



Sundram Fasteners Limited

Email: investorshelpdesk@sfl.co.in

REGISTERED & CORPORATE OFFICE
98-A, VII FLOOR
DR. RADHAKRISHNAN SALAI,
MYLAPORE, CHENNAI - 600 004, INDIA
TELEPHONE: +91 - 44 - 28478500
FAX : +91 - 44 - 28478508 / 28478510
PAN : AAACS8779D
CIN : L35999TN1962PLC004943
WEBSITE : www.sundram.com

May 24, 2017

National Stock Exchange of India Limited (NSE)

Scrip Code - *SUNDRMFAST*
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051

By NEAPS

BSE Limited (BSE)

Scrip Code - *500403*
Corporate Relationship Department
1st Floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort
Mumbai - 400 001

By Listing Centre

Dear Sir / Madam,

Disclosure under Regulation 30 and 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 and Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015), we wish to inform you that the Board at its meeting held *today (May 24, 2017)* has approved the scheme of amalgamation between Sundram Precision Components Limited (SPCL), a wholly owned subsidiary with Sundram Fasteners Limited (SFL) and their respective shareholders, subject to requisite approvals.

The disclosures pursuant to the above mentioned Regulation are given hereunder:-

Particulars	Details
Transferor Company	Sundram Precision Components Limited
Transferee Company	Sundram Fasteners Limited
Revenue from Operations (net of excise duty) of the Transferor Company for the year ended March 31, 2017.	Rs 23.69 Crores
Revenue from Operations (net of excise duty) of the Transferee Company for the year ended March 31, 2017.	Rs 3,159.91 Crores





Area of business of the Transferee Company	The Transferee Company is engaged in the business of manufacture of high-tensile fasteners, powder metal components, cold extruded parts, hot forged components, radiator caps, automotive pumps, gear shifters, gears and couplings, hubs and shafts, tappets and iron powder, catering to our customers in automotive and industrial segments.
Area of business of the Transferor Company	The Transferor Company is engaged in the manufacture of parts for motor vehicle, sintered parts such as valve guides, valve seats and other parts catering to automotive industry.
Cash Consideration [Or] Share Exchange Ratio / brief details of change in shareholding pattern, if any.	Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, upon the scheme being sanctioned by the Tribunal, all the equity shares held by the Transferee Company in the Transferor Company shall be cancelled and extinguished. Accordingly, there will be no issue and allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company, upon the scheme becoming effective.
Whether the transaction would fall within related party transaction? If yes, whether the same is done at arm's length?	<p>The Transferor Company involved in the amalgamation is a wholly owned subsidiary of the Transferee Company and hence would fall under related party transaction. Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, upon the scheme being sanctioned by the Tribunal, all the equity shares held by the Transferee Company in the Transferor Company shall be cancelled and extinguished. Accordingly, there will be no issue and allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company, upon the scheme becoming effective.</p> <p>Therefore, the question of whether the transaction is done at arm's length or not does not arise. In view of Ministry of Corporate Affairs Circular dated July 17, 2014, the transaction is not related party transaction under Section 188 of the Companies Act, 2013.</p>
Rationale for amalgamation	<p>In view of the termination of Joint Venture of SPCL with Bleistahl Produktions GmbH & Co. KG (Bleistahl) and acquisition of Bleistahl's holding, SPCL became a wholly owned subsidiary of SFL effective, March 27, 2017.</p> <p>In order to achieve operational and management efficiency and optimal utilization of resources, the amalgamation is proposed.</p>

Pursuant to Regulation 37 of the SEBI Listing Regulations, 2015, as amended vide SEBI Notification dated February 15, 2017, we *enclose* herewith the *draft* scheme of amalgamation between the Transferor Company with the Transferee Company and their respective shareholders.

Please take the above information on record.

Thanking you,

Yours truly,
For SUNDRAM FASTENERS LIMITED

R Dilip Kumar
Vice President – Finance & Company Secretary

SCHEME OF AMALGAMATION
OF
SUNDRAM PRECISION COMPONENTS LIMITED
(TRANSFEROR COMPANY)
WITH
SUNDRAM FASTENERS LIMITED
(TRANSFeree COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS
(Under Section 230 to 232 of the Companies Act, 2013)

PREAMBLE

This Scheme of Amalgamation ("the Scheme") is presented pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, between Sundram Precision Components Limited and Sundram Fasteners Limited. The Scheme is for the Amalgamation of Sundram Precision Components Limited with Sundram Fasteners Limited.

