

**INTEGRATED SCHEME OF AMALGAMATION
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956**

OF

Mahindra Hinoday Industries Limited ... Transferor Company 1

AND

Mahindra Ugine Steel Company Limited ... Transferor Company 2

AND

Mahindra Gears International Limited ... Transferor Company 3

AND

Mahindra Investments (India) Private Limited ... Transferor Company 4

AND

Participaciones Internacionales Autometal TRES, S.L. ... Transferor Company 5

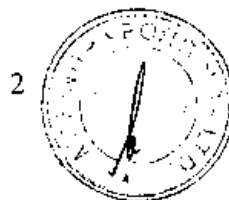
WITH

Mahindra Forgings Limited ... Transferee Company

- A. **Mahindra Hinoday Industries Limited** is a public limited company incorporated under the Act with its registered office at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018, Maharashtra ("**Transferor Company 1**"). The Transferor Company 1 is engaged in the business of manufacture and sale of parts, including but not limited to parts used in automotive industry, using castings (ductile iron and CG Iron grades).
- B. **Mahindra Ugine Steel Company Limited** is a public limited company incorporated under the Act with its registered office at 74, Ganesh Apartment, LJ Road, Mahim, Mumbai - 400016, Maharashtra ("**Transferor Company 2**"). The Transferor Company 2 is engaged in the business of manufacture and sale of parts, including but not limited to parts used in automotive industry, using stampings (cold stamped HR/ CR steel grades). The equity shares of the Transferor Company 2 are listed on the BSE and the NSE.
- C. **Mahindra Gears International Limited** is a company incorporated under the laws of Mauritius with its registered office at IFS Court, Twenty Eight Cybercity, Ebene, Mauritius ("**Transferor Company 3**"). The principal business of the Transferor Company 3 is to act as an investment holding company.



- D. **Mahindra Investment (India) Private Limited** is a private limited company incorporated under the Act with its registered office at Mahindra Towers, near Doordarshan Kendra, Pandurang Budhkar Marg, Worli, Mumbai – 400018, Maharashtra (**"Transferor Company 4"**). The principal business of the Transferor Company 4 is to act as an investment holding company.
- E. **Participaciones Internacionales Autometal Tres, S.L.** is a company incorporated under the laws of Spain with its registered office at Iparraguirre nº 34, 2º derecha, 48011 Bilbao (Spain) (**"Transferor Company 5"**). The Transferor Company 5 is a holding company which is engaged in the business of holding companies within the automotive sector.
- (Transferor Company 1, Transferor Company 2, Transferor Company 3, Transferor Company 4 and Transferor Company 5 together are hereinafter referred to as the **"Transferor Companies"**).
- F. **Mahindra Forgings Limited** is a public limited company incorporated under the Act with its registered office at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra, India (**"Transferee Company"**). The Transferee Company is engaged in the business of manufacture and sale of parts, including but not limited to parts used in the automotive industry, using forgings (hot forged ferrous grades excluding stainless steel). The equity shares of the Transferee Company are listed on the BSE and the NSE.
- G. **The Transferor Companies and the Transferee Company** are engaged in complementary businesses. CIE, being in control of Transferor Company 5, believes that following the acquisition of a controlling stake in the Transferor Company 1 and the Transferee Company, combining the businesses of the Transferor Companies and the Transferee Company will result in enhancing shareholder value for the shareholders of each of the Transferor Companies and the Transferee Company.
- H. Accordingly, this Scheme provides for the amalgamation of the Transferor Companies with the Transferee Company and the consequent issue of equity shares of the Transferee Company to the shareholders of the Transferor Companies pursuant to Sections 391 to 394 and other relevant provisions of the Act, and various other matters consequential to or otherwise connected with the above in the manner provided for in this Scheme.
- I. The amalgamation of the Transferor Companies with the Transferee Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961.
- J. This Scheme is divided into the following parts:
- (a) **Part I**, which deals with the introduction and definitions, and sets out the share capital of each of the Transferor Companies and the Transferee Company;



- (b) **Part II**, which deals with the amalgamation of the Transferor Companies with the Transferee Company; and
- (c) **Part III**, which deals with the dissolution of the Transferor Companies and the general terms and conditions applicable to this Scheme.

PART I - GENERAL

1. Definitions And Interpretation

- (a) In this Scheme, unless the context or meaning otherwise requires (i) terms defined in the introductory paragraphs and recitals shall have the same meanings throughout this Scheme and (ii) the following words and expressions, wherever used (including in the recitals and the introductory paragraphs above), shall have the following meanings:

“Act” means the Companies Act, 1956;

“Affiliate” means in relation to any Person, any Person that directly or indirectly through 1 (one) or more Person(s), Controls, is Controlled by, or is under common Control with, the Person;

“Applicable Law” or **“Law”** means any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval from the concerned authority, directive, guideline, press note, policy, requirement, or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any Government Authority in effect in the Republic of India, Mauritius or Spain;

“Appointed Date” means October 1, 2013;

“Board of Directors” or **“Board”** in relation to each of the Transferor Companies and the Transferee Company, as the case may be, means the board of directors of such company, and shall include a committee duly constituted and authorised for the purposes of matters pertaining to the amalgamation, this Scheme and/or any other matter relating thereto;

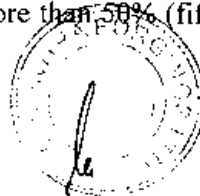
“BSE” means The BSE Limited;

“CIE” means CIE Automotiva S.A., a company (*“Sociedad Anónima”*) incorporated under the laws of Spain, having its registered office at Iparraguirre nº 34, 2º derecha, 48011 Bilbao (Spain) and listed on the Madrid and Bilbao stock exchanges;

“CIE Group” means CIE and Persons that CIE Controls;

“Commencement Date” shall mean June 15, 2013;

“Control” means (i) in relation to a body corporate, the right to exercise, or control the exercise, whether directly or indirectly, acting alone or together with another Person, of more than 50% (fifty percent) of the total



voting rights at a general meeting of that body corporate, or the right or power to direct, whether directly or indirectly, acting alone or together with another Person, the policy decisions of that body corporate, including the composition of any board of directors (or equivalent body) of that body corporate, or (ii) in relation to any Person which is not a body corporate, the right or power to direct, whether directly or indirectly, acting alone or together with another Person, the policy decisions of that Person;

"EUR" means an unit of currency that is used by the member countries of the European Union which have joined the European monetary union;

"Effective Date" means the last of the dates on which all the conditions and matters referred to in Clause 18 occur or have been fulfilled or waived in accordance with this Scheme. References in this Scheme to date of 'coming into effect of this Scheme' or 'effectiveness of this Scheme' or 'Scheme coming into effect' shall mean the Effective Date;

"Eligible Employees" means the Employees and the employees of any holding or subsidiary company of the Transferor Company 2 who are entitled to employee stock options under the Transferor Company 2 Stock Option Scheme, and to whom, as on the Record Date, options of the Transferor Company 2 have been granted, irrespective of whether the same are vested or not;

"Employees" mean all the permanent employees of each of the Transferor Companies, as the case may be, as on the Effective Date;

"Encumbrance" means any mortgage, pledge, equitable interest, assignment by way of security, conditional sales contract, hypothecation, right of other persons, claim, security interest, encumbrance, title defect, title retention agreement, voting trust agreement, interest, option, lien, charge, commitment, restriction or limitation of any nature whatsoever, including restriction on use, voting rights, transfer, receipt of income or exercise of any other attribute of ownership, right of set-off, any arrangement (for the purpose of, or which has the effect of, granting security), or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the same and the term **"Encumbered"** shall be construed accordingly;

