

**IN THE HIGH COURT OF JUDICATURE AT MADRAS
(ORIGINAL JURISDICTION)**

Wednesday, the 28th day of March, 2012

THE HON'BLE MR. JUSTICE A. ARUMUGHASWAMY

COMP. PETN. Nos. 189 to 191 OF 2011

In the matter of the Companies Act, 1956 (1 of 1956)

and

**In the matter of Sections 391 and 394 read with Sections
78, 100 to 103 of the Companies Act, 1956**

and

**In the matter of Scheme of Amalgamation and Arrangement
between Shriram Capital Limited and Shriram Infrastructure
Holdings Private Limited and Shriram Entrepreneurial
Ventures Limited.**

C.P. NO. 189/2011:

**Shriram Capital Limited,
a Company incorporated under the
Companies Act, 1956, having its registered
office at 123, Angappa Naicken Street,
Chennai, Tamil Nadu 600 001,
Rep. by D.V. Ravi,
Managing Director**

**.. Petitioner/Transferee/
Demerged Company**

**This Company Petition praying this Court that the
Scheme of Amalgamation and Arrangement between Shriram
Capital Limited and Shriram Infrastructure Holdings Private
Limited and Shriram Entrepreneurial Ventures Limited, be
sanctioned by this High Court, with effect from the
appointed date as defined under Clause 3.1 under Part 3 of
the Scheme (Amalgamation) and Clause 4.1 under Part 4 of
the Scheme (Demerger) so as to be binding on all the
shareholders and creditors of the petitioner company,
namely, Shriram Capital Limited and on the said Petitioner
Company.**

bf 0025191

C.P.NO.190/2011:

**Shriram Infrastructure Holdings Private Limited,
a Company incorporated under the
Companies Act, 1956, having its registered
office at Mookambika Complex No.4,
Lady Desika Road, Chennai,
Tamil Nadu 600 004,
Rep.by R.Shankar, Director**

**Petitioner/
Transferor Company**

This Company Petition praying this Court:

**a) That the Scheme of Amalgamation and Arrangement
between Shriram Capital Limited and Shriram Infrastructure
Holdings Private Limited and Shriram Entrepreneurial
Ventures Limited, be sanctioned by this High Court, with
effect from the appointed date as defined under Clause 3.1
under Part 3 of the Scheme (Amalgamation) and clause 4.1
under Part 4 of the Scheme (Demerger) so as to be binding
on all the shareholders and creditors of the petitioner
company, namely, Shriram Infrastructure Holdings Private
Limited and on the said Petitioner Company.**

**b) That the Petitioner Company, namely Shriram
Infrastructure Holdings Private Limited be dissolved
without winding up.**

C.P.NO.191/2011:

**Shriram Entrepreneurial Ventures Limited,
a Company incorporated under the
Companies Act, 1956, having its registered
office at Mookambika Complex No.4,
Lady Desika Road, Chennai,
Tamil Nadu 600 004,
Rep.by D.V.Ravi, Director.**

**.. Petitioner/
Resulting Company**

**This Company Petition praying this Court that the
Scheme of Amalgamation and Arrangement between Shriram
Capital Limited and Shriram Infrastructure Holdings Private**

bf 0005100

These Company Petitions coming on this day before this Court for hearing in the presence of Mr. P. H. Arvind Pandian, Advocate for the Petitioners in all the Company Petitions Nos.189 to 191/2011, and Mr. M. Krishnan, Central Government Standing Counsel appearing for the Regional Director, Southern Region, Ministry of Corporate Affairs, Chennai, and Mr. M. Jayakumar, Deputy Official Liquidator for Official Liquidator, High Court, Madras, and upon reading the Company Petition Nos.189 to 191/2011, and the affidavit of M.A.Kuvadia, Regional Director, Southern Region, Ministry of Corporate Affairs, Chennai and the report dated 31.1.2012 filed by the Official Liquidator, High Court, Madras in C.P.No.190/2011, and the advertisement of the company petitions having been made in one issue of English Daily "The Hindu Business Line" (Chennai Edition) dated 9.12.2011, and also in one issue of Tamil Daily "Malai Murasu" (Chennai edition) dated 8.12.2011, and this Court having dispensed with the convening, holding and conducting of the meetings of the equity shareholders of the Applicant companies by an order dated 21.10.2011 and made in C.A.Nos.697 to 699 of 2011, and the order of this Court dated 25.11.2011, and made in C.P.Nos.190 of 2011, and on perusal of the report of the Official Liquidator, High Court, Madras summarising the report of the Chartered Accountant, to the effect that the affairs of the transferor company had not been conducted in a manner

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prejudicial to the interest of its members or public at large and they do not come across any act of misfeasance by the directors attracting the provisions of Sections 542 and 543 of the Companies Act, 1956, and the Regional Director and the Official Liquidator filed their reports stating that appointed date has not been clearly mentioned in the petition and the scheme, for which the Advocate for the petitioner submits in his reply affidavit dated 28.3.2012 that the petitioners companies undertakes to fix March 1st 2012 as the appointed date for the Amalgamation (part 3) under clause 3.1 and appointed date for demerger (part 4) under clause 4.1 of the scheme of Amalgamation and Arrangement, and this Court doth hereby sanction the Scheme of Amalgamation and Arrangement annexed hereunder and declare the same to be binding on all the shareholders and creditors of the said companies, and the said companies, THIS COURT DOTH FURTHER ORDER AS FOLLOWS:-

(1) That, the Petitioner Companies herein do file with the Registrar of Companies, Chennai, a certified copy of the order within 30 days from this date.

