shall be entitled to adopt such course of action in this regard, as may be advised, provided however that there shall be no discontinuation or breakage in the service of the Employees of the Transferor Companies. Notwithstanding the above, the Board of Directors of the Transferee Company may, as it deems fit and subject to Applicable Laws, either (i) retain separate trusts / schemes within the Transferee Company for each of the erstwhile trusts / schemes of the Transferor Companies or (ii) transfer the said Funds to the existing corresponding provident fund or gratuity fund or superannuation fund or any other special funds or schemes created or existing for the benefit of the employees of the Transferee Company ("**Transferee Company Funds**") provided the terms of the Transferee Company Funds and the benefits provided thereunder are in no manner less favourable than those available and applicable to the Employees of the Transferor Companies under the said Funds. For this purpose, the Board shall be authorized to execute necessary documents and undertake necessary compliances under Applicable Laws (and shall have the power to delegate such work to duly appointed consultants) on behalf of the Employees of the Transferor Companies to facilitate the transfer of the Funds so as to continue the benefits of the Employees.

## 11. **CONDUCT OF BUSINESS TILL EFFECTIVE DATE**

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

11.1.1 The Transferor Companies shall be deemed to have been carrying on and shall carry on their respective businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the assets of the Transferor Companies for and on account of, and in trust for, the Transferee Company. The Transferor Companies hereby undertake to hold the said assets with utmost prudence until the Effective Date.

11.1.2 The Transferor Companies shall carry on their respective businesses and activities with reasonable diligence, business prudence and shall not, without the prior written consent of the Transferee Company, venture into new businesses, invest in shares, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the undertaking or any part thereof, except in the ordinary course of business.

11.1.3 All the profits or income, taxes (including advance tax and tax deducted at source and MAT) or any costs, charges, expenditure accruing to the Transferor Companies or expenditure or losses arising or incurred or

suffered by the Transferor Companies shall for all purposes be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of the Transferee Company, as the case may be.

- 11.2 On and after the date of approving the Scheme by the respective Board of Directors of the Transferor Companies and the Transferee Company and until the Effective Date, the Transferor Companies and Transferee Company shall not, without the prior written approval of the Board of Directors of the Transferee Company and the Transferor Companies respectively, issue or allot any further shares, either by way of rights or bonus or otherwise.

## 12. **DIVIDENDS**

- 12.1 The Transferor Companies and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only in the ordinary course of business.
- 12.2 Subject to the provisions of the Scheme, the profits of the Transferor Companies, for the period beginning from the Appointed Date, shall belong to and be the profits of the Transferee Company and will be available to the Transferee Company for being disposed of in any manner as it thinks fit, post the Effective Date.
- 12.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Companies and/ or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Transferor Companies and the Transferee Company, subject to such approval of the shareholders, as may be required.

## 13 **CONSOLIDATION OF AUTHORISED SHARE CAPITAL**

- 13.1 As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorized share capital of the Transferor Companies shall be deemed to be combined with the authorized share capital of the Transferee Company, without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to Registrar of Companies and the stamp duty and fees paid by the Transferor Companies on their authorized share capital shall be set-off against any stamp duty and fees payable by the Transferee Company on any increase in the authorized share capital of the Transferee Company pursuant to the Scheme.
- 13.2 It is clarified that the approval of the Scheme by the members of the Transferee Company shall be deemed approval of the alteration of the memorandum and articles of association of the Transferee Company as required under Sections 13, 14, 61, 64 and other applicable provisions of the Act.

## 14. **AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF THE TRANSFEEE COMPANY**

- 14.1 In order to carry on the activities currently being carried on by the Transferor Companies, upon coming into effect of the Scheme, the main objects in the memorandum of association of each Transferor Company shall be added to the main objects of the memorandum of association of the Transferee Company, to the extent such objects are not already covered by those of the Transferee Company. The following objects clause as set out in **Schedule II** shall be added to the memorandum of association of the Transferee Company.
- 14.2 Upon the approval of the Scheme by the members of the Transferor Companies and the members of the Transferee Company pursuant to Section 230 - 232 of the Act, it shall be deemed that the members of the Transferee Company have also resolved and accorded all relevant consents under Section 13 of the Act or any other provisions of the Act for the commencement of any business or activities currently being carried on by Transferor Companies in relation to any of the objects contained in the memorandum of association of the Transferee Company, to the extent the same may be considered applicable. In particular, the Transferee Company would be allowed to commence the new business added as above. It is clarified that there will be no need to pass a separate shareholders' resolution as required under Section 13 of the Act.

## 15. **DISSOLUTION OF THE TRANSFEROR COMPANIES**

- 15.1 On the Scheme becoming effective, the Transferor Companies shall be dissolved without being wound up without any further act by the parties.
- 15.2 On and with effect from the Effective Date, the name of the Transferor Companies shall be struck off from the records of the relevant Registrar of Companies. The Transferee Company shall make all necessary filings in this regard.
- 15.3 Any obligations/ steps which need to be undertaken by the Transferor Companies pursuant to the sanction of this Scheme shall be fulfilled by the Transferee Company.

## 16. **ACCOUNTING TREATMENT**

- 16.1 The amalgamation shall be accounted for in the books of account of the Transferee Company according to the applicable accounting standards i.e. Indian Accounting Standards (Ind AS) notified under Section 133 of the Act read

with relevant rules issued thereunder and in accordance with prevailing guidelines.

- 16.2 Upon the Scheme becoming effective, all assets and Liabilities, including reserves of the Transferor Companies shall be recorded in the books of the Transferee Company at their existing carrying values and in the same form under 'Pooling of Interest Method' as described in Appendix "C" of Indian Accounting Standards 103 ("Ind AS 103"), Business Combinations, which provides guidance on accounting for Business Combinations of Entities under "Common Control" issued by the Institute of Chartered accountants of India.
- 16.3 The pooling of interest method is considered to involve the following:
- (i) The assets and liabilities of the combining entities are reflected at their carrying amounts.
  - (ii) No adjustments are made to reflect fair values, or recognize any new assets or liabilities. The only adjustments that are made are to harmonize accounting policies.
  - (iii) The financial information in the financial statements of the Transferee Company in respect of prior periods should be restated as if the merger had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.
- 16.4 The balance of the retained earnings appearing in the financial statements of the Transferor Companies will be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.
- 16.5 The difference between the share capital of the Transferor Companies and the aggregate face value of the equity shares of the Transferee Company issued and allotted by it to the members of the Transferor Companies plus any additional consideration in the form of cash or other assets pursuant to the Scheme shall be adjusted in the capital reserve account.
- 16.6 The identity of the reserves of the Transferor Companies shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appear in the financial statements of the Transferor Companies, prior to this Scheme being made effective.
- 16.7 To the extent there are inter-corporate loans or balances between the Transferor Companies and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.
- 16.8 The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Tribunals or any other Governmental Authority shall be effective from the Appointed Date but shall be operative from the Effective Date. However, if the Ind AS 103 require the amalgamation to be accounted with effect from a different date, then it would be accounted as per the requirements of Ind AS 103, for accounting purpose, to be compliant with the Indian accounting standards. For regulatory and tax purposes, amalgamation would have been deemed to be effective from the Appointed Date of this Scheme.
- 16.9 In case of any differences in accounting policies between the Transferor Companies and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policies. The difference, if any, in the accounting policies between the Transferor Companies and Transferee Company, shall be ascertained and the impact of the same will be quantified and adjusted in the retained earnings or another affected component of equity of the Transferee Company, as applicable, in accordance with the requirements of Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- 16.10 The costs relating to the Scheme (mentioned in Clause 22 below) will be accounted in accordance with Ind AS 103.

## 17 **VALIDITY OF EXISTING RESOLUTIONS, ETC.**

- 17.1 Upon the coming into effect of the Scheme and with effect from the Appointed Date, the resolutions of the Transferor Companies, as are considered necessary by the Board of Directors of Transferee Company and which are validly subsisting, shall be considered as resolutions of Transferee Company. If any such resolutions have any monetary limits approved subject to the provisions of the Act or of any other Applicable Laws, then the said limits, as are considered necessary by the Board of Directors of Transferee Company, shall be added to the limits, if any, under the like resolutions passed by Transferee Company.

## 18. **APPLICATIONS TO THE NCLT**

- 18.1 The Transferor Companies and the Transferee Company shall, with all reasonable dispatch, make applications to the Tribunals where the respective registered offices of the Transferor Companies and the Transferee Company are situated, for sanctioning this Scheme under Sections 230 to 232 of the Act for an order or orders thereof for carrying this Scheme into effect and for dissolution of the Transferor Companies without winding up.
- 18.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any Law for such Governmental Approvals which the Transferee Company may require to own the Undertaking of the Transferor Companies and to carry on the business of the Transferor Companies.

**19. MODIFICATIONS/AMENDMENTS TO THE SCHEME**

- 19.1 Subject to the approval of Tribunals, the Transferor Companies and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may consent, to any modifications or amendments of the Scheme or to any conditions or limitations that the Tribunals or any other Governmental Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Tribunals or such other Governmental Authority for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme, whether in pursuance of a change in Law or otherwise. The Transferor Companies and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- 19.2 For the purpose of giving effect to this Scheme or to any modification or amendments thereof or additions thereto, the delegate(s) and/ or Directors of Transferor Companies and the Transferee Company may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing 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.

**20. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS**

- 20.1 The transfer of the Undertaking of the Transferor Companies to the Transferee Company shall require the following approvals, sanctions, orders and consents:
- 20.1.1 Receipt of approvals of the Stock Exchanges and SEBI in terms of the SEBI Circular, as applicable.
- 20.1.2 The Scheme being approved by the requisite majorities in number and value of the various classes of shareholders and/or creditors (where applicable) of the Transferor Companies and the Transferee Company as may be directed by the Tribunals required under Applicable Law.
- 20.1.3 The Scheme being approved by the majority of public shareholders (members) of the Transferee Company (by way of e- voting) as required under the SEBI Circular.
- 20.1.4 Sanctions and Tribunal Order(s) under the provisions of Section 230 read with Section 232 of the Act being obtained by each of the Transferor Companies and the Transferee Company from the Tribunals.
- 20.1.5 The certified/ authenticated copies of the Tribunal Order(s) sanctioning the Scheme being filed with the Registrar of Companies by the Transferor Companies and the Transferee Company.

**21. EFFECT OF NON-RECEIPT OF APPROVALS AND MATTERS RELATING TO REVOCATION AND WITHDRAWAL OF THE SCHEME**

- 21.1 In the event of any of the said approvals or conditions referred to in Clause 20 above not being obtained and/ or complied with and/or satisfied and/or the Scheme not being sanctioned by the Tribunals and/or Tribunal Order(s) not being passed as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect. The Transferor Companies and the Transferee Company shall, in such event, *inter se* bear and pay their respective costs, charges, expenses in connection with the Scheme.
- 21.2 In the event of revocation under Clause 21.1, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* to the Transferor Companies and the Transferee Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Laws and in such case, each company shall bear its own costs unless otherwise mutually agreed.
- 21.3 The Board of Directors of the Transferor Companies and the Transferee Company shall be entitled to withdraw this Scheme prior to the Effective Date.
- 21.4 The Board of Directors of the Transferor Companies and the Transferee Company shall be entitled to revoke, cancel and declare the Scheme of no effect if they are of the view that the coming into effect of the Scheme with effect from the Appointed Date could have adverse implications on the combined entity post-amalgamation.

**22. COSTS**

- 22.1 All past, present and future costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Companies and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme or implementation thereof and matters incidental thereto, shall be respectively borne by the Transferor Companies and the Transferee Company, till the Effective Date. It is further clarified that any costs arising or accruing to the Transferor Companies in carrying out and implementing this Scheme



or implementation thereof and matters incidental thereto, as on or after the Effective Date, shall for all purpose be treated and be deemed to be arising or accruing as costs of the Transferee Company.

23. **NO CAUSE OF ACTION**

23.1 No third party claiming to have acted or changed his position in anticipation of this Scheme taking effect, shall get any cause of action against the Transferor Companies or the Transferee Company or their directors or officers, if the Scheme does not take effect or is withdrawn, amended or modified for any reason whatsoever.

**SCHEDULE I**

The following are the list of the immovable properties that are being used by the Transferor Companies as on the date of approval of the Scheme by their Board of Directors. The list below is indicative and shall not be deemed to be exhaustive.

**Transferor Company 1**

Leasehold properties

Sr. no.	Description of Premises	Area	Lessor/ Licensor	Details of Instrument
1	All that piece or parcel of land known as Plot No. A-3 admeasuring 100,000 square meters or thereabouts, Talegaon Industrial Area, within the village limit of Navlakh Umbre, Talegaon Municipal Council, Maval, Pune	100,000 square meters	Maharashtra Industrial Development Corporation	Lease Deed dated October 10, 2008
2	Premises admeasuring approximately 1550 square feet at Shri Narsimha Towers, Site No. 1, First Floor, Amrunath Nagar, Main Road, Next to sub Registrar office, Konankunte, Bangalore, Karnataka 560062	1550 square feet	D Vijay Kumar	Lease Agreement dated October 15, 2014. The Lease Agreement is expiring on September 14, 2017.
3	Premises admeasuring approximately 7500 square feet of super-built up area situated on the 6 <sup>th</sup> floor of the commercial complex known as Vatika Triangle situated at Village Sarhaul, District and Tehsil Gurgaon, presently known as Block A, Sushant Lok, Meharauli – Gurgaon Road, District Gurgaon, Haryana	7500 square feet	Vatika Limited	Lease Deed dated September 8, 2016

**Transferor Company 2**

Freehold properties

Sr. No.	Description of freehold property
1	All that piece and parcel of land admeasuring 2 Acres 70 cents or thereabouts, bearing R.S.No950 situate in Hosur Village, Hosur Taluq, Dharmapuri District, Tamil Nadu.
2	All that piece and parcel of land admeasuring 1 Acres 85 cents or thereabouts, comprised in Patta No.312 and bearing R.S.No. 951 situate in No.11 Hosur Village, Hosur Taluq, Dharmapuri District, Tamil Nadu.
3	All that piece and parcel of land admeasuring 2 Acres and 02 Cents, Survey No. 953/1, as per New Sub Division Survey No. 953/1B, Dry Ext 0.27 Acre, situate in Hosur Village, of Hosur Taluk, Krishnagiri District, Tamil Nadu.
4	All that piece and parcel of land bearing R.S.No. 953 and 954 situate in Hosur Village, Hosur Taluq, Tamil Nadu.

**SCHEDULE II**

**The following objects clause shall be added to the memorandum of association of the Transferee Company:**

- a) To carry on in India or elsewhere, the business of manufacturing, producing, designing, preparing, assembling, heating, grading, moulding, casting, buying, selling, re-selling, importing, exporting, transporting, storing, forwarding, distributing, disposing, developing, handling, manipulating, marketing, supplying and / or otherwise dealing in all types, description, diameters, capacities, application and uses of anti-friction bearings, needle rollers, needle roller bearings and combined needle roller bearings and their assemblies, linear products engine elements and allied items, their components, parts, raw materials and consumables.
- b) To provide service in connection with the manufacture, preparation, assembly, moulding, casting, buying, selling, re-selling, importing, exporting, transporting, storing, forwarding, distributing, disposing, developing, handling, manipulating, marketing, supplying and / or otherwise dealing in anti-friction bearings, needle rollers, needle roller bearings and combined needle roller bearings and their assemblies, linear products and engine elements and allied items, and to provide maintenance supporting connection thereof to customers, Persons, firms and corporations engaged in business with the Company.
- c) To manufacture, buy, sell, service, repair, import, export, distribute, process, deal and trade in all kinds of automotive components, machinery spares for all types of engines whether stationary, automobile, marine, aircraft, locomotives or others and all parts, supplies, accessories, ancillaries and sub-systems, tools, machine tools and machine tool ancillaries used in the manufacture thereof.
- d) To carry on all kinds of engineering work, including electrical, mechanical, structural and general engineering, to act as Structural and general fabricators and metal workers and metal finishers.
- e) To undertake all kinds of metal finishing such as grinding, machining, welding, riveting, forging, bolting, soldering, brazing, metal powdering, metal spraying, electroforming, electroplating, hot and electro-galvanising, oxidising, anodising, lacquering finishing and polishing, enamelling, thermoplastic coating, metallizing, and engraving.
- f) To establish and work heat treatment shops, smithy and press shops, forging shops, tool rooms, drop stamping works, to manufacture and deal in transmission line materials and structural materials.
- g) To carry out research in the development and manufacture of any of the above mentioned products or substances and to act as consultants and technical advisers on the use thereof.
- h) To carry on business as tool makers, mill wrights, machinists, to manufacture deal in and assemble various kinds of tools, small tools, machine tools, machine tools accessories and spare parts, implements, dies, patterns, jigs, fixtures, designs, moulds and punches.

