

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

Schaeffler India Limited

SATISH PATÈL
CHIEF FINANCIAL OFFICER

For Schaeffler India Ltd.

Raj Kumar Sarraf
Company Secretary
ICSI M. No.-ACS 15526

I. DESCRIPTION OF THE COMPANIES:

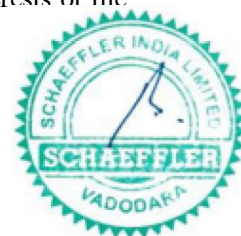
- (a) Schaeffler India Limited (hereinafter referred to as “**Transferee Company**”) (formerly known as FAG Bearings India Limited) is a public limited company incorporated under the Companies Act, 1956 with CIN L29130MH1962PLC012340, having its registered office at 8 Floor, Nariman Bhavan, 227, Backbay 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 (c) 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 8th 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;

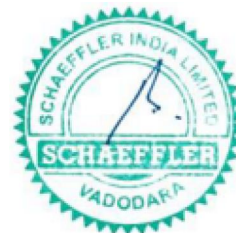
1.1.29 “**Undertakings of the Transferor Companies**” means all the undertakings and entire business of the Transferor Companies as a going concern, including, without limitation:

- (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.
<u>Authorised</u>	
8,30,00,000 Equity Shares of Rs.10 each	83,00,00,000
Total	83,00,00,000
<u>Issued</u>	
5,33,96,777 equity shares of Rs.10 each	53,39,67,770
<u>Subscribed & Paid-up</u>	
5,33,96,777 equity shares of Rs. 10 each fully Paid-up	53,39,67,770
Total	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.
<u>Authorised</u>	
2,25,00,000 Equity Shares of Rs. 10 each	22,50,00,000
Total	22,50,00,000
<u>Issued</u>	
2,25,00,000 equity shares of Rs. 10 each	22,50,00,000
<u>Subscribed & Paid-up</u>	
2,25,00,000 equity shares of Rs. 10 each fully Paid-up	22,50,00,000
Total	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.
<u>Authorised</u>	
2,00,00,000 equity shares of Rs. 10 each	20,00,00,000
Total	20,00,00,000
<u>Issued</u>	
1,66,17,270 equity shares of Rs. 10 each	16,61,72,700
<u>Subscribed & Paid-up</u>	
1,66,17,270 equity shares of Rs. 10 each fully Paid-up	16,61,72,700
Total	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:

Particulars	Amount in Mio Rs.
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:

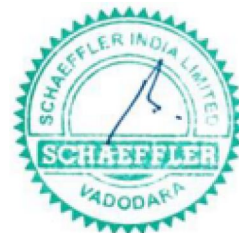
Particulars	Amount in Mio Rs
Net worth	15,670.2
Turnover	9,204.6
Current Assets	13,846.7
Non-Current Assets	5,556.2
Current Liabilities	3,438.4
Non-Current Liabilities	294.3

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 hereinabove 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



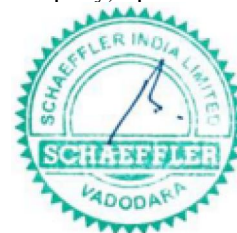
until the Effective Date by the Transferor Companies. In the event of the Transferor Companies failing to continue or enforce any proceeding/ appeal, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the tax proceedings 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



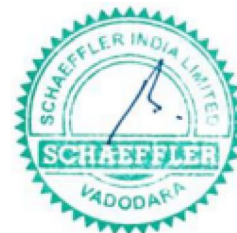
Proceedings already concluded by the Transferor Companies on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto, as if done and executed on its behalf.

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 to 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 TRANSFEREE 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



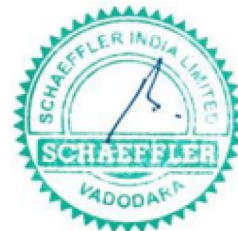
Companies and the members of the Transferee Company pursuant to Section 230 - 232 of the Act, it shall be deemed that the members of the Transferee Company have also resolved and accorded all relevant consents under Section 13 of the Act or any other provisions of the Act for the commencement of any 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,	1550 square feet	D Vijay Kumar	Lease Agreement dated October 15, 2014. The Lease Agreement is expiring on September 14, 2017.



Sr. no.	Description of Premises	Area	Lessor/ Licensor	Details of Instrument
	First Floor, Amrunath Nagar, Main Road, Next to sub Registrar office, Konankunte, Bangalore, Karnataka 560062			
3.	Premises admeasuring approximately 7500 square feet of super-built up area situated on the 6 th 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

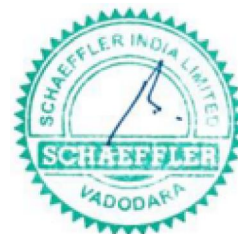
Sr. No.	Description of freehold property
1.	All that piece and parcel of land admeasuring 2 Acres 70 cents or thereabouts, bearing R.S.No. 950 situate in Hosur Village, Hosur Taluq, Dharmapuri District, Tamil Nadu.
2.	All that piece and parcel of land admeasuring 1 Acres 85 cents or thereabouts, comprised 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.