"Existing Stock Option Scheme" means the Employees' Stock Option Scheme, 2007 of the Transferee Company;

"Funds" shall have the meaning assigned to it in Clause 8(c);

"Gears India OpCo" means Mahindra Gears and Transmission Private Limited, a company incorporated under the Act, having its registered office at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai 400018, Maharashtra, India;

"Gears India OpCo SPA" means the share purchase agreement entered into on or about even date between M&M, the Transferor Company 4,



Gears India OpCo and the Transferee Company, for the purchase by the Transferor Company 4 of all of the shares of Gears India OpCo held by M&M;

"Governmental Authority" means (i) a national government, political subdivision thereof; (ii) an instrumentality, board, commission, court, or agency, whether civilian or military, of any of the above, however constituted; and (iii) a government-owned/ government-controlled association, organization in the Republic of India, Mauritius or Spain;

"High Court" means the High Court of Judicature at Mumbai and shall include the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with any of the powers of a High Court under Sections 391 to 394 of the Act;

"INR" or "Rupees" means the lawful currency of Republic of India;

"Implementation Period" means the period intervening the Commencement Date and the Effective Date;

"Integration Committee" shall have the meaning assigned to it in Clause 14;

"Liabilities" shall have the meaning assigned to it in Clause 6(a);

"Mahindra Composites Limited" means a company incorporated under the Act, having its registered office at 145, Mumbai-Pune Road, Pimpri, Pune 411018, Maharashtra, India and listed on the BSE;

"Mahindra Systech Companies" mean the Transferor Companies (other than the Transferor Company 5) and Mahindra Composites Limited;

"M&M" means Mahindra & Mahindra Limited, a public limited company incorporated under the Act, having its registered office at Gateway Building, Apollo Bunder, Mumbai – 400001, Maharashtra, India and listed on the Stock Exchanges;

"M&M Group" means M&M and Persons that M&M Controls;

"MOICML" means Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated under the laws of Mauritius, having its registered office at IFS Court, Twenty Eight Cybercity, Ebene, Mauritius;

"MUSCO Investments" means all the shares held by the Transferor Company 2 in (a) Mahindra Sanyo Special Steel Private Limited (b) Mahindra Hotels & Resorts Limited; (c) Indian & Eastern Engineer Company Limited; (d) Mahindra & Mahindra Contech Limited; (e) Mahindra Construction Limited; (f) Orissa Sponge Iron Limited; (g) Dena Bank Limited; and (h) Kotak Mahindra Bank Limited;

"MUSCO Real Estate" means the colony land admeasuring approx 76 (seventy six) acres owned by the Transferor Company 2 and situated at



Khopoli, Maharashtra;

"Net Financial Debt" means all financial debt less cash, cash equivalents and liquid assets on a consolidated basis;

"NSE" means the National Stock Exchange of India Limited;

"Person" means any individual (including in his capacity as trustee), entity, joint venture, company, corporation, partnership (whether limited or unlimited), proprietorship or other enterprise (whether incorporated or not), Hindu undivided family, union, association of persons, government (central, state or otherwise), or any agency, department, authority or political subdivision thereof, and shall include their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees and the beneficiary or beneficiaries from time to time;

"Record Date" means the date to be fixed by the Board of Directors of the Transferee Company for the purpose of determining the equity shareholders of each of the Transferor Companies, to whom shares of the Transferee Company will be allotted pursuant to this Scheme;

"Registrar of Companies" means the Registrar of Companies, Maharashtra, Mumbai;

"Scheme" means this integrated scheme of amalgamation, as amended or modified in accordance with the provisions hereof;

"SEBI" means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;

"SEBI Circulars" mean Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 and Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, each issued by the SEBI;

"Stock Exchanges" mean each of the BSE and the NSE;

"Transferor Company 1 Undertaking" means all the undertakings and entire business of the Transferor Company 1 as a going concern, including, without limitation:

- (i) 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 Company 1, whether situated in India or abroad, including, without limitation, all manufacturing units and facilities, all land, buildings and structures, offices, residential and other premises, capital work-in-progress, machines and equipments, furniture, fixtures, office equipment, computers, appliances, accessories, power lines, stocks, current assets



(including inventories, sundry debtors, bills of exchange, loans and advances), investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, earnest monies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company 1, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, tenancies in relation to the office and/or residential properties, guest houses, godowns, warehouses, vehicles, D.G. sets, share of any joint assets, 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 wheresoever 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 Company 1 or in connection with or relating to the Transferor Company 1 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 Company 1, whether in India or abroad;

- (ii) all permits, quotas, rights, entitlements, industrial and other licences, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, privileges, income tax benefits and exemptions in respect of the profits of the undertaking for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the benefit or exemption is available in law if the amalgamation pursuant to this Scheme does not take place, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, 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 Company 1;
- (iii) all debts, borrowings, obligations, duties and liabilities, both present and future (including deferred tax liabilities, contingent liabilities and the Liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in Rupees or foreign



currency, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Transferor Company 1; and

- (iv) all trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programmes, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company 1.

“Transferor Company 2 Undertaking” means all the undertakings and entire business of the Transferor Company 2 as a going concern, including, without limitation:

- (i) 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 Company 2, whether situated in India or abroad, including, without limitation, all manufacturing units and facilities, all lands, buildings and structures, offices, residential and other premises, capital work-in-progress, machines and equipments, furniture, fixtures, office equipment, computers, appliances, accessories, power lines, stocks, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, earnest monies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company 2, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, tenancies in relation to the office and/or residential properties, guest houses, godowns, warehouses, vehicles, D.G. sets, share of any joint assets, 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 wheresoever 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 Company 2 or in connection with or relating to the



Transferor Company 2 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 Company 2, whether in India or abroad;

- (ii) all permits, quotas, rights, entitlements, industrial and other licences, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, privileges, income tax benefits and exemptions in respect of the profits of the undertaking for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the benefit or exemption is available in law if the amalgamation pursuant to this Scheme does not take place, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, 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 Company 2;
- (iii) all debts, borrowings, obligations, duties and liabilities, both present and future (including deferred tax liabilities, contingent liabilities and the Liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in Rupees or foreign currency, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Transferor Company 2; and
- (iv) all trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programmes, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company 2.

"Transferor Company 3 Undertaking" means all the undertakings and entire business of the Transferor Company 3 as a going concern, including, without limitation:

- (i) 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 Company 3, whether situated in Mauritius or abroad, including, without limitation, all manufacturing units and facilities, all land, buildings and



structures, offices, residential and other premises, capital work-in-progress, machines and equipments, furniture, fixtures, office equipment, computers, appliances, accessories, power lines, stocks, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, earnest monies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company 3, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, tenancies in relation to the office and/or residential properties, guest houses, godowns, warehouses, vehicles, D.G. sets, share of any joint assets, 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 wheresoever 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 Company 3 or in connection with or relating to the Transferor Company 3 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 Company 3, whether in Mauritius or abroad;

- (ii) all permits, quotas, rights, entitlements, industrial and other licences, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, privileges, income tax benefits and exemptions in respect of the profits of the undertaking for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the benefit or exemption is available in law if the amalgamation pursuant to this Scheme does not take place, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, 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 Company 3;
- (iii) all debts, borrowings, obligations, duties and liabilities, both present and future (including deferred tax liabilities, contingent



liabilities and the Liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in Rupees or foreign currency, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Transferor Company 3; and

- (iv) all trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programmes, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company 3.