(2) That, the parties to the Scheme of Amalgamation and Arrangement or any other person interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to carrying out this Scheme of Amalgamation and Arrangement annexed hereunder.

(3) That the Transferor Company viz., Shriram Infrastructure Holdings Private Limited shall be dissolved without being wound up.

(4) That learned Additional Central Government Standing Counsel be and is hereby entitled to a fee of Rs.10,000/- (Rupees ten thousand only) from the petitioner.

ANNEXURE:

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**SCHEME OF AMALGAMATION & ARRANGEMENT
BETWEEN
SHRIRAM CAPITAL LIMITED (SCL)
AND
SHRIRAM INFRASTRUCTURE HOLDINGS PRIVATE LIMITED (S INFRA)
AND
SHRIRAM ENTREPRENEURIAL VENTURES LIMITED (SEVL)
AND
THEIR RESPECTIVE SHAREHOLDERS**

**UNDER SECTION 391 TO 394 READ WITH SECTIONS 78, 100 TO 103 OF THE
COMPANIES ACT, 1956**

PART 1

PREAMBLE

- 1.1 **SHRIRAM CAPITAL LIMITED** (hereinafter referred to as "SCL"), the corporate particulars in respect of which are given in clause 3.2 of Part 3 and clause 4.5 of Part 4 hereof has been engaged in the Financial Services ("FS") business. The company is also engaged in Non-Financial Services ("NFS") business.
- 1.2 **SHRIRAM INFRASTRUCTURE HOLDINGS PRIVATE LIMITED** (hereinafter referred to as "S INFRA"), the corporate particulars in respect of which are given in clause 3.3 of Part 3 hereof has been engaged in the FS and NFS business.
- 1.3 **SHRIRAM ENTREPRENEURIAL VENTURES LIMITED** (hereinafter referred to as "SEVL"), the corporate particulars in respect of which are given in clause 4.6 of Part 4, herein has been engaged in the NFS business.
- 1.4 With a view to enhance the capability of each entity to focus on its core operations, it is proposed to re-structure the operations undertaken by each of the above entities. The reorganization exercise would simplify procedures and will result in well-organized and streamlined businesses. The boards of directors of the aforesaid companies are of the view that the proposed amalgamation and arrangement under this Scheme would result in obtaining operational efficiencies and unlock shareholder value.

For Shriram Capital Limited


Managing Director

Thus, with a view to segregate the FS business and the NFS business, the following activities are envisaged:

- Amalgamation of S INFRA into SCL – This would consolidate the FS business and NFS business undertaken by S INFRA into SCL
- Demerger NFS business undertaking of SCL into SEVL - This would enable SCL to carve out all its non-core assets and investments (i.e. NFS business); including the NFS business derived from the consolidation of S INFRA and transfer the same to SEVL (the proposed holding company for undertaking and holding all NFS business under the Shriram Group)

As a result, SCL would continue with only FS business and all the NFS business would be consolidated under SEVL.

1.5 This Scheme of Amalgamation and Arrangement provides for:

- (a) Part 3 - Amalgamation of Shriram Infrastructure Holdings Private Limited with Shriram Capital Limited;
- (b) Part 4 – Demerger of the Non-Financial Business Undertaking of Shriram Capital Limited to Shriram Entrepreneurial Ventures Limited;

PART 2

DEFINITIONS

2.1 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions will have the following meanings:

- (a) "Act" means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.
- (b) "Court" means the Hon'ble High Court of Judicature at Madras or such other Court / Tribunal empowered to sanction the Scheme as per the provisions of the Act.
- (c) "Effective Date" means the date or last of the dates on which the certified copy of the order of the Court sanctioning this Scheme is filed with the Registrar of Companies, Tamil Nadu, Chennai, by SCL, S INFRA and SEVL. References in this Scheme to 'upon the Scheme becoming effective' or 'effectiveness of the Scheme' shall mean the 'Effective Date'.

For Shriram Capital Limited


Managing Director

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(d) "The Scheme" or "This Scheme" means the Scheme of Amalgamation and Arrangement in its present form or with any modification(s) approved or imposed or directed by the Court.