## ANNEXURE - B

Price Waterhouse & Co LLP  
Chartered Accountants  
252, Veer Savarkar Marg  
Shivaji Park, Dadar (West)  
Mumbai 400 028

Walker Chandio & Co LLP  
Chartered Accountants  
16<sup>th</sup> Floor, Tower II, India Bulls Finance Centre  
SB Marg, Elphinstone Road  
Mumbai 400 013

**Dated: 29 August 2017**

**To**

**Board of Directors**  
Schaeffler India Limited  
Nariman Bhavan, 8 Floor  
227, Backbay Reclamation  
Nariman Point  
Mumbai – 400 021  
Maharashtra

**Board of Directors**  
INA Bearings India Private  
Limited  
Plot No. A3, Talegaon Industrial  
Area, Village Navalakh Umbre  
Taluka Maval, Pune - 410507  
Maharashtra

**Board of Directors**  
LuK India Private Limited  
Survey No. 950  
Rayakottah Road  
Hosur, Krishnagiri - 635109  
Tamil Nadu

**Sub: Recommendation of Share Exchange Ratio for the proposed amalgamation of INA Bearings India Private Limited and LuK India Private Limited into Schaeffler India Limited**

Dear Sir/ Madam,

We refer to the engagement letters whereby,

- Schaeffler India Limited ('SIL') have requested Price Waterhouse & Co LLP ('PW&Co'), and
- INA Bearings India Private Limited ('INA India') and LuK India Private Limited ('LuK India') have requested Walker Chandio & Co LLP ('WCC'),

for recommendation of the Share Exchange Ratio for the proposed amalgamation of INA India and LuK India into SIL.

INA India, LuK India and SIL are together referred to as 'the Specified Companies'.

PW&Co and WCC have been hereafter referred to as 'Valuers' or 'we' or 'us' and individually referred to as 'Valuer' in this joint Report ('Valuation Report' or 'Report').

### **SCOPE AND PURPOSE OF THIS REPORT**

Schaeffler AG is a global automotive and industrial supplier with presence in a number of countries, and is primarily engaged in manufacturing high-precision automotive components and systems, as well as rolling and plain bearing solutions for a large number of industrial applications.

SIL, INA India and LuK India are Indian indirect subsidiaries of Schaeffler AG. Schaeffler AG indirectly holds ~51.33% equity shares in SIL and 100% of equity shares in INA India and LuK India.

SIL (erstwhile known as FAG Bearings India Limited) is primarily engaged in the business of high precision rolling bearings and related components for automotive and industrial applications. INA India is primarily engaged in the business of needle and linear bearings for automotive and industrial applications and precision engine, transmission and chassis components. LuK India is primarily engaged in the business of clutch systems, dual mass flywheel, transmission automation and hybrid systems for the automotive industry. Equity shares of SIL are listed on the National Stock Exchange of India Limited ('NSE') and Bombay Stock Exchange Limited ('BSE'). Equity shares of INA India and LuK India are not listed on any stock exchanges.



We understand that the management of the Specified Companies ('Management') are contemplating amalgamation of INA India and LuK India into SIL ('Transaction') pursuant to a Scheme of Amalgamation ('Scheme') to be implemented under the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013. In this regard, 1 January 2018 has been considered as the appointed date for the proposed amalgamation.

As a consideration for the amalgamation, equity shareholders of INA India and LuK India would be issued equity shares of SIL. Share Exchange Ratio for this Report refers to the number of equity shares of face value of INR 10/- each of SIL, which would be issued to shareholders of INA India and LuK India.

For the aforesaid purpose, the Specified Companies have requested WCC and PW&Co to submit a joint report recommending the Share Exchange Ratio. The scope of our services is to conduct a relative (and not absolute) valuation of the equity shares of the Specified Companies and recommending the Share Exchange Ratio in accordance with generally accepted professional standards.

The Valuers have been appointed separately, by SIL in the case of PW&Co, and by INA India and LuK India jointly in the case of WCC, and have worked independently in their analysis. Both the Valuers have received information and clarifications from the Specified Companies. For recommending the Share Exchange Ratio, the Valuers have independently arrived at different values per share of the Specified Companies. However, to arrive at the consensus on the Share Exchange Ratio, appropriate averaging and rounding off in the values arrived at by the Valuers have been done.

We have been provided with historical financial information for the Specified Companies upto 30 June 2017. We have considered the same in our analysis and made adjustments for further facts made known (past or future) to us till the date of our Report. Our analysis does not factor impact of any event which is unusual or not in normal course of business. We have relied on the above while arriving at the Share Exchange Ratio.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

## SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management and / or gathered from public domain:

- Audited financial statements of the Specified Companies for the 3 years ended 31 December 2016;
- Unaudited income statement and statement of assets and liabilities of the Specified Companies for the 6 months ended 30 June 2017;
- Projected financial statements of the Specified Companies for the period 1 July 2017 to 30 December 2024 as provided by the respective Management;
- Draft Scheme of Amalgamation;
- Number of equity shares/ shareholding pattern of the Specified Companies as at 30 June 2017;
- Market prices and trading history of the equity shares of SIL;
- Interviews and correspondence with the Management;
- Secondary research and market data on comparable companies and information on recent transactions, to the extent readily available; and
- Such other analysis, reviews and enquiries, as we considered relevant.



The Specified Companies have been provided with the opportunity to review the draft report (excluding the recommended share exchange ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.

#### **SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) the financial statements of the Specified Companies as at 30 June 2017 and other information provided by the Management on key events after 30 June 2017 till the date of the Report.

The Management has represented that the business activities of the Specified Companies have been carried out in the normal and ordinary course between 30 June 2017 and the Report date and that no material adverse change has occurred in their respective operations and financial position between 30 June 2017 and the Report date.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events and transactions occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuers and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Specified Companies (or their executives/ representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this Report.

The determination of a share exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed share exchange ratio. While we have provided our recommendation of the Share Exchange Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the Share Exchange Ratio at which the proposed Transaction shall take place will be with the Board of Directors of the respective Specified Companies, who should take into account other factors such as their own assessment of the proposed Transaction and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data.



In accordance with the terms of our engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Specified Companies. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Specified Companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Specified Companies, we have been given to understand by the Management of the Specified Companies that they have not omitted any relevant and material factors about the Specified Companies. Our conclusions are based on the assumptions and information given by / on behalf of the Specified Companies and reliance on public information. The Management of the Specified Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results. Accordingly, we assume no responsibility for any errors in the information furnished by the Specified Companies and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated / incorrect or would not afford reasonable grounds upon which to base the Report.

The Report assumes that the Specified Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Specified Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheet of the Specified Companies. Our conclusion of value assumes that the assets and liabilities of the Specified Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

We are not advisors with respect to legal, tax and regulatory matters for the proposed Transaction. This Report does not look into the business / commercial reasons behind the proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the proposed Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation of the Specified Companies' claim to title of assets has been made for the purpose of this Report and the Specified Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

The fee for the engagement is not contingent upon the results reported.

We owe responsibility to only the Boards of Directors of the Specified Companies that have appointed us under the terms of our respective engagement letters and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the Specified Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Specified Companies, their directors, employees or agents. Unless specifically agreed, in no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.



We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion on the Share Exchange Ratio. This Report is not a substitute for the third party's own due diligence / appraisal / enquiries / independent advice that the third party should undertake for his purpose.

This Valuation Report is subject to the laws of India.

Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme, without our prior written consent except for disclosures to be made to relevant regulatory authorities including stock exchanges and SEBI. In addition, this Report does not in any manner address the prices at which equity shares of SIL will trade following announcement of the proposed Transaction and we express no opinion or recommendation as to how the shareholders of any Specified Company should vote at any shareholders' meeting(s) to be held in connection with the proposed Transaction.

## SHAREHOLDING PATTERN OF SPECIFIED COMPANIES

### Schaeffler India Limited

The issued and subscribed equity share capital of SIL as at 30 June 2017 is INR 166.2 million consisting of 16,617,270 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

Shareholding pattern as on 30-06-2017	No of shares <sup>^</sup>	% shareholding
Promoter and Group	8,529,183	51.3%
Total Non-Promoter*	8,088,087	48.7%
<b>Total equity shares</b>	<b>16,617,270</b>	<b>100.0%</b>

<sup>^</sup> face value of INR 10/- each

\* Non-Promoter includes institutions

### INA Bearings India Private Limited

The issued and subscribed equity share capital of INA India as at 30 June 2017 is INR 533.97 million consisting of 53,396,777 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

Shareholding pattern as on 30-06-2017	No of shares <sup>^</sup>	% shareholding
iNA Beteiligungsverwaltungs GmbH	30,500,927	57.1%
Industriewerk Schaeffler INA-Ingenieurdienst GmbH	22,895,849	42.9%
Schaeffler Beteiligungs Gesellschaft GmbH	1	0.0%
<b>Total equity shares</b>	<b>53,396,777</b>	<b>100.0%</b>

<sup>^</sup> face value of INR 10/- each



## **LuK India Private Limited**

The issued and subscribed equity share capital of LuK India as at 30 June 2017 was INR 225 million consisting of 22,500,000 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

<b>Shareholding Pattern as on 30-6-2017</b>	<b>No of shares ^</b>	<b>% shareholding</b>
LuK Vermögensverwaltungsgesellschaft mbH	22,499,999	100.0%
Industrieaufbaugesellschaft Buhl mbH	1	0.0%
<b>Total equity shares</b>	<b>22,500,000</b>	<b>100.0%</b>

^ face value of INR 10 each

The Management has represented to us that there have been no changes in the shareholding pattern of the Specified Companies since 30 June 2017, and further that there would not be any capital variation in the Specified Companies till the Transaction becomes effective.

## **APPROACH & METHODOLOGY**

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Specified Companies. Further, this valuation will fluctuate with lapse of time, changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Specified Companies, and other factors which generally influence the valuation of companies and their assets.

The Scheme contemplates the amalgamation of INA India and LuK India into SIL. Arriving at the fair Exchange Ratio would require determining the fair value of the equity shares of INA India and LuK India, respectively, in terms of the fair value of the equity shares of SIL. These values are to be determined independently but on a relative basis, and without considering the proposed Transaction.

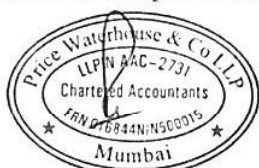
The following are commonly used and accepted methods for determining the value of the equity shares of a company/ business:

1. Market Approach
  - a. Market Price method
  - b. Comparable Companies Quoted Multiples method
  - c. Comparable Companies Transaction Multiples method
2. Income Approach – Discounted Cash Flows method
3. Asset Approach – Net Asset Value method

### **Market Approach**

#### **a. Market Price Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.





Equity shares of SIL are listed on BSE and NSE. Equity shares of SIL are not frequently traded in terms of Para 71A, Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('ICDR Regulations'). However, there are regular transactions in the equity shares. Equity shares of INA India and LuK India are not listed on any stock exchanges.

#### **b. Comparable Companies' Quoted Multiple ('CCM') Method**

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

#### **c. Comparable Companies' Transaction Multiple ('CTM') Method**

Under this method, value of the equity shares of a company / business is arrived at by using multiples derived from valuations in comparable companies, as manifest through transaction valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

There have been limited transactions in the bearings / auto components segments. Further, transaction multiples may include acquirer-specific considerations such as synergy benefits, control premium and minority adjustments, on which sufficient information may not be available in the public domain.

#### **Income Approach – Discounted Cash Flows ('DCF') Method**

Under the DCF method the projected free cash flows to the equity shareholders are discounted at the cost of equity. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

*Estimating future free cash flows:*

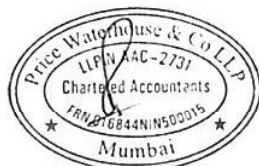
Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's equity capital.

*Appropriate discount rate to be applied to cash flows i.e. the cost of equity:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers (namely shareholders). The opportunity cost to the equity capital provider equals the rate of return the equity capital provider expects to earn on other investments of equivalent risk.

#### **Asset Approach – Net Asset Value ('NAV') Method**

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. INA India, LuK India and SIL are operating companies. A Scheme of Amalgamation would normally be proceeded with, on the assumption that the companies merge as going concerns and an actual realization of the operating assets is not contemplated.



## ICDR Regulations

As per SEBI circular nos. CFD/DIL3/CIR/2017/21 and CFD/DIL3/CIR/2017/26 dated 10 March 2017 and 23 March 2017, respectively, the issuance of shares under schemes in case of allotment of shares by listed companies only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of the ICDR Regulations and the relevant date for the purpose of computing pricing shall be the date of the Board meeting in which the scheme is approved.

Equity shares of SIL are not frequently traded in terms of Para 71A, Chapter VII of ICDR Regulations. As per Regulation 76A of ICDR Regulations, where the shares of the listed company are not frequently traded, the price determined by the issuer shall take into account valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Taking the above outlined factors, including ICDR Regulations, into consideration, we have adopted Market Price method and Comparable Companies Multiple Method for valuation of the Specified Companies

Trading volume of equity shares of SIL during the year ended 29 August 2017 was higher on NSE as compared to BSE. Under the Market price method, average of weekly high and low of the volume weighted average price ('VWAP') of SIL on NSE during the twenty six weeks or two weeks preceding 30 August 2017, whichever is higher has been considered. Please refer Annexure 1 for details. Equity shares of INA India and LuK India are not listed on any stock exchanges. Accordingly, the market price methodology could not be used for these entities.

For valuing the Specified Companies adopting Comparable Companies Multiple Method, we have considered the quoted multiples of comparable listed companies, as appropriate, for the purpose of our valuation analysis. Adjustments, as appropriate, are made for borrowings, surplus assets and other matters to arrive at the equity value of the respective Specified Company.

## SHARE EXCHANGE RATIO

The basis of the Transaction would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a fair exchange ratio of equity shares it is necessary to arrive at a single value for each of the business / subject companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Specified Companies but at their relative values to facilitate the determination of a fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the Specified Companies using the Market Approach. The Share Exchange Ratio is based on the methodologies explained herein earlier and various qualitative factors relevant to each Company and the business dynamics and growth potential of the businesses of the Specified Companies, having regard to information, key underlying assumptions and limitations.



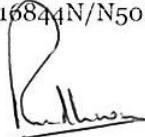
Valuers, as considered appropriate, have independently applied methodologies discussed above and arrived at their assessment of value per share of the Specified Companies. To arrive at the consensus on the Share Exchange Ratio, suitable averaging and rounding off in the values arrived at by the Valuers have been done. Please refer Annexure 2 and Annexure 3 for summary valuation workings by PW&Co and WCC, respectively.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the Share Exchange Ratio as follows:

- 10 (ten) equity shares of SIL (of INR 10/- each fully paid up) for every 65 (sixty five) equity shares of INA India (of INR 10/- each fully paid up) for the amalgamation of INA India into SIL; and
- 10 (ten) equity shares of SIL (of INR 10/- each fully paid up) for every 35 (thirty five) equity shares of LuK India (of INR 10/- each fully paid up) for the amalgamation of LuK India into SIL.