"Transferor Company 4 Undertaking" means all the undertakings and entire business of the Transferor Company 4 as a going concern, including, without limitation:

- (i) 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 Company 4, whether situated in India or abroad, including, without limitation, all manufacturing units and facilities, all land, buildings and structures, offices, residential and other premises, capital work-in-progress, machines and equipments, furniture, fixtures, office equipment, computers, appliances, accessories, power lines, stocks, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, earnest monies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company 4, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, tenancies in relation to the office and/or residential properties, guest houses, godowns, warehouses, vehicles, D.G. sets, share of any joint assets, 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 wheresoever 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 Company 4 or in connection with or relating to the Transferor Company 4 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 Company 4, whether in India or abroad;

- (ii) all permits, quotas, rights, entitlements, industrial and other licences, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, privileges, income tax benefits and exemptions in respect of the profits of the undertaking for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the benefit or exemption is available in law if the amalgamation pursuant to this Scheme does not take place, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, 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 Company 4;
- (iii) all debts, borrowings, obligations, duties and liabilities, both present and future (including deferred tax liabilities, contingent liabilities and the Liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in Rupees or foreign currency, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Transferor Company 4; and
- (iv) all trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programmes, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company 4.

“Transferor Company 5 Undertaking” means all the undertakings and entire business of the Transferor Company 5 as a going concern, including, without limitation:

- (i) 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 Company 5, whether situated in Spain or abroad, including, without limitation, all manufacturing units and facilities, all land, buildings and structures, offices, residential and other premises, capital work-in-progress, machines and equipments, furniture, fixtures, office equipment, computers, appliances, accessories, power lines, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, earnest monies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company 5, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, tenancies in relation to the office and/or residential properties, guest houses, godowns, warehouses, vehicles, D.G. sets, share of any joint assets, 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 wheresoever 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 Company 5 or in connection with or relating to the Transferor Company 5 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 Company 5, whether in Spain or abroad;

- (ii) all permits, quotas, rights, entitlements, industrial and other licences, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, privileges, income tax benefits and exemptions in respect of the profits of the undertaking for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the benefit or exemption is available in law if the amalgamation pursuant to this Scheme does not take place, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, 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 Company 5;



- (iii) all debts, borrowings, obligations, duties and liabilities, both present and future (including deferred tax liabilities, contingent liabilities and the Liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in Rupees or foreign currency, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Transferor Company 5; and
- (iv) all trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programmes, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company 5.

"Transferee Company Representatives" shall be any of the following sets of people:

- (a) Mr. Jesus Maria Herrera Brandiaran, Mr. Pedro Echegaray, Mr. Ignacio Artazcoz Barrena, Mr. Roberto Alonso Ruiz or Mr. Jose Ramon Berecibar; and
- (b) Mr. K. Ramaswami or Mr. Sanjay Joglekar;

"Transferor Company 2 Stock Option Scheme" shall have the meaning assigned to it in Clause 8(e);

"Transferee Company Stock Option Scheme" shall have the meaning assigned to it in Clause 8(e); and

"Undertakings" means the Transferor Company 1 Undertaking, the Transferor Company 2 Undertaking, the Transferor Company 3 Undertaking, the Transferor Company 4 Undertaking and the Transferor Company 5 Undertaking collectively.

- (b) All terms used but not defined in this Scheme shall, unless contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act or any statutory modification or re-enactment thereof for the time being in force or any legislation which replaces the Act.
- (c) References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme.
- (d) The headings herein shall not affect the construction of this Scheme.
- (e) Unless the context otherwise requires:



- (i) the singular shall include the plural and *vice versa*, and references to one gender include all genders.
- (ii) references to a person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).
- (iii) reference to any law or to any provision thereof or to any rule or regulation promulgated thereunder includes a reference to such law, provision, rule or regulation as it may, from time to time, be amended, supplemented or re-enacted, or to any law, provision, rule or regulation that replaces it.
- (iv) Without prejudice to generality of (iii) above, references to the Companies Act, 1956 and specific provisions thereof will be deemed to mean or include references to Companies Act, 2013 and corresponding provisions thereof, as and when provisions of the Companies Act, 2013 are made effective.

2. Share Capital

(a) Transferor Company 1

The share capital structure of the Transferor Company 1 as on June 15, 2013 is as under:

A. Authorised Share Capital	Amount in INR
57,000,000 equity shares of INR 10 per equity share	570,000,000
15,000,000 cumulative redeemable preference shares of INR 10 per share	150,000,000
Total	720,000,000

B. Issued and Subscribed Share Capital	Amount in INR
46,576,717 equity shares of INR 10 per equity share	465,767,170
Total	465,767,170

C. Paid-up Share Capital	Amount in INR
46,576,717 equity shares of INR 10 per equity share fully paid up	465,767,170
Total	465,767,170

The equity shares of the Transferor Company 1 are not listed on any stock exchange.

(b) Transferor Company 2

The share capital structure of the Transferor Company 2 as on June 15,



2013 is as under:

A. Authorised Share Capital	Amount in INR
119,000,000 equity shares of INR 10 per equity share	1,190,000,000
3,100,000 cumulative redeemable preference shares of INR 100 per share	310,000,000
Total	1,500,000,000

B. Issued and Subscribed Share Capital	Amount in INR
32,482,529 equity shares of INR 10 per equity share	324,825,290
Total	324,825,290

C. Paid-up Share Capital	Amount in INR
32,482,529 equity shares of INR 10 per equity share fully paid up	324,825,290
Total	324,825,290

The equity shares of the Transferor Company 2 are listed on the Stock Exchanges.

(c) Transferor Company 3

The share capital structure of the Transferor Company 3 as on June 15, 2013 is as under:

A. Issued and Subscribed Share Capital	Amount in EUR
23,000,001 equity shares of EUR 1 per equity share	23,000,001
Total	23,000,001

B. Paid-up Share Capital	Amount in EUR
23,000,001 equity shares of EUR 1 per equity share fully paid up	23,000,001
Total	23,000,001

The equity shares of the Transferor Company 3 are not listed on any stock exchange.

(d) Transferor Company 4

The share capital structure of the Transferor Company 4 as on June 15, 2013 is as under:

A. Authorised Share Capital	Amount in INR
82,000,000 equity shares of INR 10 per equity share	820,000,000
Total	820,000,000

B. Issued and Subscribed Share Capital	Amount in INR
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80,056,580 equity shares of INR 10 per equity share	800,565,800
Total	800,565,800

C. Paid-up Share Capital	Amount in INR
80,056,580 equity shares of INR 10 per equity share fully paid up	800,565,800
Total	800,565,800

The equity shares of the Transferor Company 4 are not listed on any stock exchange.

(e) Transferor Company 5

The share capital structure of the Transferor Company 5 as on June 15, 2013 is as under:

A. Authorised Share Capital	Amount in EUR
60,003,00 equity shares of EUR 1 per equity share	60,003,000
Total	60,003,000

B. Issued and Subscribed Share Capital	Amount in EUR
60,003,00 equity shares of EUR 1 per equity share	60,003,000
Total	60,003,000

C. Paid-up Share Capital	Amount in EUR
60,003,00 equity shares of EUR 1 per equity share fully paid up	60,003,000
Total	60,003,000

The equity shares of the Transferor Company 5 are not listed on any stock exchange.

(f) Transferee Company

The share capital structure of Transferee Company as on June 15, 2013 is as under:

A. Authorised Share Capital	Amount in INR
122,000,000 equity shares of INR 10 per share	1,220,000,000
14,820,206 non cumulative non convertible redeemable preference shares of INR 31 each	459,426,386
Total	1,679,426,386

B. Issued and Subscribed Share Capital	Amount in INR
92,173,306 equity shares of INR 10 per equity share	921,733,060
Total	921,733,060

C. Paid-up Share Capital	Amount in INR
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92,173,306 equity shares of INR 10 per equity share fully paid up	921,733,060
Total	921,733,060

The equity shares of the Transferee Company are listed on the Stock Exchanges.