2.2 SHARE CAPITAL

a) The share capital of Shriram Capital Limited as at March 31, 2011 was as under:

Particulars	Rupees
<u>Authorized Share Capital</u>	
13,50,00,000 Equity shares of Rs. 10 each	135,00,00,000
TOTAL	135,00,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
9,57,48,100 Equity shares of Rs. 10 each, fully paid up	95,74,81,000
TOTAL	95,74,81,000

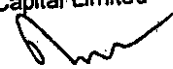
Subsequent to March 31, 2011, the issued, subscribed and paid up share capital of the SCL has been increased to Rs. 112,64,48,240 divided into 11,26,44,824 equity shares of Rs. 10/- each fully paid up.

b) The share capital of Shriram Infrastructure Holdings Private Limited as at March 31, 2011 was as under:

Particulars	Rupees
<u>Authorized Share Capital</u>	
20,00,000 Equity shares of Rs. 10 each	2,00,00,000
TOTAL	2,00,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
10,000 Equity shares of Rs. 10 each, fully paid up	1,00,000
TOTAL	1,00,000

Subsequent to March 31, 2011, the issued, subscribed and paid up share capital of S Infra has been increased to Rs. 1,01,00,000 divided into 10,10,000 equity shares of Rs. 10/- each fully paid up. The entire Issued, subscribed and

For Shriram Capital Limited


Managing Director

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paid up share capital of S Infra is held by the SCL, except 1 share which is held by Mr. R. Shankar as a nominee of SCL. Thus, the S Infra is a wholly owned subsidiary of SCL.

c) The share capital of Shriram Entrepreneurial Ventures Limited as at March 31, 2011 was as under:

Particulars	Rupees
<u>Authorized Share Capital</u>	
50,00,000 Equity shares of Rs. 10/- each	5,00,00,000
TOTAL	5,00,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
10,50,070 Equity shares of Rs. 10/- each fully paid-up	1,05,00,700
TOTAL	1,05,00,700

Subsequent to March 31, 2011, the authorized share capital stood at Rs. 5,00,00,000 divided into 35,00,000 equity shares of Rs. 10 each and 15,00,000 preference shares of Rs. 10 each. There is no change in issued, subscribed and paid up share capital.

PART 3

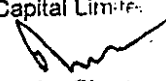
AMALGAMATION OF SHRIRAM INFRASTRUCTURE HOLDINGS PRIVATE LIMITED (S INFRA) WITH SHRIRAM CAPITAL LIMITED

A. DEFINITIONS

For the purpose of this Part,

- 3.1. "Appointed Date for Amalgamation" means the opening hours of the Effective Date or the date fixed by the Boards of Directors of the Transferor Company and the Transferee Company prior or subsequent to the opening hours of the Effective Date and/or where the High Court of Judicature at Madras modifies the Appointed Date for Amalgamation to such other date, then the same shall be the Appointed Date for Amalgamation

For Shriram Capital Limited:


Managing Director

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3.2 "SCL or Transferee Company" means Shriram Capital Limited, was incorporated on April 5, 1974 in the state of Tamil Nadu. It is engaged in the business of investments by subscribing for purchase or otherwise acquire and hold, sell, dispose and deal in shares, stocks, debentures, debenture stocks and any other money market instruments or securities of any Company, mutual fund or of any authority, state, municipal, local or otherwise. The Registered office of the company is situated at 123, Angappa Naicken Street, Chennai, Tamil Nadu – 600 001.

3.3. "S INFRA or Transferor Company" means Shriram Infrastructure Holdings Private Limited, was incorporated on May 26, 2010 in the state of Tamil Nadu. It was formed with the object of carrying on the business of developing, maintaining and operating power projects and other infrastructure projects like, road, highways project, rail system, airport development, fertilizer plants, ammonia plants, coal handling, coal gasification projects or any projects/activity of similar nature or any other facility that may be noticed in future as infrastructure facility and investment promotion business. The Registered office of the company is situated at Mookambika Complex No. 4, Lady Desika Road, Chennai, Tamil Nadu – 600 004.

3.4 "Undertaking" shall mean and include the whole of the undertaking(s) of the Transferor Company as a going concern, including all secured and unsecured debts, liabilities including deferred tax liabilities (if any), duties and obligations and all the assets and properties, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including, but without being limited to, land and building, all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, deferred tax assets (if any), investments including investments made in all subsidiaries, both Indian and overseas subsidiaries, reserves, provisions, funds, quota rights, import quotas, import licenses, other licenses, intellectual property rights, registrations, copyrights, patents, trade names, trade marks, industrial designs, and other industrial rights and licenses in respect thereof, applications for registration of intellectual property rights, copyrights, patents, trade names and trade marks, containers, packaging materials, leases, licenses, including software licenses, pollution control board licenses, factory licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, franchisee agreements, power purchase agreements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, windmills, equipment and

For Shriram Capital Limited

Managing Director

installations and utilities, electricity, water and other service connections, employees, benefits of agreements, contracts and arrangements, arrangements with original equipment manufacturers, technical collaboration agreements, long term supply contracts, powers, authorities, permits, allotments, approvals, recognitions from Government departments, consents, privileges, benefits available under any rules, regulations, statutes including direct and indirect tax laws and particularly VAT/CST benefits, service tax, cenvat benefits, import and export benefits and excise/ custom duty benefits, balances with all regulatory authorities, liberties, advantages, easements and all the rights, titles, interests, goodwill, benefits and advantages, deposits, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts, balances lying in the credit of cenvat, service tax and other taxes and all other rights, claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or by the Transferor Company, as on the Appointed Date for Amalgamation.