Respectfully submitted,

Price Waterhouse & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number:  
016844N/N500015

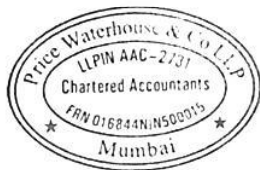


Rajan Wadhawan  
Partner  
Membership No: 090172  
Date: 29 August 2017

Walker Chandio & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number:  
001076N/ N500013



Yash Arya  
Partner  
Membership No: 095975  
Date: 29 August 2017



**Annexure 1 – Valuation of equity shares of SIL under the Market Price method**

Week	From Date	To Date	VWAP		
			High	Low	Average
1	23-Aug-17	29-Aug-17	4,249.9	4,171.4	4,210.7
2	16-Aug-17	22-Aug-17	4,392.5	4,276.5	4,334.5
3	09-Aug-17	14-Aug-17	4,419.4	4,232.7	4,326.0
4	02-Aug-17	08-Aug-17	4,469.3	4,304.6	4,387.0
5	26-Jul-17	01-Aug-17	4,678.9	4,522.5	4,600.7
6	19-Jul-17	25-Jul-17	4,626.0	4,552.4	4,589.2
7	12-Jul-17	18-Jul-17	4,650.5	4,524.1	4,587.3
8	05-Jul-17	11-Jul-17	4,823.7	4,680.9	4,752.3
9	28-Jun-17	04-Jul-17	4,684.0	4,449.0	4,566.5
10	21-Jun-17	27-Jun-17	4,693.8	4,509.7	4,601.8
11	14-Jun-17	20-Jun-17	4,780.0	4,554.4	4,667.2
12	07-Jun-17	13-Jun-17	4,595.1	4,485.5	4,540.3
13	31-May-17	06-Jun-17	4,528.8	4,492.7	4,510.8
14	24-May-17	30-May-17	4,609.6	4,485.7	4,547.6
15	17-May-17	23-May-17	4,695.2	4,455.4	4,575.3
16	10-May-17	16-May-17	4,704.0	4,639.2	4,671.6
17	03-May-17	09-May-17	4,868.3	4,663.2	4,765.7
18	26-Apr-17	02-May-17	4,885.1	4,840.3	4,862.7
19	19-Apr-17	25-Apr-17	4,925.4	4,668.2	4,796.8
20	12-Apr-17	18-Apr-17	4,698.5	4,654.2	4,676.4
21	05-Apr-17	11-Apr-17	4,617.2	4,518.7	4,567.9
22	29-Mar-17	03-Apr-17	4,552.5	4,298.4	4,425.4
23	22-Mar-17	28-Mar-17	4,297.1	4,157.0	4,227.0
24	15-Mar-17	21-Mar-17	4,168.6	4,109.8	4,139.2
25	08-Mar-17	14-Mar-17	4,136.0	4,106.1	4,121.0
26	01-Mar-17	07-Mar-17	4,204.9	4,150.7	4,177.8

Particulars	Value per share (INR)
Average of weekly high and low of volume weighted average price of equity shares of the entity quoted on NSE during the 26 weeks preceeding the relevant date	<b>4,508.8</b>
Average of weekly high and low of volume weighted average price of equity shares of the entity quoted on NSE during the 2 weeks preceeding the relevant date	<b>4,272.6</b>



## Annexure 2 – Summary of Valuation Workings – PW&Co

### Computation of Share Exchange Ratio

Valuation Approach	SIL		INA India		LuK India	
	Value per share (INR) #	Weight (%)	Value per share (INR) #	Weight (%)	Value per share (INR) #	Weight (%)
Asset Approach	NA	0%	NA	0%	NA	0%
Market Approach						
Market Price Method	4,508.8	50%	NA		NA	
Comparable Companies Multiple Method	4,905.5	50%	728.2	100%	1,327.3	100%
Income Approach	NA	0%	NA	0%	NA	0%
<b>Relative Value per share #</b>	<b>4,707.2</b>	<b>100%</b>	<b>728.2</b>	<b>100%</b>	<b>1,327.3</b>	<b>100%</b>

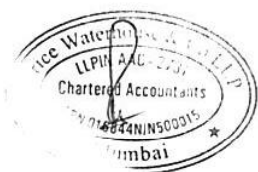
# face value INR 10 per equity share

### Share Exchange Ratio (Rounded off)

10 (ten) equity shares of SIL (of INR 10 each fully paid up) for every 65 (sixty five) equity shares of INA India (of INR 10 each fully paid up)

10 (ten) equity shares of SIL (of INR 10 each fully paid up) for every 35 (thirty five) equity shares of LuK India (of INR 10 each fully paid up)

NA: Not Applicable/ Not Adopted



### Annexure 3 - Summary of Valuation Workings – WCC

#### Computation of Share Exchange ratio

Valuation Approach	SIL		INA India		LuK India	
	Value per share (INR) #	Weight (%)	Value per share (INR) #	Weight (%)	Value per share (INR) #	Weight (%)
Asset Approach	NA	0%	NA	0%	NA	0%
Market Approach						
Market Price Method	4,508.8	50%	NA		NA	
Comparable Companies Multiple Method	4,672.6	50%	701.6	100%	1,327.0	100%
Income Approach	NA	0%	NA	0%	NA	0%
<b>Relative Value per share #</b>	<b>4,590.7</b>	<b>100%</b>	<b>701.6</b>	<b>100%</b>	<b>1,327.0</b>	<b>100%</b>

# face value INR 10 per equity share

#### Share Exchange Ratio (Rounded off)

10 (ten) equity shares of SIL (of INR 10 each fully paid up) for every 65 (sixty five) equity shares of INA India (of INR 10 each fully paid up)

10 (ten) equity shares of SIL (of INR 10 each fully paid up) for every 35 (thirty five) equity shares of LuK India (of INR 10 each fully paid up)

NA: Not Applicable/ Not Adopted





August 30, 2017

To,

**The Board of Directors/Audit Committee  
Schaeffler India Limited,  
Nariman Bhavan, 8th Floor,  
Nariman Point,  
Mumbai – 400021**

**Sub: Fairness opinion on the Equity Share Exchange Ratio for the proposed amalgamation of INA Bearings India Private Limited ("INA"), and Luk India Private Limited ("LuK") into Schaeffler India Limited ("Schaeffler India" or the "Company")**

This has reference to our engagement letter wherein the Company has requested ICICI Securities ('I-Sec') to provide fairness opinion on swap ratio for the purpose of the proposed amalgamation of INA, and Luk into the Company (hereinafter referred to as the "Transaction").

#### **BACKGROUND, PURPOSE AND USE OF THIS REPORT**

We understand that the management of Company, INA, and LuK (referred to as "Companies") are proposing to amalgamate INA, and LuK into the Company, with the appointed date as January 1, 2018 (here in after referred to as the "Proposed Transfer").

For the aforesaid purpose, the management of the Company has appointed M/s Grant Thornton India LLP, and Price Waterhouse & Co LLP (jointly referred as "Valuers") to prepare a valuation report on the fair swap ratio for distribution of the Company's shares to the shareholders of INA and LuK. The report is to be placed before the audit committee of the Company, as per the requirement of SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017.

In this connection we have been requested by the Company to render our professional services by way of a fairness opinion on the swap ratio from a financial point of view to the Board of Directors of the Company through audit committee of the board as to whether the Equity Share Exchange Ratio, as recommended by the Valuers, in their report dated August 29, 2017, and based on the valuation analysis carried out by them, which forms the basis for the Proposed Transfer as per the aforesaid agreement is fair and reasonable.

Member of National Stock Exchange of India Ltd. & Bombay Stock Exchange Ltd.  
Capital Market : NSE Regn. No. INB 230773037, BSE Regn. No. INB 011286854  
Futures & Options : NSE Regn. No. INF 230773037, BSE Regn. No. INF 010773035  
Currency Derivatives : NSE Regn. No. INE 230773037  
CIN No.: U67120MH1995PLC086241

**ICICI Securities Limited**  
**Registered Office (Institutional):**  
ICICI Centre, H. T. Parekh Marg,  
Churchgate, Mumbai 400 020, India.  
Tel (91 22) 2288 2460/70  
Fax (91 22) 2282 6580

**Corporate Office (Retail):**  
Shree Sawan Knowledge Park, Plot No. D-507,  
T.T.C. Ind. Area, M.I.D.C., Turbhe, Navi Mumbai - 400 705  
Tel (91 22) 4070 1000  
Fax (91 22) 4070 1022

**Name of Compliance Officer (Broking Operations) :** Ms. Mamta Jayaram Shetty  
**Email Address:** complianceofficer@icicisecurities.com / Tel (91 22) 4070 1000  
**Website Address:** www.icicisecurities.com / www.icicidirect.com



This report is intended only for the sole use and information of the Company, and only in connection with the Proposed Transfer including for the purpose of obtaining judicial and regulatory approvals for the Proposed Transfer. We are not responsible in any way to any other person / party for any decision of such person or party based on this report. Any person / party intending to provide finance / invest in the shares / business of any of the Companies or their subsidiaries/joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the Proposed Transfer as aforesaid can be done only with our prior permission in writing. We acknowledge that this report will be shared to the extent as may be required, with the relevant stock exchanges, advisors of the Companies in relation to the Scheme, as well as with the statutory authorities

As per Valuers' recommendation,

- i. The holders of outstanding equity shares of INA will receive Ten (10) fully paid up equity shares of Schaeffler India with the face value of Rs. Ten (10) each for every Sixty Five (65) fully paid up equity shares of INA with the face value of Rs. Ten (10) each.
- ii. The holders of outstanding equity shares of LuK will receive Ten (10) fully paid up equity shares of Schaeffler India with the face value of Rs. Ten (10) each for every Thirty Five (35) fully paid up equity shares of LuK with the face value of Rs. Ten (10) each. ("Equity Share Exchange Ratio")

#### **SOURCES OF INFORMATION**

In arriving at the opinion set forth below, we have relied on:

- (a) Document on the Group holding structure of Schaeffler AG
- (b) Shareholding patterns of Company ending June 30, 2017, and INA, and LuK ending December 31, 2016
- (c) Profit and loss account and balance sheet of the Company for the years ending December 31, 2014, 2015, 2016, and June 30, 2017 with the underlying schedules
- (d) Profit and loss account and balance sheet of INA for the years ending December 31, 2012, 2013, 2014, 2015, 2016, and June 30, 2017 with the underlying schedules
- (e) Profit and loss account and balance sheet of LuK for the years ending December 31, 2013, 2014, 2015, 2016, and June 30, 2017 with the underlying schedules
- (f) Contingent liabilities of Company, INA, and LuK as on June 30, 2017
- (g) Installed and production capacities of Company, INA, and LuK for years ending December 31, 2014, 2015, and 2016
- (h) Major raw-material components of the Company
- (i) Industry-wise sales for Company, INA, and LuK for the year ending December 31, 2016
- (j) Income Tax Returns of the Company, INA, and LuK for Assessment Years ending 2015, 2016, and 2017
- (k) Product-wise capacities of Company, INA, and LuK for the years ending December 31, 2015, 2016, and projected capacities for years ending December 31, 2017 to 2022
- (l) Overview of business products of Company, INA, and LuK
- (m) Financial projections of Company, INA, and LuK from January 01, 2017 to December 31, 2024
- (n) Discussions with management of Companies regarding current operations of Companies, future plans, capital expenditure; and

AK



- (o) Information, discussions (including orally) and documents as provided by Companies for purpose of this engagement

### **SCOPE LIMITATIONS**

Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of the Companies or their businesses referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

Our analysis and results are specific to the purpose of the exercise of giving our fairness opinion on the swap ratio for the Proposed Transfer. It may not be valid for any other purpose or if done on behalf of any other entity.

Our analysis and results are also specific to the date of this report and based on information as at August 29, 2017. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of Company, INA and LuK, their businesses, and any other matter, which may have an impact on our opinion, on the swap ratio for the Proposed Transfer, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed date for the Proposed Transfer. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In the course of the present exercise, we were provided with both written and verbal information, including financial data. The terms of our engagement were such that we were entitled to rely upon the information provided by the Company without detailed inquiry. With respect to the financial forecasts relating to Company, INA, and LuK we have assumed, that they have been reasonably prepared on basis reflecting the best currently available estimates and good faith judgments of the management of the Company, INA, and LuK, respectively, as to the future financial performance of each of the company. Also, we have been given to understand by the Company that it has not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the Company and their impact on the present exercise.

We express no opinion whatever and make no recommendation at all to Company, INA, and LuK's underlying decision to affect the Proposed Transfer or as to how the holders of equity shares or

preference shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the Proposed Transfer. We do not express and should not be deemed to have expressed any views on any other term of the Proposed Transfer. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of the Company will trade following the announcement of the Proposed Transfer or as to the financial performance of the Company following the consummation of the Proposed Transfer.

No investigation of the Companies' claim to title of assets has been made for the purpose of this exercise and the Companies' claim to such rights has been assumed to be valid. No consideration

*AK*



has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Our report is not and should not be construed as our opining or certifying the compliance of the Proposed Transfer with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed amalgamation.

We have not conducted or provided an analysis of due diligence or appraisal of the assets and liabilities of the Companies and have wholly relied on information provided by the Company in that regard.

In the ordinary course of business, ICICI Securities Limited and its affiliates is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the ICICI Securities Limited may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Proposed Transfer.

It is understood that this letter is for the benefit of and confidential use by the Board of Directors / Audit Committee of the Company for the purpose of this Proposed Transfer and may not be relied upon by any other person and may not be used or disclosed for any other purpose without obtaining our prior written consent.

## **RATIONALE & CONCLUSION**

We are given to understand by the Companies that the Equity Share Exchange Ratio has been recommended by the Valuers after keeping in mind various factors.

In the circumstances, having regard to all relevant factors and on the basis of information and explanations given to us, we are of the opinion on the date hereof, that the Equity Share Exchange Ratio as recommended by the Valuers, which forms the basis for the Proposed Transfer, is fair and reasonable.

Yours faithfully,  
**For ICICI Securities Limited,**



Anupam Paliwal  
Vice President



DCS/AMAL/AC/R37/993/2017-18

November 29, 2017

The Company Secretary  
**Schaeffler India Ltd**  
 Nariman Bhavan, 8th Floor, 227, Backbay Reclamation,  
 Nariman Point, Mumbai, Maharashtra, 400021.

Sir,

**Sub: Observation letter regarding the Draft Scheme of Amalgamation between Schaeffler India Limited, INA Bearings India Private Limited and LuK India Private Limited.**

We are in receipt of Draft Scheme of Amalgamation between Schaeffler India Limited, INA Bearings India Private Limited and LuK India Private Limited and their respective shareholders and creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated November 29, 2017, has inter alia given the following comment(s) on the draft scheme of arrangement:

- “Company shall ensure that additional information, if any, submitted by the company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company.”
- “Company shall duly comply with various provisions of the Circulars.”
- “Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.”
- “It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT. Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble NCLT, the listed company shall submit to the stock exchange the following:

(2)

- Copy of the NCLT approved Scheme;
- Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- Copy of the observation letter issued by all the Stock Exchanges where Company is listed;
- Status of compliance with the Observation Letter/s of the stock exchanges;
- The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- Complaints Report as per Annexure II of this Circular.
- Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,



**Nitin Pujari**  
Sr. Manager



Ref: NSE/LIST/26917

November 29, 2017

The Company Secretary  
Schaeffler India Limited  
Nariman Bhavan, 8th Floor,  
227, Backbay Reclamation,  
Nariman Point 400021

**Kind Attn.: Mr. Raj Sarraf**

Dear Sir,

**Sub: Observation letter for Scheme of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with Schaeffler India Limited and their respective Shareholders and Creditors**

We are in receipt of the Scheme of Arrangement between Scheme of Amalgamation of INA Bearings India Private Limited (Transferor Company 1) and LuK India Private Limited (Transferor Company 2) with Schaeffler India Limited [Formerly known as FAG Bearings India Limited] (Transferee Company) and their respective Shareholders and Creditors vide application dated September 12, 2017.

Based on our letter reference no Ref: NSE/LIST/13250 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated November 29, 2017, has given following comments:

- a. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the receipt of this letter is displayed on the website of the listed company.*
- b. *The Company shall duly comply with various provisions of the Circulars.*
- c. *The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- d. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/representations.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of Regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.