PART II – AMALGAMATION OF THE TRANSFEROR COMPANIES WITH THE TRANSFEE COMPANY

Section 1 – Transfer

3. Upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the sanction of this Scheme by the High Court and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, the Undertakings shall be and stand vested in or be deemed to have been vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.
4. Vesting of Assets
 - (a) Without prejudice to the generality of Clause 3 above, upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, properties, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the Undertakings of whatsoever nature and where so ever situate shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions of Applicable Law, if any, without any further act or deed, be and stand transferred to and vested in the Transferee Company and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, the estate, assets, properties, rights, claims, title, interest and authorities of the Transferee Company.
 - (b) Without prejudice to the provisions of Clause 4(a) above, in respect of such of the assets and properties of the Transferor Companies as are movable in nature or incorporeal property or are otherwise capable of vesting or transfer by delivery or possession, or by endorsement and/or delivery, the same shall stand so transferred or vested by each of the Transferor Companies upon the coming into effect of this Scheme, and shall, become the assets and property of the Transferee Company with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act, without requiring any deed or instrument of conveyance for transfer or vesting of the same.
 - (c) In respect of such of the assets and properties belonging to the Transferor Companies (other than those referred to in Clause 4(b) above) including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank



balances, investments, earnest money and deposits with any government, quasi government, local or other authority or body or with any company or other person, the same shall stand transferred to and vested in the Transferee Company and/or be deemed to have been transferred to and vested in the Transferee Company, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act.

- (d) All assets, rights, title, interest, investments and properties of the Transferor Companies as on the Appointed Date, whether or not included in the books of each of the Transferor Companies, and all assets, rights, title, interest, investments and properties, which are acquired by the Transferor Companies on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets, rights, title, interest, investments and properties of the Transferee Company, and shall under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act.
- (e) All the licenses, permits, registrations, quotas, entitlements, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Companies and all rights and benefits that have accrued or which may accrue to the Transferor Companies, whether on, before or after the Appointed Date, including income tax benefits and exemptions, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become the licenses, permits, registrations, quotas, entitlements, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

5. Contracts, Deeds etc.

- (a) Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which any of the Transferor Companies is a party or to the benefit of which each of the Transferor Companies may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force



and effect on or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company concerned, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder.

- (b) Without prejudice to the other provisions of this Scheme and notwithstanding that vesting of the Undertakings occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which any of the Transferor Companies is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, after the Effective Date, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of each of the Transferor Companies and to carry out or perform all such formalities or compliances referred to above on the part of each of the Transferor Companies to be carried out or performed.
- (c) Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme and with effect from the Appointed Date, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Companies shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.

6. Transfer of Liabilities

- (a) Upon the coming into effect of this Scheme and with effect from the Appointed Date all debts and liabilities of each of the Transferor Companies including all secured and unsecured debts (in whatsoever currency), liabilities (including contingent liabilities), duties and obligations of each of the Transferor Companies of every kind, nature and description whatsoever whether present or future, and howsoever arising, along with any charge, encumbrance, lien or security thereon (herein referred to as the "Liabilities") shall, pursuant to the sanction of this Scheme by the High Court and under the provisions of Sections 391 to 394 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company, to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and the Transferee Company shall meet, discharge and satisfy the same and further 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 Liabilities have arisen in



order to give effect to the provisions of this Clause 6.

- (b) Where any such debts, liabilities, duties and obligations of each of the Transferor Companies as on the Appointed Date have been discharged by such Transferor Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Transferee Company upon the coming into effect of this Scheme.
- (c) All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by each of the Transferor Companies on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- (d) Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time from the Appointed Date to the Effective Date become due between each of the Transferor Companies and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and the appropriate effect shall be given in the books of accounts and records of the Transferee Company.

7. Encumbrances

- (a) The transfer and vesting of the assets comprised in the Undertakings to the Transferee Company under Clause 4 and Clause 5 of this Scheme shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.
- (b) All Encumbrances, if any, existing prior to the Effective Date over the assets of each of the Transferor Companies shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date, provided that if any of the assets of the Transferor Companies have not been Encumbered, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.

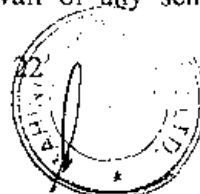


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- (c) The existing Encumbrances over the other assets and properties of the Transferee Company or any part thereof which relate to the Liabilities of the Transferee Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Companies transferred to and vested in the Transferee Company by virtue of this Scheme.
- (d) Any reference in any security documents or arrangements (to which any of the Transferor Companies is a party) to any of the Transferor Companies and their respective assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Companies transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- (e) Upon the coming into effect of this Scheme, the Transferee Company shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of this Scheme.
- (f) It is expressly provided that, save as herein provided, no other term or condition of the Liabilities transferred to the Transferee Company is amended by virtue of this Scheme except to the extent that such amendment is required statutorily.
- (g) The provisions of this Clause 7 shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings or the terms of sanction or issue or any security document shall stand modified and/or superseded by the foregoing provisions.

8. Employees

- (a) Upon the coming into effect of this Scheme, all Employees of each of the Transferor Companies shall, become the employees of the Transferee Company, on terms and conditions not less favourable than those on which they are engaged by the Transferor Companies and without any interruption of or break in service as a result of the amalgamation of the Transferor Companies with the Transferee Company. For the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such Employees with the respective Transferor Company and such benefits to which the Employees are entitled in the respective Transferor Company shall also be taken into account, and paid (as and when payable) by the Transferee Company.
- (b) It is clarified that save as expressly provided for in this Scheme, the Employees who become the employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits (including



employee stock options) that may be applicable and available to any of the other employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Transferee Company), unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by any of the Transferor Companies with any union/employee of the respective Transferor Company.

- (c) Insofar as the provident fund, gratuity fund, superannuation fund, retirement fund and any other funds or benefits created by any of the Transferor Companies for its Employees or to which any of the Transferor Companies is contributing for the benefit of its Employees (collectively referred to as the "**Funds**") are concerned, the Funds or such part thereof as relates to the Employees (including the aggregate of all the contributions made to such Funds for the benefit of the Employees, accretions thereto and the investments made by the Funds in relation to the Employees) shall be transferred to the Transferee Company and shall be held for the benefit of the concerned Employees. In the event the Transferee Company has its own funds in respect of any of the employee benefits referred to above, the Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, be merged with the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own funds in respect of any of the above or if deemed appropriate by the Transferee Company, the Transferee Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Transferee Company creates its own funds, at which time the Funds and the investments and contributions pertaining to the Employees shall be merged with the funds created by the Transferee Company.
- (d) In relation to those Employees for whom any of the Transferor Companies is making contributions to the government provident fund or other employee benefit fund, the Transferee Company shall stand substituted for the relevant Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Employees, such that all the rights, duties, powers and obligations of the Transferor Companies as the case may be in relation to such schemes/ Funds shall become those of the Transferee Company.
- (e) (i) In respect of the stock options of the Transferor Company 2 granted by the Transferor Company 2 under the Employees Stock Option Scheme, 2006 (ESOS-2006) ("**Transferor Company 2 Stock Option Scheme**"), upon the effectiveness of the Scheme, the Transferee Company shall issue stock options to the Eligible Employees taking into account the share exchange ratio set out in Clause 16(b), on terms and conditions not less favourable than



those provided under the Transferor Company 2 Stock Option Scheme. Such stock options may be issued by the Transferee Company either under the Existing Stock Option Scheme or under a separate employee stock option scheme created by the Transferee Company *inter alia* for the purpose of granting stock options to the Eligible Employees pursuant to this Scheme ("**Transferee Stock Option Scheme**").