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

B. TRANSFER OF UNDERTAKING

- 3.6 The Undertaking shall be transferred to, and vested in, or be deemed to be, transferred to, and vested in the Transferee Company in the following manner:

- (a) With effect from the Appointed Date for Amalgamation, the whole of the Undertaking of the Transferor Company comprising their entire business, all assets and liabilities of whatsoever nature and wheresoever situated, including the immovable properties, if any, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in Sub-clauses (b), (c) and (d) below), be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date for Amalgamation, the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

For Shriram Capital Limited


Managing Director

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Provided that for the purpose of giving effect to the vesting order passed under Sections 391 to 394 in respect of this Scheme, the Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Section 391 to 394 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

- (b) With effect from the Appointed Date for Amalgamation and upon the Scheme becoming effective, the land together with the buildings standing thereon held by the Transferor Company, and any documents of title / rights and easements in relation thereto, shall be vested in and transferred to and/or be deemed to have been transferred to and vested in the Transferee Company and shall belong to the Transferee Company. With effect from the Effective Date, the Transferee Company shall in relation to such properties, be liable for ground rent and municipal taxes. The mutation of title to the immovable properties shall, if necessary, be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective in accordance with the terms herein in favour of the Transferee Company.
- (c) In respect of all the movable assets of S INFRA and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery or through any other modes of transfer, including cash on hand, investments etc. (together with duly executed transfer forms or other documents as may be required), shall be so transferred to SCL and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to SCL to the end and intent that the property and benefit therein passes to SCL with effect from the Appointed Date for Amalgamation.
- (d) In respect of movables other than those specified in sub-clause (c) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the

For Shriram Capital Limited


Managing Director

following modus operandi for intimating third parties shall, to the extent possible, be followed:

- (i) The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or depositor as the case may be, that pursuant to the Court having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;
- (ii) The Transferor Company shall also give notice in such form as it may deem fit and proper to each person, debtor, loanee or depositor that pursuant to the Court having sanctioned the Scheme the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.
- (e) In relation to the assets, if any, belonging to the Transferor Company, which require separate documents of transfer, the Transferor Company and the Transferee Company will execute necessary documents, as and when required.
- (f) With effect from the Appointed Date for Amalgamation, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date for Amalgamation the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

For Shriram Capital Limited

Managing Director

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However, the Transferee Company may, at any time, after the coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company is a party or any writing, as may be necessary, in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliances referred to above.

- (g) The transfer and vesting of the Undertaking of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however that any reference in any security documents or arrangements (to which the Transferor Company is a party) pertaining to the assets of the Transferor Company offered, or agreed to be offered, as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Undertaking of the Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that, such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Transferor Company or any of the assets of the Transferee Company.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Company vested in the Transferee Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further

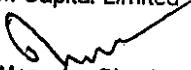
For Shriram Capital Limited


Managing Director

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or additional security therefore, after the amalgamation has become operative.

- (h) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person and availed of by the Transferor Company are concerned, the same shall vest with, and be available to, the Transferee Company on the same terms and conditions.
- (i) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any shares, securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by the Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- (j) The Transferor Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of its immovable property, if any is given to the Transferee Company.
- (k) With effect from the Appointed Date for Amalgamation, all permits, quotas, rights, entitlements, tenancies and licenses relating to brands, trademarks, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Undertaking of the Transferor Company and which are subsisting or having effect immediately before the Appointed Date for Amalgamation, shall be and remain in full force and effect in favour of the Transferee Company and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a beneficiary or obligee thereto.
- (l) With effect from the Appointed Date for Amalgamation, any statutory licenses, permissions, approvals and/or consents held by the Transferor

For Shriram Capital Limited


Managing Director

Company required to carry on operations shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities or any other person concerned therewith in favour of the Transferee Company. The benefit of all statutory and regulatory permissions, licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Company shall vest in, and become available to, the Transferee Company pursuant to the Scheme coming into effect.

- (m) The entitlement to various benefits under incentive schemes and policies in relation to the Undertaking of the Transferor Company shall stand transferred to, and be vested in, and/or be deemed to have been transferred to, and vested in, the Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income-tax, unexpired credit for minimum alternate tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs and other and incentives in relation to the Undertaking of the Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date for Amalgamation as if the Transferee Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Company.
- (n) Since each of the permissions, approvals, consents, sanctions, remissions (including remittance under income-tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs), special reservations, sales tax remissions, holidays, incentives, concessions and other authorizations relating to the Undertaking of the Transferor Company, shall stand transferred under this Scheme to the Transferee Company, the Transferee Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.