PARTS OF THE SCHEME

The Scheme is divided into following parts:

- (i) Part A- Dealing with Definitions and Share Capital;
- (ii) Part B- Dealing with Amalgamation of Sundram Precision Components Limited into Sundram Fasteners Limited;
- (iii) Part C- Dealing with General Terms and Conditions applicable to the entire scheme.

PART A

1. DEFINITIONS AND SHARE CAPITAL

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings.

- 1.1 "**Act**" means the Companies Act, 2013 and rules made thereunder (as notified from time to time) and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;
- 1.2 "**Appointed Date**" means the date from which this Scheme shall become operative viz. the commencement of business on 1st April 2017;
- 1.3 "**Amalgamation**" means the amalgamation of the Transferor Company with the Transferee Company as defined herein as set out in this Scheme;



- 1.4 **"Book Value"** means the value of the assets and liabilities as appearing in the balance sheet of the Transferor Company and the Transferee Company as the case may be
- 1.5 **"Board"** or **"Board of Directors"** means the Board of Directors of the Transferor Company and the Transferee Company and includes any Committee thereof;
- 1.6 **"Effective Date"** means the date on which the National Company Law Tribunal, Chennai Bench sanctions the Scheme under Sections 230 to 232 of the Companies Act, 2013;
- 1.7 **"Government"** or **"Semi Government"** or **"Local Authority"** means any applicable Central, State or Local Government, legislative body, regulatory or administrative authority, agency or commission or any Court, Tribunal, Board, Bureau, Judicial or Arbitral body having jurisdiction over the Territory of India
- 1.8 **"Scheme of Amalgamation"** or **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Amalgamation in its present form or with any modification(s), amendment(s) as may be made from time to time, with approvals and sanctions of the Tribunal and other relevant statutory/regulatory/governmental authorities, as may be required under the Act and/or under any other applicable laws and upon such sanction by the Tribunal, the Scheme shall become effective from the Appointed Date.;
- 1.9 **"Transferor Company"** shall mean and refer to "Sundram Precision Components Limited", (Corporate Identity Number U29130TN2004PLC054482) a company registered under the Companies Act, 1956, having its Registered Office at 98A, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600004, Tamil Nadu;
- 1.10 **"Transferee Company"** shall mean and refer to "Sundram Fasteners Limited", (Corporate Identity Number L35999TN1962PLC004943) a company registered under the Indian Companies Act, 1956, having its Registered Office at 98-A, Dr.Radhakrishnan Salai, 7th Floor, Mylapore, Chennai 600004;
- 1.11 **"Tribunal"** means the National Company Law Tribunal, Chennai Bench or such other authority empowered to sanction the Scheme as per the provisions of the Act;
- 1.12 **"Undertaking"** means all respective businesses of the Transferor Companies as the case may be on a going concern basis and shall also include all the Assets, Liabilities and employees of the Transferor Companies.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and bye-laws as the case may be including any statutory modification or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

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



3. SHARE CAPITAL

- 3.1 The Authorised, issued, subscribed and paid-up share capital of the Transferor Company as on 31st March, 2016 is as under:

Particulars	Amount in Rs.
Authorised Share Capital	
1,25,00,000 Equity Shares of Rs. 10/- each	12,50,00,000
Total	12,50,00,000
Issued, subscribed and paid-up Share Capital	
70,00,000 Equity Shares of Rs. 10/- each	7,00,00,000
Total	7,00,00,000

There is no change in the capital structure of the Transferor Company from March 31, 2016 till date. As on 31st March, 2017, the Transferor Company is Wholly Owned Subsidiary of Transferee Company. The entire Issued, Subscribed and paid-up share capital of the Transferor Company is held by Transferee Company.

- 3.2 The Authorised, issued, subscribed and paid-up share capital of the Transferee Company as on 31st March, 2016 is as under:

Particulars	Amount in Rs.
Authorised Share Capital	
25,00,00,000 Equity Shares of Re. 1 each	25,00,00,000
Total	25,00,00,000
Issued, subscribed and paid-up Share Capital	
21,01,28,370 Equity Shares of Re. 1 each	21,01,28,370
Total	21,01,28,370

There is no change in the capital structure of the Transferee Company from March 31, 2016 till date.