- (ii) It is hereby clarified that the options granted by the Transferee Company to the Eligible Employees pursuant to this Clause 8 (e), in lieu of options granted to them under the Transferor Company 2 Stock Option Scheme would be granted on the basis of the share exchange ratio set out in Clause 16(b), i.e., for every 100 (one hundred) options held by an Eligible Employee which entitle such Eligible Employee to acquire 100 (one hundred) equity shares in the Transferor Company 2, such Eligible Employee will be conferred 284 (two hundred and eight four) options in the Transferee Company which shall entitle him to acquire 284 (two hundred and eight four) equity shares in the Transferee Company. Fractional entitlements, if any, arising pursuant to the applicability of the share exchange ratio as above shall be rounded off to the nearest higher integer.
- (iii) The total exercise price payable for options granted by the Transferee Company to the Eligible Employees shall be equivalent to the total exercise price payable by such Eligible Employees under the Transferor Company 2 Stock Option Scheme, for such options.
- (iv) The grant of options to the Eligible Employees pursuant to this Clause 8 (e) of this Scheme shall be effected as an integral part of the Scheme and the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the Transferee Stock Option Scheme and the Existing Stock Option Scheme, including without limitation, for the purposes of creating the Transferee Stock Option Scheme and/or modifying the Transferee Stock Option Scheme and/or the Existing Stock Option Scheme (including increasing the maximum number of equity shares that can be issued consequent to the exercise of the stock options granted under the Existing Stock Option Scheme, and/or modifying the exercise price of the stock options under the Transferee Stock Option Scheme and/or the Existing Stock Option Scheme), and all related matters. No further approval of the shareholders of the Transferee Company would be required in this connection under Section 81(1A) of the Act and/or any other Applicable Law.
- (v) It is hereby clarified that in relation to the options granted by the Transferee Company to the Eligible Employees pursuant to this Scheme, in lieu of options granted to them under the Transferor Company 2 Stock Option Scheme, the period during which the



options granted by the Transferor Company 2 were held by or deemed to have been held by the Eligible Employees shall be taken into account for determining the minimum vesting period required under applicable law for stock options granted under the Transferee Stock Option Scheme or the Existing Stock Option Scheme, as the case may be. Subject to Applicable Law, the adjustments to the exercise price per option and option entitlement of the Eligible Employees proposed under this Clause 8 (e) shall be appropriately reflected in the accounts of the Transferee Company.

- (vi) The Boards of Directors of the Transferor Company 2 and the Transferee Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 8(e).

9. Legal, Taxation and other Proceedings

Upon the coming into effect of this Scheme, all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against each of the Transferor Companies pending on the Effective Date shall be continued and/ or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been instituted by or against the Transferee Company.

- 10. Without prejudice to the provisions of Clauses 3 to 9, with effect from the Appointed Date, all inter-party transactions between each of the Transferor Companies and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.

Section 2 – Conduct of Business

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

- (a) each of the Transferor Companies shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts and investments for and on account of, and in trust for, the Transferee Company;
- (b) all profits and income accruing or arising to the Transferor Companies, and losses and expenditure arising or incurred by them (including taxes, if any, accruing or paid in relation to any profits or income) for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure (including taxes), as the case may be, of the Transferee Company;
- (c) any of the rights, powers, authorities or privileges exercised by the Transferor Companies shall be deemed to have been exercised by the Transferor Companies for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and



commitments that have been undertaken or discharged by the Transferor Companies shall be deemed to have been undertaken for and on behalf of and as an agent for the Transferee Company; and

- (d) all taxes (including, without limitation, income tax, sales tax, service tax, VAT, etc.) paid or payable by the Transferor Companies in respect of the operations and/or the profits of the respective Transferor Companies before the Appointed Date, shall be on account of the Transferor Companies and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies in respect of the profits or activities or operation of the Transferor Companies with effect from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.
12. (a) Without prejudice to Clause 11, save as agreed by the Boards of the Transferor Companies and the Transferee Company, during the Implementation Period, none of the Boards of (A) the Transferor Company 1 (till such time as the Transferor Company 1 becomes an Affiliate of Transferor Company 5), (B) the Transferor Company 2, (C) the Transferor Company 3, and (D) the Transferor Company 4, shall take any of the following actions without the prior written consent of each of the Transferee Company Representatives:
- (i) make any amendment to its constitutional documents;
 - (ii) make any change to its share capital whether by way of further issuance of securities, buy-back, reduction of capital, transfer of shares (subject to provisions under Applicable Law in relation to free transferability of shares), or in any other manner subject to the issuance of shares under any existing employees stock option schemes;
 - (iii) incur capital expenditure in excess of INR 35,000,000 (Rupees thirty five million only) in a single transaction and INR 70,000,000 (Rupees seventy million only) in the aggregate, except as approved by the Board of the company whilst authorizing such capital expenditure;
 - (iv) make any divestments, sale, acquisition of business (whether by way of the purchase of shares, assets or properties), or the creation of any subsidiary, joint venture or partnership where an aggregate value involved/ consideration being in excess of INR 700,000,000 (Rupees seven hundred million only) in a financial year;
 - (v) incur any borrowings, loans or guarantees or undertake any other indebtedness or providing any security or guarantee in excess of INR 70,000,000 (Rupees seventy million only) other than to finance current facilities and other than those agreed between the concerned Transferor Company and the Transferee Company in



writing;

- (vi) undertake any merger, reorganization, spin-off, consolidation or any other similar form of corporate or debt restructuring;
 - (vii) waive (A) any rights that it may have against any debtors or third parties; or (B) any obligations or debts or duties owed by any debtors or third parties to it (including, any accounts receivable), where such rights or obligations involve amounts in excess of INR 7,000,000 (Rupees seven million only);
 - (viii) enter into any agreement, transaction or arrangement that has the effect of terminating, cancelling, releasing, assigning or novating any contract where the sum involved is in excess of INR 21,000,000 (Rupees twenty one million only) except for sale agreements and agreements for the purchase of raw material, where the threshold shall be INR 70,000,000 (Rupees seventy million only) or except in the ordinary course of business consistent with past practices;
 - (ix) settle any litigation or disputes or claims where the amount involved is in excess of INR 21,000,000 (Rupees twenty one million only);
 - (x) change the accounting or tax policies or practices used for preparation of the accounts other than as required pursuant to any change or amendment under the accounting standards or Applicable Law;
 - (xi) enter into any agreement or transaction which has the effect of assigning or transferring the intellectual property rights owned by it;
 - (xii) enter into, amend or terminate any related party transaction which are not carried out at arm's length and not in the ordinary course of business; and
 - (xiii) enter into any commitment or agreement or undertake any action to do any of the foregoing or which has the effect of resulting in any of the foregoing.
- (b) Without prejudice to Clause 11, save as agreed by the Boards of the Transferor Companies and the Transferee Company, during the Implementation Period, the respective Boards of the Transferor Company 1 (once it becomes an Affiliate of Transferor Company 5) and Transferor Company 5 shall not take any of the following actions without the prior written consent of each of the Transferee Company Representatives:
- (i) any commencement of any business line different from the business currently carried out by such company;