For Shriram Capital Limited

Managing Director

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- (o) From the "Effective Date" and till such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in its name, in so far as may be necessary.
 - (p) This Part of the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

C. CONSIDERATION

- 3.7 Upon this Scheme coming into effect, the shares of the Transferor Company held by the Transferee Company directly and/or through its nominee(s), constituting the entire paid up share capital of the Transferor Company will stand cancelled without any further act or deed. No shares or consideration shall be issued / paid by the Transferee Company pursuant to the amalgamation of the Transferor Company, which is a wholly-owned subsidiary of the Transferee Company.

D. LEGAL PROCEEDINGS

- 3.8 If any suit, appeal or other proceedings of whatever nature by or against S INFRA is pending as on the Appointed Date for Amalgamation, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against SCL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against S INFRA as if this Scheme had not been made.

For Shriram Capital Limited


Managing Director

- 3.9 In case of any litigation, suits or recovery proceedings which are to be initiated or may be initiated against S INFRA after the Appointed Date for Amalgamation, SCL shall be party thereto and any payment and expenses incurred in relation thereto shall be the liability of SCL.

E. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

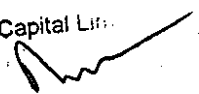
- 3.10 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments, if any, of whatsoever nature to which S INFRA is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of SCL, as the case may be, and may be enforced by or against SCL as fully and effectually as if, instead of S INFRA, SCL had been a party thereto.
- 3.11 SCL shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which S INFRA will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, SCL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of S INFRA to implement or carry out all formalities required on the part of S INFRA to give effect to the provisions of this Scheme.

F. CONDUCT OF BUSINESS

Upon filing of the Scheme with the High Court and up to and including the Effective Date:

- 3.12 S INFRA shall carry on their business with reasonable diligence and in the same manner as it had been doing hithertofore, and S INFRA shall not alter or expand the business except with the concurrence of SCL.
- 3.13 S INFRA shall not, without the written concurrence of Board of SCL, alienate, charge or encumber any of its properties referred to in Clause 3.6 above except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Boards of Directors of S INFRA and SCL.

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- 3.14 S INFRA shall not vary or alter, except in the ordinary course of its business and as may be required for reorganization, the terms and conditions of employment of any of its employees.
- 3.15 S INFRA shall not make any change in its capital structure either by any increase, (by issue of equity or shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, subdivision or consolidation, re-organization except by mutual consent of the respective Boards of Directors of S INFRA and SCL or except as may be expressly permitted.
- 3.16 With effect from the Effective Date, SCL shall commence and carry on and shall be authorised to carry on the businesses carried on by S INFRA.

G. STAFF AND EMPLOYEES OF S INFRA

- 3.17 On the Scheme becoming effective, all the employees of S INFRA, who are in service on the date immediately preceding the Effective Date shall become the employees of SCL, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date. The accounts / funds of the employees, whose services are transferred under this Clause, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the respective Trusts / Funds of SCL and such employees shall be deemed to have become members of such Trusts / Funds of SCL.

D. DISSOLUTION OF TRANSFEROR COMPANY

- 3.18 Subject to an order being made by the Court under Section 394 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

E. APPLICATION TO COURT

- 3.19 The Transferor Company and the Transferee Company shall, with reasonable despatch, apply to the Court for necessary orders or directions for holding

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meetings of the members of the Transferor Company and the Transferee Company for sanctioning this Scheme of Amalgamation & Arrangement under Section 391 of the Act or for dispensing the holding of such meetings and orders under Section 394 of the Act, for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

F. DATE OF TAKING EFFECT

- 3.20 Part 3 of the Scheme (i.e) the amalgamation of Shriram Infrastructure Holdings Private Limited with Shriram Capital Limited set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Court shall be effective from the Appointed Date for Amalgamation but shall be operative from the Effective Date.

G. ACCOUNTING TREATMENT

Upon the Scheme becoming effective and with effect from the Appointed Date for Amalgamation, SCL shall account for the amalgamation in its books as under:

- 3.21 All the assets and liabilities recorded in the books of the Transferor Company shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at their fair values, as may be determined by the Board of Directors as on the Effective Date while adopting the Order of the High Court.
- 3.22 Inter-Company balance, investments and loans between S INFRA and SCL, if any, shall stand cancelled.
- 3.23 The difference, being the excess / shortfall of the fair value of assets and liabilities transferred pursuant to the Scheme as per clause 3.21 after making adjustments as per clause 3.22 above shall be credited to Capital Reserve account of SCL. In case of there being a shortfall, the same shall be reduced from the Securities Premium Account.
- 3.24 The application and reduction, if any, of the Securities Premium Account of SCL as above, shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 78 read with Sections 100 to 103 of the Act. However as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up

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share capital, the provisions of Section 101 of the Act are not applicable. Therefore no order under section 102 of the Act confirming the reduction shall be required.