- 3.3 This part of the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961 or any statutory modification or re-enactment thereof. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section, at a later date, including resulting from an amendment of law or for any other reason whatsoever upto the Effective Date, the provisions of the said Section of the Income Tax Act, 1961, or re-enactment there of shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961 or re-enactment thereof. Such modification will, however, not affect the other parts of the Scheme.



PART B

AMALGAMATION OF TRANSFEROR COMPANY WITH THE TRANSFEEE COMPANY

4. TRANSFER OF ASSETS:

- 4.1 Upon the coming into effect of the Scheme, that is with effect from the Appointed Date, the entire businesses and all the movable & immovable properties, Sundry Debtors, Loans and Advances, Cash and Bank Balances and Deposits with Government, Semi Government or Local Authorities, real or personal, corporeal or incorporeal, including fixed assets, capital asset, capital work-in-progress, current assets, investments of all kinds, carry interest or other benefits in any of the Investments, lease and hire purchase contracts, lending contracts, benefits of any security arrangements, rights, title, interest, quotas, benefits and advantages of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession and /or in the control of or vested in or granted in favour of or enjoyed by the Transferor Company including all patents, trademarks, copyrights, trade names and other intellectual property rights of any nature whatsoever and licenses in respect thereof, privileges, liberties easements, advantages, exemptions, benefits, leases, leasehold rights, tenancy rights, ownership flats, quota rights, permits, approvals, authorizations, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, power lines, communication lines and other services, reserves, deposits, provisions, funds, benefit of all agreements, subsidies, grants, tax credits, sales-tax, turnover tax, excise, and all other interests arising of the Transferor Company and any accretions or additions thereto after the Appointed Date (hereinafter collectively referred to as "the Assets") shall be transferred to and vested in and / or deemed to be transferred to and vested in the Transferee Company, without any further act or deed or instrument, pursuant to the provisions of Section 230 to 232 and other applicable provisions of the said Act, so as to become as and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company.
- 4.2 Any floating charges created by the Transferor Company in favour of their bankers on any of the movable assets, documents of title to goods, receivables, claims and other current assets that are acquired by the Transferor Company from the Appointed Date till the Effective Date, shall be deemed to be the security and shall be available as security for the loans, cash credit and other working capital facilities, both fund based and non-fund based, which were sanctioned by the bankers of the Transferor Company, either utilised fully or partly or unutilised by the Transferor Company subject to the limits sanctioned by their respective bankers so transferred and vested in the Transferee company pursuant to the Scheme.
- 4.3 The Scheme, as aforesaid, shall be, subject to existing charges / hypothecation / mortgage (if any as may be subsisting) over or in respect of the said assets or any part thereof in favour of Banks and Financial Institutions. Provided, however, that any reference in any security documents or arrangements to which the Transferor Company is a party, to such assets of the Transferor Company offered or agreed to be offered as security for any financial assistance both availed and to be availed up to any limit for which sanctions have already been obtained by the Transferor Company shall be construed as references only to the assets pertaining to the Transferor Company as are vested in the Transferee Company by virtue of the sub-Clause 4.1 hereof, to the end and intent that such security, mortgage and or charge shall not extend or be deemed to extend, to any of the assets or to any of the other units or



divisions of the Transferee Company, unless specially agreed to by the Transferee Company with such secured creditors and subject to the consents and approvals of the existing secured creditors of the Transferee Company.

- 4.4 It is expressly provided that in respect of such of the said assets as are movable in nature or are otherwise capable of transfer by manual or constructive delivery and/or by endorsement and delivery, the same shall be so transferred by the Transferor Company and shall become the property of the Transferee Company in pursuance of the provisions of Section 230- 232 of the said Act, such transfer being deemed to have taken place at the location of the Registered Office of the Transferee Company, i.e., in the State of Tamil Nadu.
- 4.5 In respect of the assets other than those referred to above shall without any further act, instrument, deed or matter or thing be transferred to and vested in and / or deemed to be transferred to and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Section 230 to 232 of the said Act. The vesting of all such assets shall be by virtue of the provisions of this Scheme and section 230 to 232 of the said Act, be deemed to have taken place at the location of the Registered Office of the Transferee Company i.e., in the State of Tamil Nadu.
- 4.6 All taxes (including income tax, wealth tax, sales tax, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business, on and from the Appointed Date, shall be on account of Transferee Company and, insofar as it relates to the tax payment (including without limitation to income tax, wealth tax, sales tax, excise duty, customs duty, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by Transferee Company and, shall, in all proceedings, be dealt with accordingly.
- 4.7 Any refund under the Tax Laws received by/due to Transferor Company consequent to the assessments made on Transferor Company subsequent to the Appointed Date 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.
- 4.8 Without prejudice to the generality of the above, all benefits under the income tax including dividend tax, sales tax, MAT, excise duty, customs duty, service tax, VAT, etc., to which the Transferor Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in Transferee Company.
- 4.9 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company to implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 4.10 Upon the coming into effect of the Scheme, the Transferee Company may, if it considers necessary or expedient, revise (with retroactive effect, if applicable), its income-tax returns,