The validity of this “Observation Letter” shall be six months from November 29, 2017, within which the scheme shall be submitted to NCLT. Further pursuant to the above SEBI circulars upon sanction of the Scheme by NCLT, you shall submit to NSE the following:

- a. Copy of Scheme as approved by NCLT;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure III of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

Yours faithfully,  
For **National Stock Exchange of India Limited**

Lokesh Bhandari  
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL [http://www.nseindia.com/corporates/content/further\\_issues.htm](http://www.nseindia.com/corporates/content/further_issues.htm)

**ANNEXURE - F**

**SCHAEFFLER**

Schaeffler India Limited  
(Formerly known as FAG Bearings India Limited)  
Head Office & Works · P.O. Maneja, Vadodara – 390013, Gujarat, India

To,  
The General Manager,  
Department of Corporate Services,  
**BSE Limited**,  
P.J. Towers, Dalal Street,  
Mumbai – 400 001.

Security Code: 505790

Your reference, your message from

Our reference, our message from

Phone

Fax

Date

Oct 6, 2017

**COMPLIANT REPORT**

(From August 30, 2017 to October 3, 2017)

**Subject:** Compliant Report with requirements specified in Annexure III of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017

**Part A**

Sr. No.	Particulars	Number
1	Number of complaints / Comments@ received directly	1
2	Number of complaints forwarded by Stock exchanges	0
3	Total Number of complaints / Comments received (1+2)	1
4	Number of complaints / Comments resolved	1
5	Number of complaints / Comments pending	0

**Part B**

Sr. No.	Name of Complainant / Comment@	Date of Comment	Status (Resolved / pending)
1	S. M. Bhandarkar (IN303116- 11527730)	4-Sep-17	Resolved

Note: The Company has not received any complaint with respect to draft scheme, however a comment in the nature of query is received with respect to valuation of Shares of Transferor Companies. The said query is not a substantial comment on the draft scheme and this disclosure is being made out of abundant caution. Further, the said query has already been addressed by the Company.

**For Schaeffler India Limited**



**Raj Sarraf**  
**Company Secretary**  
**ICSI M. No. A15526**



Schaeffler India Limited (Formerly known as FAG Bearings India Limited)  
(Registered Office) Nariman Bhavan, 8th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai 400 021, Maharashtra, India  
Phone +91 22 6681 4444, Fax +91 22 22027022, www.schaeffler.co.in, info.in@schaeffler.com, CIN: L29130MH1962PLC012340

## ANNEXURE - G

SCHAEFFLER

Schaeffler India Limited  
(Formerly known as FAG Bearings India Limited)  
Head Office & Works · P.O. Maneja, Vadodara – 390013, Gujarat, India

To,  
**Manager – Listing Compliance**  
**National Stock Exchange of India Limited,**  
'Exchange Plaza', C-1, Block G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051.

Security Code: SCHAEFFLER

Your reference, your message from

Our reference, our message from

Phone

Fax

Date

Nov 3, 2017

**COMPLAINT REPORT**

(for the period from August 30, 2017 to November 3, 2017)

**Subject:** Compliant Report with requirements specified in Annexure III of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017

**Part A**

Sr. No.	Particulars	Number
1	Number of Complaints / Comments@ received directly	1
2	Number of Complaints forwarded by Stock exchanges / SEBI	0
3	Total Number of Complaints / Comments received (1+2)	1
4	Number of Complaints / Comments resolved	1
5	Number of Complaints / Comments pending	0

**Part B**

Sr. No.	Name of Complainant / Commenter@	Date of Comment	Status (Resolved / pending)
1	S. M. Bhandarkar (IN303116- 11527730)	4-Sep-17	Resolved

Note: The Company has not received any complaint with respect to draft scheme, however a comment in the nature of query is received with respect to valuation of Shares of Transferor Companies. The said query is not a substantial comment on the draft scheme and this disclosure is being made out of abundant caution. Further, the said query has already been addressed by the Company.

**For Schaeffler India Limited**

  
**Raj Sarraf**  
**Company Secretary**  
ICSI M. No. A15526



Schaeffler India Limited (Formerly known as FAG Bearings India Limited)  
(Registered Office) Nariman Bhavan, 8th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai 400 021, Maharashtra, India  
Phone +91 22 6681 4444, Fax +91 22 22027022, www.schaeffler.co.in, info.in@schaeffler.com, CIN: L29130MH1962PLC012340



Schaeffler India Limited  
 (Formerly known as FAG Bearings India Limited)  
 Head Office & Works - P.O. Maneja, Vadodara - 390013, Gujarat, India

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SCHAEFFLER INDIA LIMITED AT ITS MEETING HELD ON AUGUST 30, 2017 EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL**

Your reference, your message from      Our reference, our message from      Phone      Fax      Date  
 +91-265-6602201      30.08.2017

**1. Background**

- 1.1 The proposed Scheme of Amalgamation of INA Bearings India Private Limited (“**Transferor Company 1**”) and LuK India Private Limited (“**Transferor Company 2**”) with Schaeffler India Limited (“**Transferee Company**” or “**Company**”) and their respective shareholders and creditors (the “**Scheme**”) was approved by the Board of Directors of the Company (the “**Board**”) vide resolution dated August 30, 2017. Transferor Company 1 and Transferor Company 2 are hereinafter referred to as the “**Transferor Companies**”. The Transferor Companies and the promoter of the Company are part of the same group i.e. the Schaeffler group.
- 1.2 The provisions of Section 232(2)(c) of the Companies Act, 2013 (“**Act**”) requires the directors to adopt a report explaining (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share entitlement ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders at the time of seeking their approval to the Scheme as may be directed by the Hon'ble National Company Law of Tribunal (“**NCLT**”).
- 1.3 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.4 The following documents were placed before the Board:
- 1.4.1 Draft Scheme as recommended by the Audit Committee of the Company duly initialled by the Company Secretary for the purpose of Identification;
- 1.4.2 Joint Valuation Report dated August 29, 2017 issued by the Independent Valuers, namely Price Waterhouse & Co LLP and Walker Chandiook & Co LLP, Chartered Accountants (“**Joint Valuation Report**”).

- 1.4.3 Fairness Opinion dated August 30, 2017 issued by M/s. ICICI Securities Ltd., an independent Category-I Merchant Banker ("**Fairness Opinion**").
- 1.4.4 Certificate from the statutory auditors of the Company confirming that the Scheme is in compliance with applicable accounting treatment notified under the Companies Act, 2013 and other generally accepted principles; and
- 1.4.5 Report of the Audit Committee of the Board of Directors dated August 30, 2017.

**2. Effect of the Scheme of Amalgamation on equity shareholders (promoter and non-promoter shareholders), employees and Key Managerial Personnel of the Company:**

- 2.1 Equity Shareholders: Pursuant to the Scheme of Amalgamation, the entire Undertaking (as defined in the Scheme) of the Transferor Companies shall be transferred to and vested in the Company and the Transferor Companies shall be dissolved without winding up. Upon the effectiveness of the Scheme, i.e. transfer and vesting of the Undertaking into the Company, the Company shall allot equity shares, based on Share Entitlement Ratio, as under and more particularly in the manner as stipulated in Clause 5 of the Scheme, to the respective equity shareholders of the Transferor Companies:
- 2.2 The Transferee Company shall issue and allot:
  - (i) 10 equity shares of Rs. 10 each fully paid up in its capital in respect of every 65 equity shares of Rs. 10 each fully paid up in the equity share capital of the Transferor Company 1; and
  - (ii) 10 equity shares of Rs. 10 each fully paid up in its capital in respect of every 35 equity shares of Rs. 10 each fully paid up in the equity share capital of the Transferor Company 2,

to those members whose names appear in the register of members of the respective Transferor Companies and whose names appear as the respective beneficial owners of the equity shares of the Transferor Companies in the records of the depositories (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferee Company) as on the Record Date (as defined in the Scheme).

The Share Entitlement Ratio is based on the Joint Valuation Report and the Fairness Opinion. The aforesaid Joint Valuation Report and Fairness Opinion have been duly considered by the Board of Directors of the Company and have come to the conclusion that Share Entitlement Ratio is fair and reasonable.

The equity shares so issued and allotted as provided above shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank *pari-passu* in all respects with the equity shares of the Transferee Company after the Effective Date (as defined in the Scheme) including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.

- 2.3 Promoter and non-promoter shareholders: Pursuant to the Scheme, the shareholders of the Transferor Companies, upon issuance of the Equity shares of the Company, shall be classified as promoters of the Company. Based on the Share Entitlement Ratio and the shareholding of the Company as on [June 30, 2017], post-merger the existing non-promoter shareholders of the Company will get diluted by 22.8% and the combined shareholding of the promoters will increase by 22.8% to 74.13%.
- 2.4 Key Managerial Personnel: Under Clause 10 of the Scheme, upon the Scheme becoming effective, all the employees of the Transferor Companies in service on the effective date shall become the employees of the Company, without any break or interruption in their services, on same (but in any case no less favourable) terms and conditions on which they are engaged with the respective Transferor Companies as on the Effective Date. In the circumstances, the rights of the employees of the Company would in no way be affected by the Scheme. Upon the Scheme becoming effective, the Transferor Companies will stand dissolved. No special benefit or compensation would be payable to any Key Managerial Personnel of the Transferor Companies.

The Directors of the Company do not hold any shares of the Company or the Transferor Companies. None of the Directors of the Company have any material interest in the proposed Scheme. The Scheme is not expected to have any effect on the Directors of the Company. Further, none of the Key Managerial Personnel and relatives of the Directors of the Company is concerned or interested, financial or otherwise in the proposed Scheme.

Page 4 of our letter dated August 30, 2017

2.5 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

By Order of the Board

**For Schaeffler India Limited**

(Formerly known as FAG Bearings India Limited)

Sd/-

**Avinash Gandhi**

**Chairman**

DIN: 00161107

Date: August 30, 2017

Place: Mumbai

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF INA BEARINGS INDIA PRIVATE LIMITED AT THEIR MEETING HELD ON AUGUST 30, 2017 EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL**

**1. Background**

- 1.1 The proposed Scheme of Amalgamation of INA Bearings India Private Limited (“**Transferor Company 1**” or “**Company**”) and LuK India Private Limited (“**Transferor Company 2**”) with Schaeffler India Limited (“**Transferee Company**”) and their respective shareholders and creditors (the “**Scheme**”) was approved by the Board of Directors of the Company (the “**Board**”) vide resolution dated 30<sup>th</sup> day of August 2017. Transferor Company 1 and Transferor Company 2 are hereinafter referred to as the “**Transferor Companies**”. The Transferor Companies and the promoter of Transferee Company are part of the same group i.e. Schaeffler Group.
- 1.2 The provisions of Section 232(2)(c) of the Companies Act, 2013 (“**Act**”) requires the directors to adopt a report explaining (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share entitlement ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders at the time of seeking their approval to the Scheme as may be directed by the Hon’ble National Company Law of Tribunal (“**NCLT**”).
- 1.3 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.4 The following documents were placed before the Board:
- 1.4.1 Draft Scheme as initialed by a director for the purpose of identification; and
- 1.4.2 Joint Valuation Report dated August 29, 2017 issued by the Independent Valuers, namely Price Waterhouse & Co LLP and Walker Chandok & Co LLP, Chartered Accountants (“**Joint Valuation Report**”).

**2. Effect of the Scheme of Amalgamation on equity shareholders (promoter and non-promoter shareholders), employees and Key Managerial Personnel of the Company:**

- 2.1 Equity Shareholders: Pursuant to the Scheme of Amalgamation, the entire Undertaking (as defined in the Scheme) of the Company shall be transferred to and vested in the Transferee Company and the Company shall be dissolved without winding up. Upon the effectiveness of the Scheme, i.e. transfer and vesting of the Undertaking into the Transferee Company, the Transferee Company shall allot equity shares, based on the Share Entitlement Ratio, as under and more particularly in the manner as stipulated in Clause 5 of the Scheme, to the equity shareholders of the Company:

The Transferee Company shall issue and allot 10 equity shares of Rs. 10 each fully paid up in its capital in respect of every 65 equity shares of Rs. 10 each fully paid up in the equity share capital of the Company to those members whose names appear in the register of members of

the Company and whose names appear as the respective beneficial owners of the equity shares of the Company in the records of the Company (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferee Company) as on the Record Date (as defined in the Scheme).

The Share Entitlement Ratio is based on the Joint Valuation Report which has been duly considered by the Board of Directors of the Company and the Board has come to the conclusion that Share Entitlement Ratio is fair and reasonable.

The equity shares so issued and allotted as provided above shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank *pari-passu* in all respects with the equity shares of the Transferee Company after the Effective Date (as defined in the Scheme) including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.

- 2.2 Promoter and non-promoter shareholders: The Company does not have any non-promoter shareholders. Pursuant to the Scheme, the promoters of the Company, upon issuance of the equity shares of the Transferee Company, shall be classified as promoters of the Transferee Company.
- 2.3 Key managerial personnel: Under Clause 10 of the Scheme, upon the Scheme becoming effective, all the employees of the Company in service on the effective date shall become the employees of the Transferee Company, without any break or interruption in their services, on same (but in any case no less favourable) terms and conditions on which they are engaged with the Company as on the Effective Date. Upon the Scheme becoming effective, the Company will stand dissolved. No special benefit or compensation would be payable to any key managerial personnel of the Company.

The directors of the Company do not hold any shares of the Company or the Transferor Company 1 or the Transferee Company. Further, none of the key managerial personnel and relatives of the Directors of the Company is concerned or interested, financial or otherwise in the proposed Scheme. None of the Directors of the Company have any material interest in the proposed Scheme.

- 2.4 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

By Order of the Board

**For INA Bearings India Private Limited**

Sd/-  
**Dharmesh Arora**  
**Managing Director**  
DIN: 05350121

Date: August 30, 2017  
Place: Mumbai

LuK India Private Limited  
Survey No. 950, Rayakottah Road - Hosur, Krishnagiri 635 109, Tamil Nadu

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF LuK INDIA PRIVATE LIMITED AT THEIR MEETING HELD ON AUGUST 30, 2017 EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL**

Your reference, your message from      Our reference, our message from      Phone      Fax      Date

**1. Background**

1.1 The proposed Scheme of Amalgamation of INA Bearings India Private Limited (“**Transferor Company 1**”) and LuK India Private Limited (“**Transferor Company 2**” or “**Company**”) with Schaeffler India Limited (“**Transferee Company**”) and their respective Shareholders and Creditors (the “**Scheme**”) was approved by the Board of Directors of the Company (the “**Board**”) vide resolution dated August 30, 2017. Transferor Company 1 and Transferor Company 2 are hereinafter referred to as the “**Transferor Companies**”. The Transferor Companies and the promoter of the Transferee Company are part of the same group i.e. Schaeffler Group.

1.2 The provisions of Section 232(2)(c) of the Companies Act, 2013 (“**Act**”) requires the directors to adopt a report explaining (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share entitlement ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders at the time of seeking their approval to the Scheme as may be directed by the Hon’ble National Company Law of Tribunal (“**NCLT**”)

1.3 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

1.4 The following documents were placed before the Board:

1.4.1 Draft Scheme as initialled by a director for the purpose of identification; and

1.4.2 Joint Valuation Report dated August 29, 2017 issued by the Independent Valuers, namely Price Waterhouse & Co LLP and Walker Chandiook & Co LLP, Chartered Accountants (“**Joint Valuation Report**”).

**2. Effect of the Scheme of Amalgamation on equity shareholders (promoter and non-promoter shareholders), employees and Key Managerial Personnel of the Company:**

2.1 Equity Shareholders: Pursuant to the Scheme of Amalgamation, the entire Undertaking (as defined in the Scheme) of the Company shall be transferred to and vested in the Transferee

LuK India Private Limited  
Registered Office: Survey No. 950, Rayakottah Road, Hosur, Krishnagiri 635 109, Tamil Nadu, Phone +91 (4344) 223181-128 Fax +91 (4344)222296 [www.schaeffler.co.in](http://www.schaeffler.co.in),  
[info.in@schaeffler.com](mailto:info.in@schaeffler.com), CIN U29199TZ1995PTC010015

Company and the Company shall be dissolved without winding up. Upon the effectiveness of the Scheme, i.e. transfer and vesting of the Undertaking into the Transferee Company, the Transferee Company shall allot equity shares, based on the Share Entitlement Ratio, as under and more particularly in the manner as stipulated in Clause 5 of the Scheme, to the equity shareholders of the Company:

The Transferee Company shall issue and allot 10 equity shares of Rs. 10 each fully paid up in its capital in respect of every 35 equity shares of Rs. 10 each fully paid up in the equity share capital of the Company to those members whose names appear in the register of members of the Company and whose names appear as the respective beneficial owners of the equity shares of the Company in the records of the Company (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferee Company) as on the Record Date (as defined in the Scheme).