- 3.25 If considered appropriate for the purpose of application of uniform accounting methods and policies between S INFRA and SCL, SCL may make suitable adjustments and reflect the effect thereof in its General Reserve account.

H. SAVING OF CONCLUDED TRANSACTIONS

- 3.26 The transfer of properties and liabilities under clause 3.6 above and the continuance of proceedings by or against S INFRA under clause 3.8 and 3.9 above shall not affect any transaction or proceedings already concluded by S INFRA till the Effective Date, to the end and intent that the SCL accepts and adopts all acts, deeds and things done and executed by S INFRA in respect thereto as done and executed on behalf of itself.

PART 4

DEMERGER OF NFS UNDERTAKING OF SHRIRAM CAPITAL LIMITED (SCL) TO SHRIRAM ENTREPRENEURIAL VENTURES LIMITED (SEVL).

A. DEFINITIONS

For the purposes of this Part,

- 4.1 "Appointed Date for Demerger" means the closing hours of the Effective Date or the date fixed by the Boards of Directors of the Demerged Company and the Resulting Company prior or subsequent to the closing hours of the Effective Date and/or where the High Court of Judicature at Madras modifies the Appointed Date for Demerger to such other date, then the same shall be the Appointed Date for Demerger.
- 4.2 "NFS Undertaking or Demerged Undertaking" means the businesses of SCL, comprising of the non-financial business and any investment made in companies engaged into non-financial business and includes the Undertaking comprising of:

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- (a) All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible including deposit with banks and / or other entities and investment into any other entities carrying on non-financial businesses) wherever situated pertaining thereto;
- (b) All present and future liabilities (including contingent liabilities) arising out of the activities or operations of Non-Financial Business Undertaking, including loans, debts, current liabilities and provisions, duties and obligations relatable to the Non-Financial Business Undertaking;
- (c) Without prejudice to the generality of sub-clauses (a) and (b) above, the said Demerged Undertaking of SCL shall include all properties wherever situated, including all current assets, funds, offices, furniture, fixtures, office equipment, appliances, accessories, vehicles permits, quotas, rights, entitlements, bids, tenders, letters of intent, expressions of interest, municipal and other statutory permissions, approvals, consents, licenses, registrations, subsidies, concessions, exemptions, remissions, tax deferrals, tenancies in relation to office and/or residential property for the employees, offices, goodwill, intellectual property, investment, cash balances, tax credits, the benefit of any deposit, financial assets, funds belonging to or proposed to be utilized for the Demerged Undertaking, bank balances and bank accounts relating to the day to day operations, privileges, all other rights and benefits, lease rights, licenses, patents, trade marks, domain names, copyrights, trade name and other intellectual property rights of any nature whatsoever and licenses in respect thereof, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephone, telexes, facsimile connection and installations, utilities, power lines, electricity and other services, provisions, funds, benefits of all agreements, subsidies, grants and incentive schemes formulated by Central or State Government, if any, contracts and arrangements and all other interest in connection with or relating to the Demerged Undertaking; records, files, papers, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Demerged Undertaking, records, files, employees, benefits of agreements, contracts and arrangements, powers, authorities, balances with all regulatory authorities, liberties,

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advantages, easements and all the right, title, interest, goodwill, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts, earnest moneys/ security deposits and all other rights, claims and powers, of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Demerged Undertaking. SCL, as on the commencement of the Appointed Date for Demerger and all earnest money and/or deposits including security deposits paid by SCL in relation to Demerged Undertaking as on the commencement of the Appointed Date for Demerger and all other rights, benefits available under any rules, regulations, statutes including direct and indirect tax laws and particularly VAT/CST benefits, Service Tax, Cenvat benefits, import and export benefits and excise/custom duty benefits, balances lying in the credit of cenvat, service tax and other taxes of SCL in relation to Demerged Undertaking and in each case, as on the Appointed Date for Demerger and as modified and altered from time to time to the Effective Date.

(d) For the purpose of this Scheme, it is clarified that liabilities pertaining to the Demerged Undertaking may include:

- a. the liabilities, which arise out of the respective activities or operations of the Demerged Undertaking;
- b. specific loans and borrowings raised, incurred and utilized solely for the respective activities or operation of the Demerged Undertaking;
- c. liabilities other than those referred to in sub-clauses (a) and (b) above, being the amounts of general or multipurpose borrowings of SCL, may be allocated to the Demerged Undertaking in the same proportion in which the value of the assets transferred under this Scheme bear to the total value of the assets of SCL immediately before giving effect to this Scheme.

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided by mutual agreement between the Board of Directors of SCL and SEVL.