TDS returns, service tax returns, sale-tax returns and other tax returns and claim refunds and/or credits etc pertaining to business activities of the Undertaking of the Transferor Company, pursuant to the provisions of the Scheme.

5. TRANSFER OF DEBTS AND LIABILITIES:

- 5.1 With effect from the Appointed Date, all debts, liabilities, loans, borrowings, bills payable, deposits, security deposits, interest accrued, duties and obligations of the Transferor Company including contingent liabilities not provided in its books and any accretions and additions or reductions thereto (hereinafter referred to as "Liabilities") after the Appointed Date shall also stand transferred or be deemed to be transferred without any further act or instrument or deed to the Transferee Company so as to become as and from that date, the debts, liabilities, loans, borrowings, bills payable, deposits, security deposits, interest accrued, duties and obligations of the Transferee Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause, PROVIDED ALWAYS that nothing in this Clause shall or is intended to enlarge the security for any loan, deposit or other indebtedness created by the Transferor Company prior to the Appointed Date which shall be transferred to and vested in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be required or obliged in any manner to create any further or additional security therefore after the Appointed Date or otherwise.
- 5.2 All the loans, advances and other facilities sanctioned to the Transferor Company by their bankers prior to the Appointed Date, which are partly drawn / utilised shall be deemed to be the loans and advances sanctioned to the Transferee Company and the said loans and advances shall be drawn / utilised either partly or fully by the Transferor Company from the Appointed Date till the Effective Date and all the advances / loans and or other facilities so drawn by the Transferor Company (within the overall limits sanctioned by their bankers) shall on the Effective Date be treated as advances and loans made available to the Transferee Company under any loan agreement and shall become the obligation of the Transferee Company without any further act, or deed on the part of the Transferee Company.
- 5.3 Upon the coming into effect of this Scheme, the limits of the Transferee Company for borrowing, lending, providing loans and advances, investments or providing guarantees or giving donations, shall without further act or deed stand enhanced by an amount equivalent to the combined authorised Limits of the Transferor Company, such limits being incremental to the existing limits of the Transferee Company.
- 5.4 Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/or indirect, payable by or on behalf of the Transferor Company from the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with the Revenue Authorities and including the right to carry forward and set-off of accumulated losses under the Income-tax Act, 1961, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims, accumulated losses and credits pertaining to indirect taxes such as cenvat credit, VAT credit etc of the Transferee Company.
- 5.5 The resolutions, if any, of the Board of Directors, or Committees thereof, Shareholders, Debenture Holders of the Transferor Company which are valid and subsisting on the Effective Date shall be continued to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being



imposed under the provisions of the Act, or any other applicable legislations then said limits shall be added and shall constitute the aggregate of the said limits of the Transferee Company.

- 5.6 The Scheme shall not in any manner affect the rights of any of the creditors of the Transferor Company except to the extent of cancellations as provided in this Scheme.
- 5.7 Upon this Scheme coming into effect, any loan or liabilities other obligations due and all the interparty transactions or commitments between or amongst the Transferor Company and the Transferee Company shall stand discharged and shall stand cancelled and there shall be no liability in that behalf.

6. LEGAL PROCEEDINGS

- 6.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company or its properties, assets, debts, liabilities, duties and obligations referred to above, shall be continued and/or enforced until the Effective Date as desired by the Transferee Company and as and from the Effective Date shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in its name in relation to the Transferor Company in the same manner and to the same extent as would, or might, have been initiated by the Transferor Company.

7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 7.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies, incentives, licenses, approvals to do any business, engagements, registrations, exemptions, entitlements, arrangements and other instruments of whatsoever nature to which the Transferor Company is a party subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto without the requirement of obtaining or seeking consent or approval of any third party or Government, Semi Government or Local Authorities or any Department of the Government or Authorities. [The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or novations to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary].
- 7.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.