The Share Entitlement Ratio is based on the Joint Valuation Report which has been duly considered by the Board of Directors of the Company and the Board has come to the conclusion that Share Entitlement Ratio is fair and reasonable.

The equity shares so issued and allotted as provided above shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank *pari-passu* in all respects with the equity shares of the Transferee Company after the Effective Date (as defined in the Scheme) including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.

2.2 Promoter and non-promoter shareholders: The Company does not have any non-promoter shareholders. Pursuant to the Scheme, the promoters of the Company, upon issuance of the equity shares of the Transferee Company, shall be classified as promoters of the Transferee Company.

2.3 Key Managerial Personnel: Under Clause 10 of the Scheme, upon the Scheme becoming effective, all the employees of the Company in service on the effective date shall become the employees of the Transferee Company, without any break or interruption in their services, on same (but in any case not less favourable) terms and conditions on which they are engaged with the Company as on the Effective Date. Upon the Scheme becoming effective, the Company will stand dissolved. No special benefit or compensation would be payable to any key managerial personnel of the Company.

The directors of the Company do not hold any shares of the Company or the Transferor Company 1 or the Transferee Company. Further, none of the key managerial personnel and relatives of the Directors of the Company is concerned or interested, financial or otherwise in the proposed Scheme. None of the Directors of the Company have any material interest in the proposed Scheme.



Page 3 of our letter dated 30.08.2017

2.4 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

By Order of the Board

**For LuK India Private Limited**

Sd/-  
**Satish Patel**  
**Director**  
DIN: 00690869

Date: August 30, 2017  
Place: Mumbai

## ANNEXURE - K

Please ensure that you also read the Scheme of Amalgamation approved by the Boards of Directors of the Transferor Companies and the Transferee Company, as well as the Audit Committee of the Transferee Company vide their resolutions dated August 30, 2017 respectively. The shareholders are advised to retain a copy of the Information Memorandum for their future reference.

FOR PRIVATE CIRCULATION TO THE SHAREHOLDERS OF SCHAEFFLER INDIA LIMITED  
ONLY



## INA BEARINGS INDIA PRIVATE LIMITED

**The Company was incorporated on September 23, 1997 as a private limited company**  
**Registered Office:** Plot No. A3, Talegaon, Industrial Area, Village Navalakh Umbre, Taluka  
 Maval, Pune, Maharashtra, India, 410507

**Telephone:** +91 20 30614100; **Fax:** +91 20 30614308; **Email:** [info.in@schaeffler.com](mailto:info.in@schaeffler.com);

**Website:**

[http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/inaindia/inaindia\\_1.jsp](http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/inaindia/inaindia_1.jsp)

**Contact Person – Mr. Chirag K. Shukla**

**Telephone:** +91 265 6602201; **Email:** [investorsupport.in@schaeffler.com](mailto:investorsupport.in@schaeffler.com)

**CIN:** U34300PN1997PTC015240

In the nature of an Information Memorandum containing salient features of the Scheme of Amalgamation between Schaeffler India Limited, INA Bearings India Private Limited and LuK India Private Limited and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013 and the rules made thereunder (hereinafter referred to as the "**Scheme**"). This memorandum discloses applicable information of the unlisted entity i.e. INA Bearings India Private Limited, in compliance with SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (the "**SEBI Circular**") relating to the scheme of amalgamation. Please note that a separate memorandum is issued for LuK India Private Limited, being an unlisted company.

This document is prepared to comply with the requirement of Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular, and sets out the disclosures in an abridged prospectus format as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, to the extent applicable. Schaeffler India Limited (hereinafter referred to as the "**Issuing Company**" or "**SIL**" or the "**Transferee Company**") is already listed on BSE Limited (hereinafter referred to as "**BSE**") and on the National Stock Exchange of India Limited (hereinafter referred to as "**NSE**") (BSE and NSE are hereinafter collectively referred to as the "**Stock Exchanges**"). Pursuant to the Scheme, there is no issue of equity shares to the public at large, except to the existing shareholders of INA Bearings India Private Limited (hereinafter referred to as "**INA**" or "**Transferor Company 1**") and LuK India Private Limited (hereinafter referred to as "**LuK**" or "**Transferor Company 2**") (Transferor Company 1 and Transferor Company 2 are collectively hereinafter referred to as "**Transferor Companies**"). The equity shares so issued by SIL will be listed on the Stock Exchanges under Regulation 19 of Securities Contracts (Regulation) Rules, 1957, as amended. The requirements with respect to General Information Document are not applicable and this Information Memorandum should be read accordingly.

You may also download this Information Memorandum along with the Scheme, and the valuation report (hereinafter referred to as the “**Valuation Report**”) issued by Price Waterhouse & Co LLP and Walker Chandiok & Co LLP (hereinafter referred to as the “**Valuers**”) dated August 29, 2017 and Fairness Opinion issued by ICICI Securities Limited dated August 30, 2017 (hereinafter referred to as the “**Fairness Opinion**”) from the company website ([http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/schaeffler\\_in\\_india/investorsrelations/investorrelations.jsp](http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/schaeffler_in_india/investorsrelations/investorrelations.jsp)) and websites of the Stock Exchanges, where the equity shares issued pursuant to the Scheme are proposed to be listed, i.e. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

#### **NAMES OF PROMOTERS OF THE TRANSFEROR COMPANY 1**

INA Beteiligungsverwaltungs GmbH and Industrierwerk Schaeffler INA-Ingenieurdienst-, Gesellschaft mit beschränkter Haftung are the promoters of Transferor Company 1.

#### **SCHEME DETAILS, LISTING AND PROCEDURE**

INA and LuK form part of the promoter group of SIL, i.e. Schaeffler Group (as defined below). It is proposed to amalgamate INA and LuK with SIL pursuant to the Scheme, as a result of which shareholders of INA and LuK, shall directly hold equity shares in SIL.

The details with respect to the meeting of the shareholders (including Postal Ballot and e-Voting) of the Issuing Company as convened in accordance with sections 230 to 232 of the Companies Act, 2013, and e-Voting required as per the SEBI Circular and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 where the Scheme would be placed before the shareholders, will be published in two newspapers as may be directed by the Hon'ble National Company Law Tribunal (“**NCLT**”), Bench at Mumbai and Chennai.

Details about the basis for the swap of equity shares in accordance with the Scheme and the Valuation Report and Fairness Opinion are available on the websites of the Issuing Company, BSE and NSE.

#### **PROCEDURE**

The procedure disclosures with respect to public issue / offer would not be applicable as this issue is only to the shareholders of the Transferor Companies, pursuant to the Scheme without any cash consideration. Hence, the procedure with respect to the General Information Document may be applicable only to the limited extent, as specifically provided.

#### **ELIGIBILITY**

- In compliance with the SEBI Circular and subsequent SEBI circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 and in accordance with the disclosure rules for an abridged prospectus format as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “**SEBI Regulations**”), to the extent applicable;
- The equity shares sought to be listed are proposed to be allotted by the Issuing Company to the holders of securities of unlisted entities pursuant to a Scheme to be sanctioned by NCLT (Mumbai and Chennai benches) under sections 230 to 232 of the Companies Act, 2013;
- The percentage of shareholding of pre-scheme public shareholders of the listed entity and the Qualified Institutional Buyers (QIBs) of the unlisted entity in the post scheme shareholding pattern of the merged company shall not be less than 25%;
- The Transferee Company will not issue / reissue any equity shares, not covered under the Scheme;
- There are no outstanding warrants / instruments / agreements which give right to any person to be the beneficiary of equity shares in the Transferee Company at any future date;

**INDICATIVE TIMELINE**

This Information Memorandum is filed pursuant to the Scheme, and is not an offer to the public. Given that the Scheme requires approval of various regulatory authorities including and primarily, the NCLT, the exact time frame cannot be established with certainty.

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the equity of the Issuing Company unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors mentioned in this Information Memorandum carefully before taking an investment decision. For taking an investment decision, investors must rely on their own examination of the Issuing Company and the Scheme, including the risks involved. The equity shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of the Scheme or Information Memorandum. Specific attention of the investors is invited to the section "Internal Risk Factors" at page 8 of this Information Memorandum. – *Not Applicable as the offer is not for public at large.*

**COMPANY'S ABSOLUTE RESPONSIBILITY**

The Transferor Company 1, having made all reasonable inquiries, accepts responsibility for and confirms that the Information Memorandum contains all information with regard to the Transferor Company 1 and this Scheme, which is material in the context of this Scheme, that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which will make the Information Memorandum as a whole, or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

**PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER**

Issue Name	Name of Merchant Banker	+1- % change in closing price, (+/- % change in closing benchmark)		
		30 <sup>th</sup> Calendar day from listing	90 <sup>th</sup> Calendar day from listing	180 <sup>th</sup> Calendar day from listing
<b>Not Applicable</b>				
Since this is a scheme of amalgamation between the shareholders of Transferee Company and the Transferor Companies				

**Name of Merchant Banker and contact details**



**HSBC Securities and Capital Markets (India) Private Limited**

Address: 52 / 60, MG Road, Fort, Mumbai, 400 001

Contact Persons: Ms. Tanvi Jain

Telephone: +91 22 2268 1560

E-mail: sil.merger@hsbc.co.in

Website: [www.hsbc.co.in](http://www.hsbc.co.in)

SEBI Registration Number: INM000010353

**Name of Statutory auditor and contact details**

**B S R & Co. LLP**

Address: Lodha Excelus, 5<sup>th</sup> Floor, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai, 400 011

Telephone: +91 22 4345 5300

Fax: +91 22 4345 5399

Registration number: 101248W/W-100022

Email: vijaymathur@bsraffiliates.com

<p><b>Syndicate Members</b> – Not Applicable</p> <p><b>Credit Rating Agencies</b> – Not Applicable</p> <p><b>Debenture Trustee</b> – Not Applicable</p> <p><b>Self- Certified Syndicate Banks</b> – Not Applicable</p>	<p><b>Registrar</b> – Not Applicable</p> <p><b>Non-Syndicate Registered Brokers</b> – Not Applicable</p> <p><b>Collecting Bankers</b> – Not Applicable</p>
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#### **PROMOTERS OF TRANSFEROR COMPANY 1**

INA Beteiligungsverwaltungs GmbH and Industriewerk Schaeffler INA-Ingenieurdienst-, Gesellschaft mit beschränkter Haftung are the promoters and Schaeffler Beteiligungsgesellschaft mit beschränkter Haftung is part of promoter group of Transferor Company 1.

INA Beteiligungsverwaltungs GmbH with its registered office in Herzogenaurach, Germany, was registered in the legal form of a limited liability company with the commercial register of the District Court of Fürth, Germany, under docket number HRB 10398 on November 21, 2005. The corporate purpose of INA Beteiligungsverwaltungs GmbH is the administration of proprietary assets including the leasing of tangible assets, the licensing of rights, and the granting of loans. INA Beteiligungsverwaltungs GmbH is a wholly owned subsidiary of Schaeffler Technologies AG & Co. KG. The general partner of Schaeffler Technologies AG & Co. KG is Schaeffler AG and the limited partner is Schaeffler Verwaltungsholding Vier GmbH, which is a wholly owned subsidiary of Schaeffler AG.

Industriewerk Schaeffler INA-Ingenieurdienst-, Gesellschaft mit beschränkter Haftung with its registered office in Herzogenaurach, Germany was registered with the commercial register of the District Court of Fürth, Germany, under docket number HRB 462 on March 27, 1953. The corporate purpose of Industriewerk Schaeffler INA-Ingenieurdienst-, Gesellschaft mit beschränkter Haftung is the management of its proprietary assets, in particular real estate and the acquisition and management of holdings in other companies. Industriewerk Schaeffler INA-Ingenieurdienst-, Gesellschaft mit beschränkter Haftung is held 99.23% by Schaeffler Verwaltungsholding Drei GmbH and 0.77% by FAG Kugelfischer GmbH. Schaeffler Verwaltungsholding Drei GmbH is a wholly owned subsidiary of INA Beteiligungsverwaltungs GmbH. FAG Kugelfischer GmbH is a wholly owned subsidiary of Schaeffler Verwaltungsholding Zwei GmbH, which is a wholly owned subsidiary of INA Beteiligungsverwaltungs GmbH.

Schaeffler Beteiligungsgesellschaft mit beschränkter Haftung with its registered office in Herzogenaurach, was registered with the commercial register of the District Court of Fürth under docket number HRB 586 on October 8, 1969. Schaeffler Beteiligungsgesellschaft mit beschränkter Haftung is a wholly owned subsidiary of INA Beteiligungsverwaltungs GmbH.

Transferor Company 1 and its promoter group and Transferor Company 2 and its promoter group comprise a part of Schaeffler Group. The Schaeffler Group is a global automotive and industrial supplier, which comprises Schaeffler AG, its subsidiaries, investments in associated companies, and joint ventures (“**Schaeffler Group**”).

Apart from SIL, the only other listed group company of INA is Schaeffler AG. It is a publicly listed stock corporation incorporated under German law with its registered office in Herzogenaurach, Germany, that acts as the group’s lead company.

#### **BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY**

The Transferor Company 1 was incorporated on September 23, 1997 as a private limited company under the Companies Act, 1956. The Transferor Company 1 is *inter alia* engaged in the business of manufacturing and supply of precision engine, transmission and chassis components

as well as needle and linear bearings for automotive, motorcycles, precision equipment, machine tools and material handling industries.

The manufacturing facility is located in Talegaon Industrial & Floricultural Park, Village Ambe, Pune 410507, Maharashtra, India.

<b>BOARD OF DIRECTORS</b>			
<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Experience</b>
1	Mr. Dharmesh Arora	Managing Director	He is presently Managing Director of SIL. He is aged 50 and has vast experience in the automotive industry. He has diploma in mechanical engineering and holds a masters degree in business administration.
2	Mr. Stefan Bauerreis	Non-executive Director	He is CFO of the Europe Region of Schaeffler Group. He is aged 45 and has a degree in business administration with over 17 years of experience in the field of finance.
3	Mr. Satish Patel	Non-executive Director	He is CFO of SIL. He has professional degree in Finance and Accountancy (M.Com and ACMA) and vast experience of over 25 years in the field of Finance Management.
4	Mr. Jens Reichling	Non-executive Director	He is part of Schaeffler Group's Corporate Development & Strategy team. He holds Master of Science in Management degree and has vast experience in the fields of Finance and Strategy through positions within Schaeffler Group as well as prior positions in Investment Banking and Strategy Consulting.
5	Ms. Preeti Shalukar	Executive Director	She is part of Schaeffler Group since January 2014 and is a General Counsel for Schaeffler Group in India. She has professional degree in law (B.S.L. LL.B). She has vast experience in handling the legal profile in various reputed companies.