- (ii) any action for dissolution and/or winding-up and/or insolvency of such company;
 - (iii) merger or demerger, spin-off, consolidation or any other similar form of corporate restructuring of such company;
 - (iv) any divestments, or sale/acquisition of business (whether by way of the purchase of shares, assets or properties), or the creation of any subsidiary, joint venture or partnership where the aggregate value involved/ consideration is in excess of EUR 50,000,000 (Euro fifty million only) in any given financial year (provided that this threshold shall be € 10,000,000 (Euro ten million only) with respect to Transferor Company 1, except if the proceeds of such divestment or sale are reinvested within 6 (six) months in equivalent assets necessary for the ordinary course of business;
 - (v) amendments to the constitutional documents of such company;
 - (vi) any change to the share capital of such company whether by way of (i) further issuance of securities (including convertible instruments or options) other than on rights basis, (ii) buy-back or (iii) reduction of capital or (iv) variation of the rights of any classes of its shares or (v) otherwise;
 - (vii) appointment of a statutory auditor different from one of the Big Four Chartered Accountants;
 - (viii) changing the strength of the board of directors by any corporate action;
 - (ix) enter into, amend or terminate any related party transaction which are not carried out at arm's length and in the ordinary course of business;
 - (x) agree to pay corporate charges to the CIE Group for shared services which are in excess of 1% (one percent) of the combined turnover of Transferor Company 5 and its subsidiaries in a financial year computed on a stand alone basis. It is clarified that the actual cost of shared services provided by the M&M Group or the CIE Group (other than to the aforementioned companies) shall not be taken into account whilst determining this cap; and
 - (xi) which results in the aggregate Net Financial Debt of the Transferor Company 5 and its subsidiaries exceeding € 60,000,000 (Euro sixty million only), provided that these companies (taken together) shall be entitled to borrow upto € 10,000,000 (Euro ten million only) in a financial year for capital expenditure which is in the ordinary course of business and is consistent with past practices.
- (c) During the Implementation Period, the Transferee Company shall not make any change to its share capital whether by way of further issuance of securities, buy-back, reduction of capital or in any other manner subject to the issuance of shares under any existing employee stock option schemes.

13. Within a period of 7 (seven) days following the receipt of approval from the Competition Commission of India for the merger of the Transferor Companies with the Transferee Company in terms hereof, each of the Transferor Companies shall convene a meeting of its Board at which the Transferee Company Representatives shall be appointed as non-voting observers to the Board till the Effective Date. To the extent permissible under Applicable Law, the observers shall be entitled to attend all meetings of the Board and shareholder meetings of each of the Transferor Companies and each Transferor Company shall ensure that notice is given to the observers, of all such meetings at least 14 (fourteen) days prior to the meeting or a shorter period if agreed by all members of the Board, including the observers, simultaneous to giving notice of the same to its directors.
14. Within a period of 7 (seven) days following the receipt of approval from the Competition Commission of India for the merger of the Transferor Companies with the Transferee Company in terms hereof, each of the Transferor Companies shall put in place an integration committee (hereinafter referred to as "**Integration Committee**") comprising of 4 (four) persons of whom 2 (two) persons shall be the Transferee Company Representatives and 2 (two) persons shall be nominees of the respective Transferor Company. The Integration Committee shall (i) review the alignment of strategy and ensure harmonization of businesses conducted by each of the Transferor Companies and the Transferee Company; and (ii) from time to time, make non-binding recommendations to the Board of each of the Transferor Companies and the Transferee Company which shall be considered by their respective board of directors in good faith; provided however that, notwithstanding the above, any review by the Integration Committee shall not include any price or revenue setting function, including back office operations.

Section 3: Issue of shares of the Transferee Company

15. The provisions of this Section 3 of this Scheme shall operate notwithstanding anything to the contrary in this Scheme or in any other instrument, deed or writing.
16. Issue of new equity shares
- (a) Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Transferor Company 1 Undertaking in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to each member of the Transferor Company 1, whose name is registered in the Register of Members of the Transferor Company 1 on the Record Date or his/her/its legal heirs, executors or successors as the case may be, equity shares in the Transferee Company, in the ratio of 110 (one hundred and ten) equity shares of the face value of INR 10 (ten) each (credited as fully paid up) of the Transferee Company for every 100 (one hundred) equity shares of the face value of INR 10 (ten) each (credited as fully paid-up) held by such member in the Transferor Company 1. No fractional shares shall be issued by the Transferee Company.
- (b) Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Transferor Company 2 Undertaking in the



Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to each member of the Transferor Company 2, whose name is registered in the Register of Members of the Transferor Company 2 on the Record Date or his/her/its legal heirs, executors or successors as the case may be, equity shares in the Transferee Company, in the ratio of 284 (two hundred and eighty four) equity shares of the face value of INR 10 (ten) each (credited as fully paid up) of the Transferee Company for every 100 (one hundred) equity shares of the face value of INR 10 (ten) each (credited as fully paid-up) held by such member in the Transferor Company 2. No fractional shares shall be issued by the Transferee Company.

- (c) Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Transferor Company 3 Undertaking in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to each member of the Transferor Company 3, whose name is registered in the Register of Members of the Transferor Company 3 on the Record Date or his/her/its legal heirs, executors or successors as the case may be, equity shares in the Transferee Company, in the ratio of 20 (twenty) equity shares of the face value of INR 10 (ten) each (credited as fully paid up) of the Transferee Company for every 100 (hundred) equity shares of the face value of EUR 1 (one) each (credited as fully paid-up) held by such member in the Transferor Company 3. No fractional shares shall be issued by the Transferee Company.
- (d) Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Transferor Company 4 Undertaking in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to each member of the Transferor Company 4, whose name is registered in the Register of Members of the Transferor Company 4 on the Record Date or his/her/its legal heirs, executors or successors as the case may be, equity shares in the Transferee Company, in the ratio of 17 (seventeen) equity shares of the face value of INR 10 (ten) each (credited as fully paid up) of the Transferee Company for every 100 (one hundred) equity shares of the face value of INR 10 (ten) each (credited as fully paid-up) held by such member in the Transferor Company 4. No fractional shares shall be issued by the Transferee Company.
- (e) Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Transferor Company 5 Undertaking in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to each member of the Transferor Company 5, whose name is registered in the Register of Members of the Transferor Company 5 on the Record Date or his/her/its legal heirs, executors or successors as the case may be, equity shares in the Transferee Company, in the ratio of 105 (one hundred and five) equity shares of the face value of INR 10 (ten) each



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(credited as fully paid up) of the Transferee Company for every 100 (one hundred) equity shares of the face value of EUR 1 (one) each (credited as fully paid-up) held by such member in the Transferor Company 5. No fractional shares shall be issued by the Transferee Company.

- (f) Upon this Scheme becoming effective, the issued, subscribed and paid-up share capital of the Transferee Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with Clause 16(a) to 16(e) above. It is clarified that no special resolution under Section 81(1A) of the Act shall be required to be passed by the Transferee Company separately in a general meeting for issue of shares to the members of the Transferor Companies under this Scheme and on the shareholders of the Transferee Company approving this Scheme, it shall be deemed that they have given their consent to the issue of equity shares of the Transferee Company to the members of the Transferor Companies in accordance with Clause 16(a) to 16(e) above.
- (g) As a part of this Scheme, and, upon the coming into effect of this Scheme, the authorised share capital of the Transferee Company shall automatically stand increased, 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, by the aggregate authorised share capital of the Transferor Companies.
- (h) The capital clause of the Memorandum of Association and the Articles of Association of the Transferee Company shall, as a part of and, upon the coming into effect of this Scheme and without any further act or deed, be replaced by the following clause:

MEMORANDUM OF ASSOCIATION

"V. The Authorised Share Capital of the Company is INR 4,719,426,386 (Rupees four billion seven hundred nineteen million four hundred twenty six thousand three hundred eighty six only) divided into 380,000,000 (three hundred eighty million) Equity Shares of INR 10 (Rupees ten only) each aggregating INR 3,800,000,000 (Rupees three billion eight hundred million only) and 29,658,916 (twenty nine million six hundred fifty eight thousand nine hundred sixteen) 4% (four percent) Non Cumulative Redeemable Non Convertible Preference Shares of INR 31 (Rupees thirty one only) each aggregating INR 919,426,386 (Rupees nine hundred nineteen million four hundred twenty six thousand three hundred eighty six only), with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company and the legislative provisions for the time being in force."