- 7.3 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which any of the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of the Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.
- 7.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

8. EMPLOYEES

- 8.1 Upon the Scheme becoming effective, all the employees in the service of the Transferor Company immediately before the Effective Date shall become the employees of the Transferee Company, on the basis that:
- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer.
 - b) The terms and conditions of employment applicable to the said employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
 - c) In the event of retrenchment of such employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
 - d) In so far as the existing provident fund trusts, gratuity fund and pension and / or super-annuation fund trusts created by the Transferor Company for its employees are concerned, the part of the funds referable to the employees who are being transferred shall be continued for the benefit of the employees who are being transferred to the Transferee Company pursuant to the Scheme in the manner provided hereinafter. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, the amounts in such funds in respect of contributions pertaining to the employees of the Transferor Company shall, subject to approvals and permissions, if required, be transferred to the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own fund, in respect of any of the aforesaid matters, the Transferee Company may, subject to approvals and permissions, if required, continue to contribute to the relevant funds of the Transferor Company until such time that the Transferee Company creates its own fund, at which time the contributions pertaining to the employees of the Transferor



Company shall be transferred to the funds created by the Transferee Company. Provided however that, the Transferee Company shall be at liberty to form or restructure its provident fund trusts, gratuity fund and pension and/or superannuation fund trusts in such manner as may be decided by its Board of Directors, subject to compliance of relevant labour laws and any other allied laws for the purpose.

9. SAVING OF CONCLUDED TRANSACTIONS

9.1 The transfer of Assets under Clause 4 above, the continuance of proceedings by or against the Transferee Company under Clause 6 above and the effectiveness of contracts and deeds under Clause 7 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

10. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANY TILL EFFECTIVE DATE

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

- a) The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- b) All profits or income or taxes, including but not limited to income tax, fringe benefit tax, advance taxes, minimum alternate tax, tax deducted at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, excise duty, service tax, Goods and Service tax, customs duty, etc, accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them, on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or the said taxes of the Transferee Company.
- c) The Transferor Company shall carry on its business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of the business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date). What about new assets which may be acquired by SPCL between 1st April 2017 till the approval of the merger. How will those assets be dealt with?
- d) The Transferee Company shall also be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require in relation to the Undertaking of the Transferor Company including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
- e) The Transferor Company shall not declare any dividend, between the Appointed Date and the Effective Date, without the prior written consent of the Transferee Company.



- f) The Transferor Company shall not make any modification to its capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or re-organisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Company and of the Transferee Company.
- g) The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of its employees without the consent of the Board of Directors of the Transferee Company.

11. AUTHORISED SHARE CAPITAL

- 11.1 With effect from the Appointed Date and upon the Scheme becoming effective, subject to any corrections and adjustments as may in the opinion of the board of Directors of the Transferee Company be required, the authorised share capital of the Transferor Company shall stand combined with the authorised share capital of the Transferee Company in the same form as they appear in the financial statements of the Transferor Company.
- 11.2 Clause V of the Memorandum of Association of the Transferee Company shall, with effect from the Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause:

"V. The Share Capital of the Company is Rs. 37,50,00,000/- [Thirty Seven Crores fifty Lakhs Only] divided into 37,50,00,000 Equity Shares of Re. 1/- each. The Company shall have the power, from time to time, to increase or reduce its capital and to issue any shares in the original or new capital as ordinary or referred Shares and to attach to any Class or Classes of such shares, any preferences, rights, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other Shares or to subject the same to any restrictions, limitations or conditions and to vary the regulations of the Company as far as necessary to give effect to the same and upon the sub-division of a Share to apportion the right to participate in profits in any manner."

- 11.3 Filing fees and stamp duty, if any, paid by the Transferor Company on its authorised share capital shall be set off and be deemed to have been so paid by the Transferee Company on the combined authorised Share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty to the extent for its increased authorised share capital.
- 11.4 The approval of this Scheme under Sections 230 to 232 of the Companies Act, 2013 by the shareholders of the Transferee Company, whether at a meeting or otherwise, shall be deemed to be and have the approvals under Section 13, 14, 61, 64 of the Companies Act, 2013 and other applicable provisions of the Act and other consents and approvals required in this regard to give effect to the increase in authorized capital as contemplated in Clause 11.1.