<b>OBJECTS OF THE ISSUE</b>
<p><b>To amalgamate with a listed company</b>                      The object is to amalgamate INA and LuK into SIL as a result of which, shareholders of INA and LuK shall directly hold equity shares in SIL. The promoters of SIL, INA and LuK belong to the same promoter group (Schaeffler Group).</p> <p>Recognizing the strengths of Transferor Companies and the Transferee Company, the rationale for the amalgamation as provided for in the Scheme is to align the business operations undertaken by the Transferor Companies and the Transferee Company. The amalgamation of the Transferor Companies with the Transferee Company would <i>inter alia</i> have the following benefits: (i) create a leading Indian automotive and industrial supplier, (ii) establish a diversified product presence across the high growth automotive and industrial segments and benefit from access to Transferor Companies and the Transferee Company's client base, (iii) create revenue and cost synergies by bundling the product offerings, leveraging distribution networks, and reducing overhead costs and (iv) enhance the financial profile with higher growth and margin expansion.</p>

Salient features of the Scheme are *inter alia* as follows:

(i) the Appointed Date for the Scheme is the opening of business on January 1, 2018;

(ii) As a result of the proposed amalgamation, the Transferee Company will issue and allot (a) 10 equity shares of Rs. 10 each fully paid up in its capital in respect of every 65 equity shares of Rs. 10 each fully paid up in the equity share capital of the Transferor Company 1; and (b) 10 equity shares of Rs. 10 each fully paid up in its capital in respect of every 35 equity shares of Rs. 10 each fully paid up in the equity share capital of the Transferor Company 2, whose names appear in the register of members of the respective Transferor Companies and whose names appear as the respective beneficial owners of the equity shares of the Transferor Companies in the records of the depositories (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferee Company) as on the Record Date (as defined in the Scheme). Fractional entitlement of shares, if any, will be rounded up to the nearest integer. The new equity shares allotted and issued as above, shall be listed and/or admitted to trading on the Stock Exchanges, where the equity shares of the Transferee Company are listed and/or admitted to trading as on the Effective Date; subject to the Transferee Company obtaining the requisite approvals from all the relevant regulatory authorities pertaining to their listing;

(iii) Upon the proposed amalgamation becoming effective, all assets, liabilities, contracts, rights, obligations etc. of the Transferor Companies shall stand transferred to the Transferee Company;

(iv) Upon coming into effect of the Scheme and with effect from the Appointed Date, the Transferee Company shall account for amalgamation of the Transferor Companies in its books of account in accordance with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 as notified under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time;

(v) The Scheme will become effective on obtaining all approvals as mentioned in the Scheme.

*(Capitalised terms used herein but not defined shall have the meaning ascribed to such terms in the Scheme)*

Cost of the Project – **Not applicable**  
Means of financing – **Not applicable**  
Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues / rights issues, if any, of the Company in the preceding 10 years — **Not Applicable**  
Name of monitoring agency, if any: **Not applicable**  
Terms of Issuance of Convertible Security, if any - **Not Applicable**

<b>SHAREHOLDING PATTERN OF THE TRANSFEROR COMPANY 1 AS ON DECEMBER 31, 2017 IS AS FOLLOWS:</b>					
<b>Sr. No.</b>	<b>Particulars</b>	<b>Pre-merger no. of equity shares</b>	<b>% of holding Pre-merger</b>	<b>Post-merger no. of equity shares</b>	<b>% of holding Post-merger</b>
1	INA Beteiligungsverwaltungs GmbH	30,500,927	57.12%	N.A.	N.A.
2	Industriewerk Schaeffler INA-Ingenieurdienst-, Gesellschaft mit beschränkter Haftung	22,895,849	42.88%	N.A.	N.A.

3	Schaeffler Beteiligungs-gesellschaft mit beschränkter Haftung	1	0.00%	N.A.	N.A.
	<b>Total</b>	<b>53,396,777</b>	<b>100.00%</b>	N.A.	N.A.

Post-merger Transferor Company 1 will cease to exist.

**SHAREHOLDING OF THE TRANSFEREE COMPANY AS ON DECEMBER 31, 2017 AND THE INDICATIVE POST SCHEME SHAREHOLDING IS AS UNDER:**

Sr. No.	Particulars	(Pre-Scheme) Pre-merger no. of equity shares	% of holding Pre-merger	(Post-Scheme) Post-merger no. of equity shares	% of holding Post-merger
(A)	<b>Promoter and Promoter Group</b>				
	FAG Kugelfischer GmbH	8,529,183	51.33%	8,529,183	27.28%
	INA Beteiligungsverwaltungs GmbH	0	0.00%	4,692,451	15.01%
	Industriewerk Schaeffler INA-Ingenieurdienst-, Gesellschaft mit beschränkter Haftung	0	0.00%	3,522,439	11.27%
	Schaeffler Beteiligungsgesellschaft mit beschränkter Haftung	0	0.00%	1	0.00%
	Industrieraufbaugesellschaft Bühl mit beschränkter Haftung	0	0.00%	1	0.00%
	LuK Vermögensverwaltungsgesellschaft mbH	0	0.00%	6,428,572	20.56%
(B)	<b>Non – promoter shareholding</b>				
	Public shareholding	8,088,087	48.67%	8,088,087	25.87%
	<b>Total (A + B)</b>	<b>16,617,270</b>	<b>100.00%</b>	<b>31,260,734</b>	<b>100.00%</b>

**AUDITED FINANCIALS**

*(in INR million unless stated otherwise)*

Particulars	CY 2017 (audited)	CY 2016 (audited)	CY 2015 (audited)	CY 2014 (audited)	CY 2013 (audited)
Total income from operations (net)	11,852.0	10,417.9	9,048.2	8,308.8	6,712.4
Net Profit / (Loss) before tax and extraordinary items	1,154.5	996.9	320.0	484.1	-197.5
Net Profit / (Loss) after tax and extraordinary items	743.3	685.4	225.8	346.4	-152.5
Equity Share Capital	534.0	534.0	534.0	534.0	519.5
Reserves and Surplus	2,201.3	1,458.0	772.6	556.9	-75.0
Net Worth	2,735.3	1,992.0	1,306.5	1,090.9	444.5

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Basic Earnings Per Share (in INR)	13.9	12.8	4.2	6.7	-2.9
Diluted Earnings Per Share (in INR)	13.9	12.8	4.2	6.7	-2.9
Return on Net Worth (%)	31.4	41.6	18.8	45.1	-29.3
Net Asset Value Per Share (in INR)	51.2	37.3	24.5	20.4	8.6

*Notes:*

1. Since there is no subsidiary of Transferor Company 1, there is no distinction between standalone and consolidated statements.
2. There is no material development after the date of the latest balance sheet that will impact performance and prospects of the Transferor Company 1 and the Scheme.
3. There was no revaluation of assets in the last 5 years
4. There was no change in auditors during the last 3 years
5. Return on Net Worth is based on average Net Worth over the respective periods

Authorized	Issued / Subscribed / Paid-up capital	Present issue size	Paid-up capital after issue	Paid-up capital after conversion
Rs. 830,000,000 (83,000,000 equity shares of Rs. 10 each)	Rs. 533,967,770 (53,396,777 equity shares of Rs. 10 each)	Rs. 146,434,640 (14,643,464 equity shares of Rs. 10 each)		Not applicable, since the Company would be merged with SIL, there will be no post issue capital

**INTERNAL RISK FACTORS**

1. Our business is significantly dependent on our manufacturing facilities and the loss or shutdown of operations at our manufacturing facilities may have a material adverse effect on our business, financial condition, results of operations and cash flows.
2. Significant underutilization of capacity of our existing manufacturing facilities may adversely affect our business, results of operations and financial condition.
3. If we are unable to accurately forecast demand for our products, our business, cash flows, financial condition and prospects may be adversely affected.
4. Pricing pressure from our customers may adversely affect our profitability and results of operations.
5. Our products are subject to rejection by our customers, if they do not meet the quality and technical requirements of our customers.
6. There are certain legal proceedings currently outstanding involving the Transferor Company 1, any adverse decision in this regard may adversely impact financial performance.
7. Our business is largely dependent on our continuing relationships with our customers, with whom we have not entered into long term arrangements.
8. We have not entered into any agreement in respect of long term supply for raw materials required by us and as such we are susceptible to fluctuations in the cost of raw materials.
9. We are susceptible to foreign exchange, political, regulatory, environmental and technological risks.

**SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION**

**A. Total number of outstanding litigations against the Transferor Company 1 and amount involved** —There are nine pending litigations under the Central Sales Tax Act, 1956 and Maharashtra Value Added Tax Act, 2002, wherein the total amount involved is INR 15.16 million, five pending litigations under the Central Excise Act, 1944, wherein the total amount involved is INR 25.72 million and eight pending litigations under the Income Tax Act, 1961, wherein the total amount involved is INR 266.14 million.

There are two litigations pending involving reinstatement of employment. The amount involved in these litigations, which includes back-wages is currently unascertainable as they are subject to final disposal of these matters.

**B. Brief details of top 5 material outstanding litigations against the Transferor Company 1 and amount involved:**

Sr. No	Brief Particulars	Litigation filed by	Current Status	Amount Involved (in INR million)
1.	An assessment was conducted by the Income Tax department pursuant to Transferor Company 1 filing its return of income for assessment year 2011-12 pursuant to which the Assistant Commissioner Income Tax Circle-11, Pune raised the tax demand.	Assistant Commissioner Income Tax Circle-11, Pune	The matter is pending before the Income Tax Appellate Tribunal	96.62
2.	An assessment was conducted by the Income Tax department pursuant to Transferor Company 1 filing its return of income for assessment year 2013-14 pursuant to which the Assistant Commissioner Income Tax Circle-11, Pune raised the tax demand.	Assistant Commissioner Income Tax Circle-11, Pune	The matter is pending before the Commissioner of Income Tax (Appeals), Pune	79.67
3.	An assessment was conducted by the Income Tax department pursuant to Transferor Company 1 filing its return of income for assessment year 2014-15 pursuant to which the Assistant Commissioner Income Tax Circle-11, Pune raised the tax demand.	Assistant Commissioner Income Tax Circle-11, Pune	Company is in process of filing appeal to Commissioner Of Income Tax (Appeals), Pune	34.70
4.	Mr. Sayyed filed a complaint before the Labour Commissioner Pune seeking reinstatement of employment and full back- wages, which referred the matter to the Labour Court, Pune. The Transferor Company 1 has filed its written statement for the same and the	Mr. Iliyas Najmoddin Sayyed	The proceedings are pending before the Labour Court, Pune	Currently unascertainable

	matter is pending before the Labour Court, Pune.			
5.	Mr. Vikram Gavhale and Mr. Subratkumar Sahu, employees of Transferor Company 1 filed a complaint seeking reinstatement of employment which was referred to Industrial Tribunal, Pune for interim relief. The Transferor Company 1 has filed its written statement for the same and the matter is pending before the Labour Court, Pune.	Mr. Vikram Gavhale and Mr. Subratkumar Sahu	The proceedings are pending before the Industrial Tribunal, Pune	Currently unascertainable

**C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoters / Group companies in the last five financial years including outstanding action, if any:** None

**D. Brief details of outstanding criminal proceedings against Promoter:** None

<b>DECLARATION BY THE COMPANY</b>
<p>We hereby declare that all relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Information Memorandum is contrary to the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in the Information Memorandum are true and correct.</p> <p>Place: Mumbai Date: February 12, 2018</p>

## ANNEXURE - L

Please ensure that you also read the Scheme of Amalgamation approved by Boards of Directors of the Transferor Companies and the Transferee Company as well as the Audit Committee of the Transferee Company vide their resolutions dated August 30, 2017 respectively. The shareholders are advised to retain a copy of the Information Memorandum for their future reference.

FOR PRIVATE CIRCULATION TO THE SHAREHOLDERS OF SCHAEFFLER INDIA LIMITED  
ONLY



## LUK INDIA PRIVATE LIMITED

**The Company was incorporated on March 22, 1995 as a public limited company**  
**Registered Office:** Survey No. 950 Rayakottah Road, Hosur, Krishnagiri, Tamil Nadu, 635109  
**Telephone:** +91 43 44 228300; **Fax:** +91 43 44 228560; **Email:** info.in@schaeffler.com;  
**Website:**  
[http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/lukindia/lukindia\\_7.jsp](http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/lukindia/lukindia_7.jsp)  
**Contact Person – Mr. Chirag K. Shukla**  
**Telephone:** +91 265 6602001; **Email:** investorsupport.in@schaeffler.com  
**CIN:** U29199TZ1995PTC010015

In the nature of an Information Memorandum containing salient features of the Scheme of Amalgamation between Schaeffler India Limited, INA Bearings India Private Limited and LuK India Private Limited and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013 and the rules made thereunder (hereinafter referred to as the "**Scheme**"). This memorandum discloses applicable information of the unlisted entity i.e. LuK India Private Limited, in compliance with SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (the "**SEBI Circular**") relating to the scheme of amalgamation. Please note that a separate memorandum is issued for INA Bearings India Private Limited, being an unlisted company as well.

This document is prepared to comply with the requirement of Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular, and sets out the disclosures in an abridged prospectus format as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, to the extent applicable. Schaeffler India Limited (hereinafter referred to as the "**Issuing Company**" or "**SIL**" or the "**Transferee Company**") is already listed on BSE Limited (hereinafter referred to as "**BSE**") and on the National Stock Exchange of India Limited (hereinafter referred to as "**NSE**") (BSE and NSE are hereinafter collectively referred to the "**Stock Exchanges**"). Pursuant to the Scheme, there is no issue of equity shares to the public at large, except to the existing shareholders of INA Bearings India Private Limited (hereinafter referred to as "**INA**" or "**Transferor Company 1**") and LuK India Private Limited (hereinafter referred to as "**LuK**" or "**Transferor Company 2**") (Transferor Company 1 and Transferor Company 2 are collectively hereinafter referred to as "**Transferor Companies**"). The equity shares so issued by SIL will be listed on the Stock Exchanges under Regulation 19 of Securities Contracts (Regulation) Rules, 1957, as amended. The requirements with respect to General Information Document are not applicable and this Information Memorandum should be read accordingly.

You may also download this Information Memorandum along with the Scheme, and the valuation report (hereinafter referred to as the “**Valuation Report**”) issued by Price Waterhouse & Co LLP and Walker Chandiok & Co LLP (hereinafter referred to as the “**Valuers**”) dated August 29, 2017 and the Fairness Opinion issued by ICICI Securities Limited dated August 30, 2017 (hereinafter referred to as the “**Fairness Opinion**”) from the company website ([http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/schaeffler\\_in\\_india/investorrelations/investorrelations.jsp](http://www.schaeffler.co.in/content.schaeffler.co.in/en/company/schaeffler_in_india/investorrelations/investorrelations.jsp)) and websites of the Stock Exchanges, where the equity shares issued pursuant to the Scheme are proposed to be listed, i.e. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

#### NAME OF PROMOTER OF THE TRANSFEROR COMPANY 2

LuK Vermögensverwaltungsgesellschaft mbH is the promoter of Transferor Company 2.

#### SCHEME DETAILS, LISTING AND PROCEDURE

INA and LuK form part of the promoter group of SIL, i.e. Schaeffler Group (as defined below). It is proposed to amalgamate INA and LuK with SIL pursuant to the Scheme, as a result of which shareholders of INA and LuK, shall directly hold equity shares in SIL.

The details with respect to the meeting of the shareholders (including Postal Ballot and e-Voting) of the Issuing Company as convened in accordance with sections 230 to 232 of the Companies Act, 2013, and e-Voting required as per the SEBI Circular and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 where the Scheme would be placed before the shareholders will be published in two newspapers as may be directed by the Hon'ble National Company Law Tribunal (“NCLT”), Bench at Mumbai and Chennai.

Details about the basis for the swap of equity shares in accordance with the Scheme and the Valuation Report and Fairness Opinion are available on the websites of the Issuing Company, BSE and NSE.

#### PROCEDURE

The procedure disclosures with respect to public issue / offer would not be applicable as this issue is only to the shareholders of the Transferor Companies, pursuant to the Scheme without any cash consideration. Hence, the procedure with respect to the General Information Document may be applicable only to the limited extent, as specifically provided.

#### ELIGIBILITY

- In compliance with the SEBI Circular and subsequent SEBI circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 and in accordance with the disclosure rules for an abridged prospectus format as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the “**SEBI Regulations**”) to the extent applicable;
- The equity shares sought to be listed are proposed to be allotted by the Issuing Company to the holders of securities of an unlisted entity pursuant to a Scheme to be sanctioned by NCLT (Mumbai and Chennai benches) under sections 230 to 232 of the Companies Act, 2013;
- The percentage of shareholding of pre-scheme public shareholders of the listed entity and the Qualified Institutional Buyers (QIBs) of the unlisted entity in the post scheme shareholding pattern of the merged company shall not be less than 25%;
- The Transferee Company will not issue / reissue any equity shares, not covered under the Scheme;
- There are no outstanding warrants / instruments / agreements which give right to any person to be the beneficiary of equity shares in the Transferee Company at any future date;

**INDICATIVE TIMELINE**

This Information Memorandum is filed pursuant to the Scheme, and is not an offer to the public. Given that the Scheme requires approval of various regulatory authorities including and primarily, the NCLT, the exact time frame cannot be established with certainty.