ARTICLES OF ASSOCIATION

"3. The Authorised Share Capital of the Company is INR 4,719,426,386 (Rupees four billion seven hundred nineteen million four hundred twenty six thousand three hundred eighty six only) divided into 380,000,000 (three hundred eighty million) Equity Shares of INR 10 (Rupees ten only) each aggregating INR 3,800,000,000 (Rupees three billion eight hundred million only) and 29,658,916 (twenty nine million six hundred fifty eight thousand nine hundred sixteen) 4% (four percent) Non Cumulative Redeemable Non Convertible Preference Shares of INR 31 (Rupees thirty one only) each aggregating INR 919,426,386 (Rupees nine hundred nineteen million four hundred twenty six thousand three hundred eighty six only) with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company and the legislative provisions for the time being in force."

- (i) It is clarified that for the purposes of Clause 16(g) and 16(h) above, the consent of the shareholders of the Transferee Company to this Scheme shall be sufficient for the purposes of effecting the above amendment or increase in the authorised share capital of the Transferee Company, and no further resolution under Section 16, Section 31, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. The stamp duties and fees (including registration fee) paid on the authorised share capital of the Transferor Companies shall be utilized and applied to the increased authorised share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee (including registration fee) by the Transferee Company for increase in the authorised share capital to that extent.
- (j) The shares issued to the members of the Transferor Companies by the Transferee Company pursuant to Clauses 16(a) to 16(e) above shall be credited to the depository account of the members, unless otherwise notified in writing by any member of any of the Transferor Companies to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of any Transferor Company, the shares shall be credited to the depository account of the members provided that the members of the Transferor Companies shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. It is only thereupon that the Transferee Company shall issue and directly credit to the account of such member the relevant shares of the Transferee Company. In the event that the Transferee Company has received notice



from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required, then the Transferee Company shall issue shares in certificate form to such member.

- (k) In the event of there being any pending share transfers, whether lodged or outstanding, of any member of any of the Transferor Companies, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor/transferee of the shares in the Transferor Companies and in relation to the shares issued by the Transferee Company after the effectiveness of this Scheme. The Board of Directors of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company.
- (l) Equity shares to be issued by the Transferee Company pursuant to Clauses 16(a) to 16(e) above in respect of such of the equity shares of the Transferor Companies which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Transferee Company.
- (m) The equity shares issued and allotted by the Transferee Company in terms of this Scheme shall rank *pari passu* in all respects with the then existing equity shares of the Transferee Company.
- (n) The equity shares of the Transferee Company issued in terms of this Scheme will be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are given by the Stock Exchanges.
- (o) In case any shareholder's holding in any Transferor Company is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder but shall consolidate such fractions and issue consolidated equity shares to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.



PART III – DISSOLUTION OF TRANSFEROR COMPANIES AND OTHER GENERAL TERMS AND CONDITIONS

17. Accounting and Tax Treatment

(a) Accounting

Save as hereinafter provided, the reserves of the Transferor Companies shall be accounted for, while incorporating the assets and liabilities of the Transferor Companies in the accounts of the Transferee Company, in accordance with Accounting Standard 14 (Accounting for Amalgamations) issued by the Institute of Chartered Accountants of India in consultation with the National Advisory Committee on Accounting Standards as per Section 211(3C) of the Act. Upon the Scheme becoming effective and with effect from the Appointed Date:

- (i) The Transferee Company shall record the assets and liabilities of the Transferor Companies pursuant to this Scheme at their respective book values as appearing in the books of the Transferor Companies. In case of conflicting accounting policies between the entities, a uniform policy will be adopted on merger and effect on the financial statements of such change in policy will be reported as per Accounting Standard 5 (Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies) and the same shall be dealt with in accordance with prevailing accounting standards and Generally Accepted Accounting Principles in India;
- (ii) The Transferee Company shall credit its issued and paid up share capital account with the aggregate face value of the shares issued pursuant to Clause 16 of this Scheme;
- (iii) All the reserves relating to and reflecting in the books of the Transferor Companies shall appear in the books of the Transferee Company in the same form in which they appeared in the books of the Transferor Companies after giving effect to 17(a)(i) above;
- (iv) The balance in the Statement of Profit and loss appearing in the books of the Transferor Companies shall be dealt with in the books of the Transferee Company in accordance with Accounting Standard 14 (Accounting for Amalgamations);
- (v) The difference between the amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the Transferor Companies is adjusted in reserves in the financial statements of the Transferee Company;
- (vi) To the extent that there are inter-corporate loans, debentures, debt securities or balances between the Transferor Companies and the Transferee Company inter se, or the Transferor Companies inter se, the obligation in respect thereof shall come to an end and the



corresponding effect shall be given in the books of account and the records of the Transferee Company for the reduction of any assets or liabilities, as the case may be. The difference, if any, arising upon such cancellation, shall be credited or debited, as the case may be, to the General Reserve of the Transferee Company. For the removal of doubts, there would be no accrual of interest or other charges in respect of any such inter-company loans, debentures, debt securities or balances with effect from the Appointed Date;

- (vii) Notwithstanding the above, the Board of the Transferee Company is authorized to account any of these balances in any manner whatsoever, as may be deemed fit in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India in consultation with the National Advisory Committee on Accounting Standards as per Section 211(3C) of the Act and Generally Accepted Accounting Principles in India.

(b) Tax

- (i) Upon the Scheme coming into effect, all taxes (direct and/or indirect)/ cess/ duties payable by or on behalf of the Transferor Companies from the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with any Governmental Authority and including the right to claim credit for minimum alternate tax and carry forward of accumulated losses, and unutilized CENVAT credit, VAT credit etc shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims, accumulated losses and unutilized CENVAT credits, VAT credit and rights to claim credit or refund etc of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company shall be permitted to revise, if it becomes necessary, its income tax returns, wealth tax returns, sales tax returns, excise and CENVAT returns, service tax returns, other statutory returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme.
- (ii) The Transferee Company shall also be permitted to claim refunds / credits in respect of any transaction between or amongst the Transferor Companies inter se and the Transferor Companies and the Transferee Company. Without prejudice to the generality of Clause 17(b)(i) above, upon the Scheme becoming effective, the Transferee Company shall be permitted to revise, if it becomes necessary, its income tax returns and related withholding tax certificates, including withholding tax certificates relating to transactions between or amongst the Transferor Companies inter se and the Transferor Companies and the Transferee Company, and to claim refunds, advance tax and withholding tax credits, benefit of credit for minimum alternate tax and carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.



- (iii) The withholding tax/ advance tax/ minimum alternate tax, if any, paid by the Transferor Companies under the Income Tax Act, 1961 or any other statute in respect of income of the Transferor Companies assessable for the period commencing from the Appointed Date shall be deemed to be the tax deducted from/advance tax paid by the Transferee Company and credit for such withholding tax/advance tax/minimum alternate tax shall be allowed to the Transferee Company notwithstanding that certificates or challans for withholding tax/advance tax are in the name of the Transferor Companies and not in the name of the Transferee Company.
- (iv) The service tax paid by the Transferor Companies under the Finance Act, 1994 in respect of services provided by the Transferor Companies for the period commencing from the Appointed Date shall be deemed to be the service tax paid by the Transferee Company and credit for such service tax shall be allowed to the Transferee Company notwithstanding that challans for service tax payments are in the name of the Transferor Companies and not in the name of the Transferee Company.