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- 4.3 **"Remaining Business"** or **"Remaining Business of the Demerged Company"** means all the undertakings, businesses, activities and operations of SCL other than the Demerged undertaking.
- 4.4 **"Record Date"**, in respect of demerger of Non-Financial Business Undertaking of SCL into SEVL, for the purposes of issue and allotment of preference shares by SEVL shall be April 1, 2011.
- 4.5 **"SCL or Demerged Company"** means Shriram Capital Limited, was incorporated on April 5, 1974 in the state of Tamil Nadu. It is engaged in the business of investments by subscribing for purchase or otherwise acquire and hold, sell, dispose and deal in shares, stocks, debentures, debenture stocks and any other money market instruments or securities of any Company, mutual fund or of any authority, state, municipal, local or otherwise. The Registered office of the company is situated at 123, Angappa Naicken Street, Chennai, Tamil Nadu – 600 001.
- 4.6 **"SEVL or Resulting Company"** means Shriram Entrepreneurial Ventures Limited was incorporated on August 4, 1995 in the State of Tamil Nadu. It is presently engaged in the business of carrying out investment promotion in the fields of infrastructure development and other non-financial businesses, etc.. The Registered office of the company is situated at Mookambika Complex No. 4, Lady Desika Road, Chennai, Tamil Nadu – 600 004.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

B. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING OF SHRIRAM CAPITAL LIMITED (SCL) TO SHRIRAM ENTREPRENEURIAL VENTURES LIMITED (SEVL).

- 4.7 With effect from the Appointed Date for Demerger and upon the Scheme becoming effective, the Demerged Undertaking of SCL comprising all assets

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and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Sections 391 to Section 394 and all other applicable provisions, if any, of the Act, without any further act, deed, shall stand transferred to and vested in or be deemed to be transferred to, and vested in, SEVL as a going concern so as to become, as and from the Appointed Date for Demerger, the assets and liabilities of SEVL and there shall be vested in SEVL all the rights, titles, interests or obligations of the said Demerged Undertaking therein and shall be free from all encumbrances.

4.8 All the movables including cash in hand, if any, of the Demerged Undertaking capable of passing by manual delivery, shall be so delivered or endorsed as the case may be, to the Resulting Company. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of the Demerged Company and Resultant Company.

4.9 In respect of movables of the Demerged Undertaking other than those specified in clause 4.8 above, including sundry debtors, outstanding loans, and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies and customers and other persons pertaining to the Demerged Undertaking, the following modus operandi for intimating to third parties shall to the extent possible be followed:

- (i) Demerged Company may give notice in such form as it may deem fit and proper, to each person, party, debtor, lonee or depositor as the case may be, belonging to or related to the Demerged Undertaking, that pursuant to the Court having sanctioned the Scheme, the said debt, loan, advances, bank balances or deposits be paid or made good or held on account of the Resulting Company as the person entitled thereto to the end and intent that the right of the Demerged Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;
- (ii) The Resulting Company may also give notice in such form as it may deem fit and proper to each person, debtor, lonee or depositor, as the case may be, belonging to or related to the Demerged Undertaking, that pursuant to the Court having sanctioned the Scheme, the said debt, loan or deposit be paid or made good or held on account of the Resulting Company and that the right of the Demerged Company to recover or realize the same stands extinguished.

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- 4.10 In relation to other assets belonging to Demerged Undertaking, which require separate documents for transfer, or which the Demerged Company and/or the Resulting Company otherwise desire to transfer separately, the Demerged Company and the Resulting Company each will execute such deeds, documents or such other instruments or writings or create evidence, if any, as may be necessary.
- 4.11 The Demerged Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of its immovable property, if any is given to the Resulting Company.
- 4.12 With effect from the Appointed Date for Demerger, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description attributable to the Demerged Undertaking of SCL shall, without any further act or deed, be transferred to, or be deemed to be transferred to, SEVL so as to become as from the Appointed Date for Demerger, the debts, liabilities, contingent liabilities, duties and obligations of SEVL and SEVL undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.
- 4.13 The transfer and vesting of the Demerged Undertaking as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the Demerged Undertaking, provided however, any reference in any security documents or arrangements, to which SCL is a party, wherein the assets of the Demerged Undertaking have been or are offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Demerged Undertaking as are vested in SEVL by virtue of this Scheme, to the end and intent that such security, charge, hypothecation and mortgage shall not extend or be deemed to extend, to any of the other assets of SCL or any of the assets of SEVL, provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the SEVL shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such

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securities, charges, hypothecation or mortgages shall not extend or be deemed to extend, to any of the assets of the Demerged Undertaking vested in the SEVL, provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by SCL in relation to the Demerged Undertaking which shall vest in the SEVL by virtue of the vesting of the Demerged Undertaking with SEVL and SEVL shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