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the equity of the Issuing Company unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors mentioned in this Information Memorandum carefully before taking an investment decision. For taking an investment decision, investors must rely on their own examination of the Issuing Company and the Scheme, including the risks involved. The equity shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of the Scheme or Information Memorandum. Specific attention of the investors is invited to the section "Internal Risk Factors" at page 8 of this Information Memorandum. – *Not Applicable as the offer is not for public at large.*

**COMPANY'S ABSOLUTE RESPONSIBILITY**

The Transferor Company 2, having made all reasonable inquiries, accepts responsibility for and confirms that the Information Memorandum contains all information with regard to the Transferor Company 2 and this Scheme, which is material in the context of this Scheme, that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which will make the Information Memorandum as a whole, or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

**PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER**

Issue Name	Name of Merchant Banker	+1- % change in closing price, (+/- % change in closing benchmark)		
		30 <sup>th</sup> Calendar day from listing	90 <sup>th</sup> Calendar day from listing	180 <sup>th</sup> Calendar day from listing
<b>Not Applicable</b>				
Since this is a scheme of arrangement between the shareholders of Transferee Company and the Transferor Companies				

**Name of Merchant Banker and contact details**



**HSBC Securities and Capital Markets (India) Private Limited**

Address: 52 / 60, MG Road, Fort, Mumbai, 400 001

Contact Persons: Ms. Tanvi Jain

Telephone: +91 22 2268 1560

E-mail: sil.merger@hsbc.co.in

Website: [www.hsbc.co.in](http://www.hsbc.co.in)

SEBI Registration Number: INM000010353

**Name of Statutory auditor and contact details**

**B S R & Co. LLP**

Address: Lodha Excelus, 5<sup>th</sup> Floor, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai, 400 011

Telephone: +91 22 4345 5300

Fax: +91 22 4345 5399

Registration number: 101248W/W-100022

Email: [vijaymathur@bsraffiliates.com](mailto:vijaymathur@bsraffiliates.com)

<b>Syndicate Members</b> – Not Applicable	<b>Registrar</b> – Not Applicable
<b>Credit Rating Agencies</b> – Not Applicable	<b>Non-Syndicate Registered Brokers</b> – Not Applicable
<b>Debenture Trustee</b> – Not Applicable	<b>Collecting Bankers</b> – Not Applicable
<b>Self- Certified Syndicate Banks</b> – Not Applicable	

#### **PROMOTERS OF TRANSFEROR COMPANY 2**

LuK Vermögensverwaltungsgesellschaft mbH is the promoter and Industriebaufbaugesellschaft Bühl mit beschränkter Haftung is part of the promoter group of Transferor Company 2.

LuK Vermögensverwaltungsgesellschaft mbH with its registered office in Bühl, Germany, was registered with the commercial register of the District Court of Mannheim, Germany, under docket number HRB 211135 on August 30, 1999. The corporate purpose of LuK Vermögensverwaltungsgesellschaft mbH is the management of holdings in commercial companies, the control of the same, the participation in such companies, as well as the provision of services, in particular the provision of management services. LuK Vermögensverwaltungsgesellschaft mbH is held 88.12% by Schaeffler Verwaltungsholding Eins GmbH, 7.49% by Schaeffler AG and 4.39% by IAB Verwaltungs GmbH. Schaeffler Verwaltungsholding Eins GmbH is wholly owned subsidiary of IAB Verwaltungs GmbH, which is held 94.97% by IAB Holding GmbH and 5.03% by Schaeffler Technologies AG & Co. KG. IAB Holding GmbH is a wholly owned subsidiary of Schaeffler Technologies AG & Co. KG. The general partner of Schaeffler Technologies AG & Co. KG is Schaeffler AG and the limited partner is Schaeffler Verwaltungsholding Vier GmbH, which is a wholly owned subsidiary of Schaeffler AG.

Industriebaufbaugesellschaft Bühl mit beschränkter Haftung with its registered office in Bühl, Germany, was registered with the commercial register of the District Court of Mannheim, Germany, under docket number HRB 210046 on November 3, 1967. Industriebaufbaugesellschaft Bühl mit beschränkter Haftung is a wholly owned subsidiary of LuK Vermögensverwaltungsgesellschaft mbH.

Transferor Company 1 and its promoter group and Transferor Company 2 and its promoter group comprise a part of the Schaeffler Group. The Schaeffler Group is a global automotive and industrial supplier, which comprises Schaeffler AG, its subsidiaries, investments in associated companies, and joint ventures (“**Schaeffler Group**”).

Apart from SIL, the only other listed group company of LuK is Schaeffler AG. It is a publicly listed stock corporation incorporated under German law with its registered office in Herzogenaurach that acts as the group’s lead company.

#### **BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY**

The Transferor Company 2 was incorporated on March 22, 1995 as a public limited company and thereafter it was converted into a private limited company. It is *inter alia* engaged in the business of manufacturing and supply of high quality innovative products such as clutch systems, dual mass flywheel, transmission automation and hybrid systems to the automotive industry including passenger, tractor and commercial vehicle segments.

The manufacturing facility is located in Hosur, Tamil Nadu.

BOARD OF DIRECTORS			
Sr. No.	Name	Designation	Experience
1	Mr. Stefan Bauerreis	Non-executive Director	He is the CFO of the Europe Region of the Schaeffler Group. He is aged 45 and has a degree in business administration with over 17 years of experience in the field of finance.
2	Mr. Satish Patel	Non-executive Director	He is CFO of SIL. He has professional degree in Finance and Accountancy (M.Com and ACMA) and vast experience of over 25 years in the field of Finance Management.
3	Dr. Alexandra Zech	Non-executive Director	She is an in-house legal counsel in the legal department of the Schaeffler Group. She holds a law degree as well as a PhD from the University of Augsburg.
4	Mr. Santosh Poojari	Managing Director	He is plant manager in LuK Hosur. He has 19 years of experience in manufacturing. He has a diploma in mechanical engineering, and degrees in commerce and business administration.

OBJECTS OF THE ISSUE
<p><b>To amalgamate with a listed company</b></p> <p>The object is to amalgamate INA and LuK into SIL as a result of which shareholders of INA and LuK shall directly hold equity shares in SIL. The promoters of SIL, INA and LuK belong to the same promoter group (Schaeffler Group).</p> <p>Recognizing the strengths of Transferor Companies and the Transferee Company, the rationale for the amalgamation as provided for in the Scheme is to align the business operations undertaken by the Transferor Companies and the Transferee Company. The amalgamation of the Transferor Companies with the Transferee Company would <i>inter alia</i> have the following benefits: (i) create a leading Indian automotive and industrial supplier, (ii) establish a diversified product presence across the high growth automotive and industrial segments and benefit from access to Transferor Companies and the Transferee Company's client base, (iii) create revenue and cost synergies by bundling the product offerings, leveraging distribution networks, and reducing overhead costs and (iv) enhance the financial profile with higher growth and margin expansion.</p> <p>Salient features of the Scheme are <i>inter alia</i> as follows:</p> <p>(i) the Appointed Date for the Scheme is the opening of business on January 1, 2018;</p> <p>(ii) As a result of the proposed amalgamation, the Transferee Company will issue and allot (a) 10 equity shares of Rs. 10 each fully paid up in its capital in respect of every 65 equity shares of Rs. 10 each fully paid up in the equity share capital of the Transferor Company 1; and (b) 10 equity shares of Rs. 10 each fully paid up in its capital in respect of every 35 equity shares of Rs. 10 each fully paid up in the equity share capital of the Transferor Company 2, whose names appear in the register of members of the respective Transferor Companies and whose names appear as the respective beneficial owners of the equity shares of the Transferor Companies in the records of the depositories (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferee Company) as on the Record Date (as defined in the Scheme). Fractional entitlement of shares, if any, will be rounded up to the nearest integer. The new equity shares allotted and issued as above, shall be listed and/or admitted to trading on the Stock Exchanges, where the equity</p>



shares of the Transferee Company are listed and/or admitted to trading as on the Effective Date; subject to the Transferee Company obtaining the requisite approvals from all the relevant regulatory authorities pertaining to their listing;

(iii) Upon the proposed amalgamation becoming effective, all assets, liabilities, contracts, rights, obligations etc. of the Transferor Companies shall stand transferred to the Transferee Company;

(iv) Upon coming into effect of the Scheme and with effect from the Appointed Date, the Transferee Company shall account for amalgamation of the Transferor Companies in its books of account in accordance with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 as notified under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time;

(v) The Scheme will become effective on obtaining all approvals as mentioned in the Scheme.

*(Capitalised terms used herein but not defined shall have the meaning ascribed to such terms in the Scheme)*

Cost of the Project – *Not applicable*

Means of financing – *Not applicable*

Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues / rights issues, if any, of the Company in the preceding 10 years — *Not Applicable*

Name of monitoring agency, if any: *Not applicable*

Terms of Issuance of Convertible Security, if any - *Not Applicable*

**SHAREHOLDING PATTERN OF THE TRANSFEROR COMPANY 2 AS ON DECEMBER 31, 2017 IS AS FOLLOWS:**

Sr. No.	Particulars	Pre-merger No. of equity shares	% of holding Pre-merger	Post-merger No. of equity shares	% of holding Post-merger
1	LuK Vermögensverwaltungsgesellschaft mbH	22,499,999	99.99%	N.A.	N.A.
2	Industrieaufbaugesellschaft Bühl mit beschränkter Haftung	1	0.00%	N.A.	N.A.
	<b>Total</b>	<b>22,500,000</b>	<b>100.00%</b>	<b>N.A.</b>	<b>N.A.</b>

Post-merger Transferor Company 2 will cease to exist

<b>SHAREHOLDING OF THE TRANSFEREE COMPANY AS ON DECEMBER 31, 2017 AND THE INDICATIVE POST SCHEME SHAREHOLDING IS AS UNDER:</b>					
<b>Sr. No.</b>	<b>Particulars</b>	<b>(Pre-Scheme) Pre-merger No. of equity shares</b>	<b>% of holding Pre-merger</b>	<b>(Post-Scheme) Post-merger No. of equity shares</b>	<b>% of holding Post-merger</b>
(A)	<b>Promoter and Promoter Group</b>				
	FAG Kugelfischer GmbH	8,529,183	51.33%	8,529,183	27.28%
	INA Beteiligungsverwaltungs GmbH	0	0.00%	4,692,451	15.01%
	Industriewerk Schaeffler INA-Ingenieurdienst-, Gesellschaft mit beschränkter Haftung	0	0.00%	3,522,439	11.27%
	Schaeffler Beteiligungsgesellschaft mit beschränkter Haftung	0	0.00%	1	0.00%
	Industrieraufbaugesellschaft Bühl mit beschränkter Haftung	0	0.00%	1	0.00%
	LuK Vermögensverwaltungsgesellschaft mbH	0	0.00%	6,428,572	20.56%
(B)	<b>Non – promoter shareholding</b>				
	Public shareholding	8,088,087	48.67%	8,088,087	25.87%
	<b>Total (A + B)</b>	<b>16,617,270</b>	<b>100.00%</b>	<b>31,260,734</b>	<b>100.00%</b>

**AUDITED FINANCIALS**

*(in INR million unless stated otherwise)*

<b>Particulars</b>	<b>CY 2017 (audited)</b>	<b>CY 2016 (audited)</b>	<b>CY 2015 (audited)</b>	<b>CY 2014 (audited)</b>	<b>CY 2013 (audited)</b>
Total income from operations (net)	8,547.1	7,298.4	6,257.2	5,929.1	5,743.7
Net Profit / (Loss) before tax and extraordinary items	1,124.4	888.7	379.2	193.2	110.2
Net Profit / (Loss) after tax and extraordinary items	774.1	610.6	295.0	128.9	63.3
Equity Share Capital	225.0	225.0	225.0	225.0	225.0
Reserves and Surplus	3,337.2	2,563.1	1,952.5	1,667.8	1,538.9
Net Worth	3,562.2	2,788.1	2,177.5	1,892.8	1,763.9

Basic Earnings Per Share (in INR)	34.4	27.1	13.1	5.7	2.8
Diluted Earnings Per Share (in INR)	34.4	27.1	13.1	5.7	2.8
Return on Net Worth (%)	24.4	24.6	14.5	7.0	3.7
Net Asset Value Per Share (in INR)	158.3	123.9	96.8	84.1	78.4

*Notes:*

1. Since there is no subsidiary of Transferor Company 2, there is no distinction between standalone and consolidated statements.
2. There is no material development after the date of the latest balance sheet that will impact performance and prospects of the Transferor Company 2 and the Scheme.
3. There was no revaluation of assets in the last 5 years
4. There was no change in auditors during the last 3 years
5. Return on Net Worth is based on average Net Worth over the respective periods

Authorized	Issued / Subscribed / Paid-up capital	Present issue size	Paid-up capital after issue	Paid-up capital after conversion
Rs. 225,000,000 (22,500,000 equity shares of Rs. 10 each)	Rs. 225,000,000 (22,500,000 equity shares of Rs. 10 each)	146,434,640 (14,643,464 equity shares of Rs. 10 each)	Not applicable, since the Company would be merged with SIL, there will be no post issue capital	

**INTERNAL RISK FACTORS**

1. Our business is significantly dependent on our manufacturing facilities and the loss or shutdown of operations at our manufacturing facilities may have a material adverse effect on our business, financial condition, results of operations and cash flows.
2. Significant underutilization of capacity of our existing manufacturing facilities may adversely affect our business, results of operations and financial condition.
3. If we are unable to accurately forecast demand for our products, our business, cash flows, financial condition and prospects may be adversely affected.
4. Pricing pressure from our customers may adversely affect our profitability and results of operations.
5. Our products are subject to rejection by our customers, if they do not meet the quality and technical requirements of our customers.
6. There are certain legal proceedings currently outstanding involving the Transferor Company 2, any adverse decision in the regard may adversely impact financial performance.
7. Our business is largely dependent on our continuing relationships with our customers, with whom we have not entered into long term arrangements.
8. We have not entered into any agreement in respect of long term supply for raw materials required by us and as such we are susceptible to fluctuations in the cost of raw materials.
9. We are susceptible to foreign exchange, political, regulatory, environmental and technological risks.

**SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION**

**A. Total number of outstanding litigations against the Transferor Company 2 and amount involved** — There are six pending litigations under the Income Tax Act, 1961, wherein the total amount involved is INR 59.50 million and three pending litigations under the Central Excise Act, 1944, wherein the total amount involved is INR 15.68 million.

There are three litigations pending involving reinstatement of employment. The amount involved in these litigations includes back-wages, which is currently unascertainable as they are subject to final disposal of these matters.