12. CANCELLATION OF SHARES

- 12.1 Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, upon the Scheme being sanctioned by the Tribunal and the transfer having been effected as provided hereinabove, all the equity shares held by the Transferee Company in the Transferor Company shall be cancelled and extinguished as on the Appointed Date. Accordingly, there will be no issue and allotment of equity shares of the Transferee Company to the Shareholders of the Transferor Company upon this Scheme becoming effective.



13. ACCOUNTING TREATMENT

- 13.1 The Transferee Company shall account for the amalgamation of the Transferor Company as per the method prescribed under the applicable Accounting Standards prescribed for Amalgamations and any amendments thereto.
- 13.2 With effect from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company be required, all the assets and liabilities of the Transferor Company transferred to the Transferee Company pursuant to this Scheme shall be recorded in the books of the Transferee Company at Book Values as appearing in the books of accounts of the Transferor Company.
- 13.3 With effect from the Appointed Date and upon the Scheme becoming effective, subject to any corrections and adjustments as may in the opinion of the board of directors of the Transferee Company be required, the reserves of the Transferor Company shall be merged with those of the Transferee Company in the same form as they appeared in the financial statements of the Transferor Company. Further, the difference arising out of the transfer of assets and liabilities of the Transferor Company to the Transferee Company and consequent cancellation of investments and other assets of the Transferee Company on Amalgamation shall be reflected as "Goodwill" or the "Capital Reserve" as the case may be in the financial statements of the Transferee Company.
- 13.4 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the Reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 13.5 Upon the Scheme coming into effect, to the extent that there are inter-company investments, if any, loans, bonds, debentures, advances, deposit balances or other obligations as between the Transferor Company 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 Transferee Company for the cancellation of any such assets or liabilities, as the case may be. The difference, if any, arising by such effects in the books of accounts, shall be adjusted to the Capital Reserve of the Transferee Company. For the removal of doubts, it is hereby clarified that there would be no accrual of interest or other charges in respect of any such inter-company investments, loans, debt securities or balances with effect from the Appointed Date.

14. DISSOLUTION OF TRANSFEROR COMPANY

- 14.1 Subject to an order being made by the Tribunal under Section 232 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made there under.



PART C

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE ENTIRE SCHEME

15. APPLICATION TO THE NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH

15.1 The Transferor Company and the Transferee Company shall, with reasonable dispatch, apply to the Tribunal or the Central Government for necessary orders or directions for holding or dispensing with the meetings of the members (and creditors, if necessary) of the Transferor Company and the Transferee Company respectively and for sanctioning this Scheme under Sec. 230 to 232 of the Act and orders under Sec. 232 for carrying this Scheme into effect, for dissolution of the Transferor Company without winding up, for the transfer of the undertakings of the Transferor Company to the Transferee Company.

16. MODIFICATIONS/AMENDMENTS TO THE SCHEME

16.1 The Transferor Company and the Transferee Company through their respective Board of Directors or other persons, duly authorised by the respective Boards in this regard, may make or assent to any alteration or modification to this Scheme or to any conditions or limitations, which the Tribunal or any other Competent Authority may deem fit to direct, approve or impose and may give such directions, as they may consider necessary, to settle any doubt, question or difficulty, arising under the scheme or in regard to its implementation or in any manner connected therewith and to do all such acts, deeds, matters and things necessary for putting this Scheme into effect.

16.2 After dissolution of the Transferor Company, the Transferee Company by its Board of Directors or other persons, duly authorised by its Board in this regard, shall be authorised, to take such steps, as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, whether by reasons of any order of the Tribunal or of any directive or order of any other authorities or otherwise, however, arising out of, under by virtue of this Scheme in relation to the amalgamation and / or matters concerning or connected therewith.

17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

17.1 This Scheme is conditional upon and subject to the sanction of the requisite majority of members of the Transferor Company and the Transferee Company, the approval of the Tribunal, and such other sanctions and approvals as may be required by law being obtained.

17.2 In the event of the scheme failing to take finality, the Scheme shall become null and void and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or their creditors or employees or any other person.

17.3 In the event of non-fulfillment of any or all obligations under the Scheme, by one company towards the other company inter-se, or to third parties, the non-performance of which will put the other company under any obligation, then defaulting company will indemnify all costs, interests, etc. to the other company.



18. EXPENSES CONNECTED WITH THE SCHEME

- 18.1 All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme and incidental to the completion of the amalgamation of the Transferor Company with the Transferee Company in pursuance of this scheme shall be borne and paid by the Transferee Company.