18. Conditions Precedent

- (a) The effectiveness of the Scheme is conditional upon and subject to:
 - (i) receipt of approval from the Competition Commission of India for this Scheme in form and substance reasonably satisfactory to the Transferor Companies and the Transferee Company or on the expiry of any statutory time period pursuant to which such approval is deemed to have been granted;
 - (ii) receipt of approval from the Bundeskartellamt for this Scheme in form and substance reasonably satisfactory to the Transferor Companies and the Transferee Company or the expiry of any statutory time period pursuant to which such approval is deemed to have been granted;
 - (iii) receipt of approval of Foreign Investment Promotion Board/ Reserve Bank of India for the issue of shares by the Transferee Company to the non-resident shareholders of the Transferor Company 5 in consideration of the merger of the Transferor Company 5 into the Transferee Company;
 - (iv) receipt of approval of the Reserve Bank of India for the divestment of shares of the Transferor Company 3 by the resident shareholder(s) of Transferor Company 3 pursuant to the merger;
 - (v) this Scheme being approved by the respective requisite majorities of the various classes of shareholders and/or creditors (where applicable) of each of the Transferor Companies and the Transferee Company as required under the Act and the requisite orders of the



High Court being obtained;

- (vi) transfer of the MUSCO Real Estate and the MUSCO Investments by M&M or its subsidiary (not being a Mahindra Systech Company or a subsidiary of such company) together with all liabilities thereto;
 - (vii) this Scheme being approved by the shareholders of the Transferor Company 2 and the Transferee Company through a special resolution passed through postal ballot and e-voting and the votes cast by the public shareholders in favour of the Scheme being in accordance with the terms of the SEBI Circulars;
 - (viii) receipt of pre-filing and post sanction approvals of the relevant Stock Exchange and the SEBI in terms of the SEBI Circulars, as applicable;
 - (ix) receipt of such lender approvals, as may be required, for the release of all corporate guarantees, comfort letters and repayment of loans (outstanding as of the Effective Date) provided by the M&M Group to the Transferor Company 3 or its subsidiaries, such release or repayment to occur on the Effective Date;
 - (x) the certified copies of the court orders approving the Scheme being filed with the Registrar of Companies;
 - (xi) the certificate of merger for dissolution without winding up of the Transferor Company 3 having been registered with the relevant Governmental Authority of Mauritius according to the relevant Mauritian law in force;
 - (xii) the dissolution without winding up of the Transferor Company 5 having been registered with the Commercial Registry of Bizkaia (Spain) according to the relevant Spanish law in force;
 - (xiii) purchase of the shares of Gears India OpCo by the Transferor Company 4 from M&M in terms of the Gears India OpCo SPA; and
 - (xiv) such other approvals and sanctions as may be required by Applicable Law in respect of this Scheme being obtained.
- (b) On the approval of this Scheme by the shareholders of each of the Transferor Companies and the Transferee Company such shareholders shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the amalgamation set out in this Scheme, related matters and this Scheme itself.
- (c) In the event of the Scheme failing to take effect by June 30, 2015 or such later date as may be agreed by the respective Boards of Directors of the

Transferor Companies and the Transferee Company, this Scheme shall stand cancelled and be of no effect and become null and void, and in that event, no rights and liabilities shall accrue to or be incurred inter-se the Transferor Companies and the Transferee Company or their shareholders or creditors or employees or any other person. In such case, each of the Transferor Company and the Transferee Company shall bear its own costs and expenses or as may be mutually agreed.

19. Applications

The Transferor Companies and the Transferee Company shall with all reasonable dispatch make application(s) under Sections 391 and 394 and other applicable provisions of the Act to the High Court for sanctioning this Scheme and for dissolution of the Transferor Companies without winding up, as applicable.

The Transferor Company 3 shall undertake such acts as are necessary for the purpose of giving effect to the Scheme (including applying for the registration of its dissolution without winding-up with the relevant Governmental Authority of Mauritius according to the relevant Mauritian law in force).

The Transferor Company 5 shall undertake such acts as are necessary for the purpose of giving effect to the Scheme (including applying for the registration of its dissolution without winding-up with the Commercial Registry of Bizkaia (Spain) according to the relevant Spanish law in force).

20. Dissolution of the Transferor Companies

Upon the coming into effect of this Scheme, each of the Transferor Companies shall stand dissolved without winding-up without any further act or deed.

21. Dividends

- (a) 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, provided that the shareholders of the Transferor Companies shall not be entitled to dividend, if any, declared and paid by the Transferee Company to its shareholders for the accounting period prior to the Effective Date.
- (b) The shareholders of the Transferor Companies and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- (c) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder 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 respective Boards of Directors of the Transferor Companies and the



Transferee Company respectively, and subject to the approval, if required, of the shareholders of the Transferor Companies and the Transferee Company respectively.

22. Resolutions

- (a) Upon the coming into effect of this Scheme, the resolutions, if any, of the Transferor Companies, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.
- (b) Upon the coming into effect of this Scheme, the borrowing limits of the Transferee Company in terms of Section 293 (1) (d) of the Act shall be deemed, without any further act or deed, to have been enhanced by the aggregate limits of the Transferor Companies which are being transferred to the Transferee Company pursuant to the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date.

23. Modifications to the Scheme

- (a) Each of the Transferor Companies (by its respective Board of Directors) and the Transferee Company (by its Board of Directors), may, in their full and absolute discretion, assent to any alteration or modification to this Scheme which the respective Boards of Directors of each of the Transferor Companies or the Board of Directors of the Transferee Company, as the case may be, deem fit, or which the High Court and/or any other Governmental Authority may deem fit to approve or impose.
- (b) Each of the Transferor Companies (by its respective Board of Directors) and the Transferee Company (by its Board of Directors), may give such directions as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation hereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent security holders of the respective companies), or to review the position relating to the satisfaction of various conditions to this Scheme and if necessary, to waive any of those (to the extent permissible under law).
- (c) The Transferor Companies (by its respective Board of Directors) and the Transferee Company (by its Board of Directors) may in any manner at any time, determine jointly whether any asset, liability, employee, legal or other proceedings pertains to the Transferor Companies or not, on the basis of any evidence that they may deem relevant for this purpose.

24. The Transferee Company shall be entitled, pending the sanction of this Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require to carry on the business of the Transferor Companies.

25. Severability

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor Companies and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

26. Upon this Scheme becoming effective, the accounts of the Transferor Companies and the Transferee Company (as applicable), as on the Appointed Date, shall be reconstructed in accordance with the terms of this Scheme.

27. The Transferee Company shall be entitled to file/revise its income tax returns, TDS certificates, TDS returns, wealth tax returns and other statutory returns, if required, and shall have the right to claim refunds, advance tax credits, credit of all taxes paid/withheld (whether Indian or foreign), if any, as may be required consequent to implementation of this Scheme.

28. Costs

Subject to the provisions of Clause 18(c) of this Scheme, all costs, charges and expenses (including, but not limited to, any taxes and duties, stamp duty, registration charges, etc.) of /payable by the Transferor Companies and the Transferee Company in relation to or in connection with the Scheme and incidental to the completion of the amalgamation of the Transferor Companies with the Transferee Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.