**B. Brief details of top 5 material outstanding litigations against the Transferor Company 2 and amount involved:**

Sr. No	Brief Particulars	Litigation filed by	Current Status	Amount Involved (in INR million)
1.	An assessment was conducted by the Income Tax department pursuant to Transferor Company 2 filing its return of income for assessment year 2013-14, pursuant to which the Assistant Commissioner Income Tax Circle-1, Hosur raised the tax demand.	Assistant Commissioner Income Tax Circle 1, Hosur	The matter is pending before the Commissioner Income Tax (Appeals), Salem	37.64
2.	An assessment was conducted by the Income Tax department pursuant to Transferor Company 2 filing its return of income for assessment year 2012-13, pursuant to which the Assistant Commissioner Income Tax Circle-1, Hosur raised the tax demand.	Assistant Commissioner Income Tax Circle 1, Hosur	The matter is pending before the Commissioner Income Tax (Appeals), Salem	19.20
3.	The labour court, Salem directed to reinstate Mr. Ilango, who was a workman, with back wages. Transferor Company 2 filed a writ petition in the High Court of Madras, which directed the Transferor Company 2 to pay back wages and interim wages under the Industrial Dispute Act to the workman	Mr. Balasubramaniya Ilango	Pending before the High Court of Madras	Currently unascertainable
4.	The Labour Court, Salem directed Transferor Company 2 to reinstate and pay back wages to Mr. Krishnan who was a	Mr. M.C. Krishnan	Pending before the High Court of Madras	Currently unascertainable

	workman at Transferor Company 2. Transferor Company 2 filed a writ petition before the High Court of Madras, challenging this order. The High Court of Madras directed Transferor Company 2 to pay INR 43,528 and interim wages under the Industrial Dispute Act to the workman till the disposal of the writ petition.			
5.	A petition was filed in the Labour Court, Salem by United Labour Federation (the "Petitioner") on behalf of 36 contract workmen who were dismissed from the services of the contractor M/s Ikon Management Services. The Petitioner demanded permanent employment in the principal employer company i.e. Transferor Company 2. The Labour Court, Salem dismissed the petitioner's claim and ordered in favour of the Transferor Company 2. The Petitioner filed an appeal by way of a writ petition in the High Court of Madras against the Labour Court's order.	United Labour Federation	The writ petition is pending before the High court of Madras.	Currently unascertainable

**C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoters / Group companies in the last five financial years including outstanding action, if any:** None

**D. Brief details of outstanding criminal proceedings against Promoter:** None

<b>DECLARATION BY THE COMPANY</b>
<p>We hereby declare that all relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Information Memorandum is contrary to the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in the Information Memorandum are true and correct.</p> <p>Place: Mumbai Date: February 12, 2018</p>

## ANNEXURE - M

### SCHAEFFLER INDIA LIMITED

[Formerly known as FAG Bearings India Limited]

CIN: L29130MH1962PLC012340

Regd. Office : Nariman Bhavan, 8th Floor, 227 Backbay Reclamation, Nariman Point, Mumbai - 400 021

Ph. +91 22 66814444; Fax; +91 22 22027022 Website: www.schaeffler.co.in Email: investorsupport.in@schaeffler.com

#### STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2017

(Amount in INR million except per share data)

Sr.	Particulars	Three Months Ended			Year Ended	
		Dec 31, 2017	Sept 30, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
		Audited (Refer note 2)	Unaudited	Audited (Refer note 2)	Audited	Audited
<b>1</b>	<b>Income</b>					
	(a) Revenue from operations (Refer note 7)	5,060.8	4,921.8	4,996.8	19,910.7	19,451.6
	(b) Other income	184.8	180.8	192.2	679.3	682.6
	<b>Total Income</b>	<b>5,245.6</b>	<b>5,102.6</b>	<b>5,189.0</b>	<b>20,590.0</b>	<b>20,134.2</b>
<b>2</b>	<b>Expenses</b>					
	(a) Cost of materials consumed	1,913.4	1,734.3	1,775.7	7,273.3	6,828.7
	(b) Purchases of stock-in- trade	1,015.9	902.6	1,151.5	3,708.8	4,588.4
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(59.8)	243.9	(172.3)	74.1	(591.1)
	(d) Excise duty (Refer note 7)	0.0	-	369.3	723.5	1,488.4
	(e) Employees benefits expense	361.6	395.8	413.4	1,530.9	1,492.3
	(f) Finance costs	0.7	1.5	4.9	10.2	17.6
	(g) Depreciation and amortisation expense	179.4	178.8	175.0	711.2	641.0
	(h) Other expenses	816.3	739.6	721.6	2,934.9	2,675.6
	<b>Total Expenses</b>	<b>4,227.5</b>	<b>4,196.5</b>	<b>4,439.1</b>	<b>16,966.9</b>	<b>17,140.9</b>
<b>3</b>	<b>Profit before exceptional items and tax (1 - 2)</b>	<b>1,018.1</b>	<b>906.1</b>	<b>749.9</b>	<b>3,623.1</b>	<b>2,993.3</b>
<b>4</b>	<b>Exceptional items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5</b>	<b>Profit before tax (3 - 4)</b>	<b>1,018.1</b>	<b>906.1</b>	<b>749.9</b>	<b>3,623.1</b>	<b>2,993.3</b>
<b>6</b>	<b>Tax expense</b>					
	(i) Current tax	357.1	336.5	216.7	1,278.3	1,109.3
	(ii) Deferred tax	(18.4)	(16.6)	(14.2)	(35.4)	(66.6)
<b>7</b>	<b>Profit for the period (5 - 6)</b>	<b>679.4</b>	<b>586.2</b>	<b>547.4</b>	<b>2,380.2</b>	<b>1,950.6</b>
<b>8</b>	<b>Other Comprehensive Income</b>					
	A (i) Items that will not be reclassified to profit or loss	(3.2)	13.1	(6.1)	(11.7)	(20.7)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	1.0	(4.5)	2.2	4.0	7.2
	B (i) Items that will be reclassified to profit or loss	(3.9)	37.4	(63.0)	107.3	(71.1)
	(ii) Income tax relating to items that will be reclassified to profit or loss	1.3	(12.9)	21.8	(37.1)	24.6
	<b>Total Comprehensive Income for the period (comprising Profit and Other Comprehensive Income for the period) (7 + 8)</b>	<b>674.6</b>	<b>619.3</b>	<b>502.3</b>	<b>2,442.7</b>	<b>1,890.6</b>
<b>9</b>	<b>Paid-up equity share capital (face value of Rs.10 per share)</b>	<b>166.2</b>	<b>166.2</b>	<b>166.2</b>	<b>166.2</b>	<b>166.2</b>
<b>10</b>	<b>Earnings per equity share (of Rs.10 each) (not annualised)</b>					
	(a) Basic (Rs.)	40.9	35.3	32.9	143.2	117.4
	(b) Diluted (Rs.)	40.9	35.3	32.9	143.2	117.4

# SCHAEFFLER INDIA LIMITED

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CIN: L29130MH1962PLC012340

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Ph. +91 22 66814444; Fax; +91 22 22027022 Website: www.schaeffler.co.in Email: investorsupport.in@schaeffler.com

<b>STATEMENT OF AUDITED ASSETS &amp; LIABILITIES</b>			
<i>(Amount in INR million)</i>			
Sr.	Particulars	As at	As at
		Dec 31, 2017	Dec 31, 2016
		Audited	Audited
<b>A)</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets</b>		
a)	Property, plant and equipment	3,799.1	3,861.2
b)	Capital work-in-progress	326.6	241.3
c)	Other intangible assets	0.1	0.4
d)	Financial assets		
	(i) Loans	660.0	990.0
	(ii) Other financial assets	35.2	35.8
e)	Deferred tax assets (net)	26.0	23.7
f)	Income-tax assets (net)	386.8	358.4
g)	Other non-current assets	66.9	32.5
	<b>Total Non-current assets</b>	<b>5,300.7</b>	<b>5,543.3</b>
<b>2</b>	<b>Current assets</b>		
a)	Inventories	2,736.2	2,739.9
b)	Financial assets		
	(i) Trade receivables	3,198.9	3,262.8
	(ii) Cash and cash equivalents	776.9	972.6
	(iii) Bank balances other than (ii) above	7,529.5	5,432.9
	(iv) Loans	530.0	-
	(v) Other financial assets	412.9	175.5
c)	Other current assets	444.6	410.1
	<b>Total Current assets</b>	<b>15,629.0</b>	<b>12,993.8</b>
	<b>TOTAL ASSETS</b>	<b>20,929.7</b>	<b>18,537.1</b>
<b>B)</b>	<b>EQUITY &amp; LIABILITIES</b>		
<b>1</b>	<b>Equity</b>		
a)	Equity share capital	166.2	166.2
b)	Other equity	16,787.0	14,585.4
	<b>Total Equity</b>	<b>16,953.2</b>	<b>14,751.6</b>
<b>2</b>	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
a)	Financial liabilities		
	(i) Other financial liabilities	10.1	12.7
b)	Long-term provisions	285.6	257.9
	<b>Total Non-current liabilities</b>	<b>295.7</b>	<b>270.6</b>
	<b>Current liabilities</b>		
a)	Financial liabilities		
	(i) Trade payables	2,867.9	2,710.0
	(ii) Other financial liabilities	632.5	636.3
b)	Other current liabilities	108.6	118.6
c)	Short-term provisions	71.8	50.0
	<b>Total Current liabilities</b>	<b>3,680.8</b>	<b>3,514.9</b>
	<b>Total Liabilities</b>	<b>3,976.5</b>	<b>3,785.5</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,929.7</b>	<b>18,537.1</b>

**SCHAEFFLER INDIA LIMITED***[formerly known as FAG Bearings India Limited]*

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**Notes:**

1 The above financial results for the quarter and year ended December 31, 2017 were reviewed by the Audit Committee at their meeting held on February 6, 2018 and approved by the Board of Directors at their meeting held on February 7, 2018. The Statutory Auditors have audited these financial results and issued an unmodified opinion thereon.

2 The figures for the last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the respective financial year. Also, the figures up to the end of the third quarter were only reviewed and not subjected to audit.

3 This Statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable. Beginning January 1, 2017, the Company has for the first time adopted Ind AS with a transition date of January 1, 2016.

4 The business of the Company mainly comprises sale of "Ball / Roller Bearings and related components" which has been identified as a single reportable segment for the purpose of Indian Accounting Standard (Ind AS) 108 on 'Operating Segments'.

5 The reconciliation of Net profit after tax reported in accordance with Previous GAAP to total comprehensive income in accordance with Ind AS is given below:

Profit Reconciliation	Quarter ended Dec 31, 2016	Year ended Dec 31, 2016
	Audited (Refer note 2)	Audited
Net Profit after tax for the period under Previous GAAP	563.8	1,945.0
<i>Adjustments:</i>		
a) Measurement of financial assets at fair value	(20.3)	(7.9)
b) Actuarial gain on defined benefit plans recognised in Other Comprehensive Income	3.9	13.5
Net Profit after tax for the period under Ind AS	(A) 547.4	1,950.6
Other Comprehensive Income (net of tax)	(B) (45.1)	(60.0)
Total Comprehensive Income as per Ind AS	(A + B) 502.3	1,890.6

6 The reconciliation of Equity reported in accordance with Previous GAAP to Equity reported in accordance with Ind AS is given below:

Equity Reconciliation	Year ended Dec 31, 2016
Equity under Previous GAAP	14,525.2
<i>Adjustments:</i>	
a) Impairment of financial assets based on expected credit loss model	(55.4)
b) Tax impact on above adjustment	19.1
c) Reversal of proposed dividend and tax thereon	241.1
d) Tax relating to items that will be reclassified to profit or loss	21.6
Total Equity as per Ind AS	14,751.6

7 Revenue from operations for the current quarter and for the quarter ended September 30, 2017 are net of Goods and Services Tax whereas for the other periods presented it is gross of Excise duty (which has been presented separately under Total expenses). Accordingly, the amounts are not comparable.

8 A Scheme of Amalgamation ('the Scheme') of INA Bearings India Private Limited and Luk India Private Limited with the Company was approved on August 30, 2017 by the Board of Directors of the respective companies with appointed date as January 1, 2018. The Company has filed the draft Scheme before the respective National Company Law Tribunal (NCLT) benches in Mumbai and Chennai. Pending such regulatory approvals, no effect of the aforesaid draft Scheme has been given in the financial results.

9 The Board of Directors of the Company has recommended a dividend for the year ended December 31, 2017 at the rate of ₹ 17 per share (2016: ₹ 12.0 per share).

10 Previous period figures have been re-grouped / re-classified wherever necessary.

As per our report attached of even date

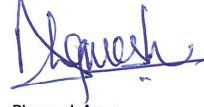
B S R & Co. LLP  
Chartered Accountants  
Firm Reg. No. 101248W / W-100022



Vijay Mathur  
Partner  
Membership No. 046476

New Delhi  
February 7, 2018

For and on behalf of the Board of Directors



Dharmesh Arora  
Managing Director  
DIN: 05350121



# SCHAEFFLER

## Schaeffler India Limited

[Formerly known as FAG Bearings India Limited]

**Corporate Identity No. (CIN):**L29130MH1962PLC012340

**Registered Office:** Nariman Bhavan, 8th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai- 400021, Maharashtra, India

**Tel. No.:**+91 22 66814444; **Fax No.:**+91 22 22027022

**Email:** investorsupport.in@schaeffler.com; **Website:** www.schaeffler.co.in

### BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, BENCH, AT MUMBAI COMPANY SCHEME APPLICATION NO.1078 OF 2017

In the matter of the Companies Act, 2013;

And

In the matter of application under Sections 230 – 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Scheme of Amalgamation of INA Bearings India Private Limited ('Transferor Company 1') and LuK India Private Limited ('Transferor Company 2') with Schaeffler India Limited ('Transferee Company' or 'Applicant Company' or 'Company') and their respective shareholders and creditors.

Schaeffler India Limited [CIN: L29130MH1962PLC012340] )  
a company incorporated under the Companies Act, 1956, )  
having its registered office at Nariman Bhavan, 8th Floor, )  
227, Backbay Reclamation, Nariman Point, Mumbai 400021, )  
Maharashtra, India. ) Applicant Company

### PROXY FORM

Name of the Unsecured Creditors : \_\_\_\_\_  
Registered Address : \_\_\_\_\_  
E-mail : \_\_\_\_\_

I/We, \_\_\_\_\_, the undersigned Unsecured Creditor/s of Schaeffler India Limited, hereby appoint:

1. Name \_\_\_\_\_ Email Id: \_\_\_\_\_  
address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him;  
2. Name \_\_\_\_\_ Email Id: \_\_\_\_\_  
address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him;  
3. Name \_\_\_\_\_ Email Id: \_\_\_\_\_  
address: \_\_\_\_\_

Signature: \_\_\_\_\_

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the meeting of the Unsecured Creditors convened by the Hon'ble National Company Law Tribunal, Mumbai Bench to be held at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400021, Maharashtra, India on March 20, 2018 at 05:00 p.m. (1700 hours) and at any adjournment or adjournments thereof in respect of such resolution as is indicated below:

Resolution No.	Resolution
1	Approval of Scheme of Amalgamation of INA Bearings India Private Limited and LuK India Private Limited with Schaeffler India Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Affix  
Revenue  
Stamp

Signature of the Unsecured Creditor(s) \_\_\_\_\_ Signature of Proxy holder(s) \_\_\_\_\_

Note:

1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Nariman Bhavan, 8<sup>th</sup> floor, 227, Backbay Reclamation, Nariman Point, Mumbai 400021, not later than 48 hours before the commencement of the Meeting.
2. A Proxy need not be an Unsecured Creditor of the Company.
3. For the Resolution, Explanatory Statement and Notes, please refer to the Notice of the Meeting of the Unsecured Creditor of the Company.

# SCHAEFFLER

## Schaeffler India Limited

[Formerly known as FAG Bearings India Limited]

**Corporate Identity No. (CIN):**L29130MH1962PLC012340

**Registered Office:** Nariman Bhavan, 8th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai- 400021, Maharashtra, India

**Tel. No.:**+91 22 66814444;**Fax No.:**+91 22 22027022

**Email:** investorsupport.in@schaeffler.com; **Website:** www.schaeffler.co.in

### ATTENDANCE SLIP

#### MEETING CONVENED BY THE NATIONAL COMPANY LAW TRIBUNAL OF THE UNSECURED CREDITORS ON

Tuesday, March 20, 2018 at 05:00 p.m. (1700 hours)

I/We hereby record my/our presence at the Meeting of the Unsecured Creditors of the Company, convened pursuant to an Order dated January 12, 2018 of Hon'ble National Company Law Tribunal, Mumbai Bench at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400021, Maharashtra, India on March 20, 2018 at 05:00 p.m. (1700 hours).

Name & Address of the Unsecured Creditor: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Name of Proxy Holders/  
Authorised Representative:

\_\_\_\_\_

Signatures:

\_\_\_\_\_

Note:

1. Only an Unsecured Creditor /Proxy holder can attend the Meeting.
2. Please complete the name of the Unsecured Creditor /Proxy holder and sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.
3. An Unsecured Creditor /Proxy holder attending the meeting should bring copy of the Notice for reference at the meeting.

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**Schaeffler India Limited**

(Formerly known as FAG Bearings India Limited)

Maneja, Vadodara - 390 013

Gujarat, India.

Tel.: +91 265 6602000 - 2004

[www.schaeffler.co.in](http://www.schaeffler.co.in)