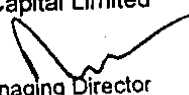
- 4.14 All the loans and advances and other facilities sanctioned, if any to SCL in relation to the Demerged Undertaking by its bankers and financial institutions prior to the Appointed Date for Demerger, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to SEVL and shall on the Effective Date be treated as loans, advances and other facilities made available to SEVL and all the obligations of SCL in relation to the Demerged Undertaking under any loan agreement shall be construed and shall become the obligation of SEVL without any further act or deed on the part of the SEVL.
- 4.15 With effect from the Appointed Date for Demerger and upon the Scheme becoming Effective, all contracts deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature in relation to the Demerged Undertaking of SCL, or to the benefit of which the Demerged Undertaking of SCL may be eligible, and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of SEVL, as the case may be, and may be enforced by or against SEVL as fully and effectually as if, instead of SCL, SEVL had been a party thereto.
- 4.16 With effect from the Appointed Date for Demerger and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licenses, registrations, trademarks, patents, copy rights, privileges, powers, facilities, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Demerged Undertaking of SCL, or to the benefit of which the Demerged Undertaking of SCL may be eligible, or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against SEVL, as the case may be, and may be enforced fully and effectually as if, instead of SCL, SEVL had been a beneficiary or obligee thereto.

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- 4.17 With from the Appointed Date for Demerger and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking of SCL shall stand vested in or transferred to SEVL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of SEVL. The benefit of all such statutory and regulatory permissions, licenses, approvals and consents including statutory licenses, approvals, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking of SCL shall vest in and become available to the Resulting Company pursuant to the Scheme.
- 4.18 For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Act in respect of this Scheme, SEVL shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and appurtenant legal right(s) upon the vesting of such assets of the Demerged Undertaking of SCL in SEVL in accordance with the provisions of Sections 391 and 394 of the Act. Upon the Scheme becoming effective and with effect from the Appointed Date for Demerger, the filing of certified copies of the order of Court sanctioning this Scheme shall constitute a creation / modification of charge in the name of SEVL in accordance with the provisions of Section 127 of the Act and satisfaction of charge in respect of SCL in accordance with Section 138 of the Act, if there are any existing charges attaching to the Demerged Undertaking.
- 4.19 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations in relation to the Demerged Undertaking of SCL, shall stand transferred by the order of the Court to SEVL, SCL shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the Court.
- 4.20 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961, the provisions of Section 2 (19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand

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modified to the extent necessary to comply with Section 2(19AA) of the Income-Tax Act, 1961; such modification to not affect other parts of the Scheme.

- 4.21 SEVL shall enter into and/or issue and / or execute deeds, writings or confirmations or enter into any tripartite agreement, confirmations or novations to which the Demerged Undertaking of SCL will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.

C. LEGAL PROCEEDINGS:

- 4.22 All legal or other proceedings initiated by or against SCL in respect of the Demerged Undertaking and pending on the effective date, shall be continued to be prosecuted and enforced by SEVL. SEVL also undertakes to deal with all legal or other proceedings which may be initiated by or against SCL with respect to the Demerged Undertaking and SEVL further undertakes to pay all amounts including interest, penalties, damages, etc., which may be called upon to pay or secure in respect of any liability or obligation relating to the Demerged Undertaking, in future.

D. STAFF AND EMPLOYEES OF DEMERGED UNDERTAKING OF SCL:

- 4.23 Upon the Scheme becoming effective, all the staff, workmen and other employees engaged in the Demerged Undertaking of SCL immediately before Effective Date shall become the staff, workmen and employees of SEVL on the basis that :
- (a) Their service shall have been continuous and shall not have been interrupted by reason of the demerger;
 - (b) The terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer and.
 - (c) It is expressly provided that as far as Provident Fund, Gratuity Fund, Super Annuation Fund or any other Special Fund created or existing for the benefit of the staff, workmen and the employees of the Demerged Undertaking of SCL are concerned, upon the Scheme becoming effective, SEVL shall stand substituted for SCL for all purposes

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E. CONDUCT OF BUSINESS:

4.24 Upon filing of Scheme with High Court and up to and including the Effective Date:

- (a) SCL shall carry on and be deemed to have carried on its business and activities relating to the Demerged Undertaking and shall stand possessed of all its assets and properties referred to above, in trust for SEVL and shall account for the same to SEVL. SCL shall hold the said assets with utmost prudence until the Effective Date.
- (b) SCL shall carry on its business activities with respect to the Demerged Undertaking with reasonable diligence and business prudence. SCL shall not undertake any additional financial commitments, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for SEVL or on behalf of its subsidiaries, or transfer, alienate, charge, mortgage or encumber or deal with the Demerged Undertaking save and except a written consent of SEVL has been obtained.
- (c) Pending sanction of the Scheme, SCL shall not make any change in its capital structure either by any increase, (by issue of equity shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner except by mutual consent of the respective Boards of Directors of SCL and SEVL or as may be expressly permitted under this Scheme or as may be required to give effect to the Scheme.

F. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

4.25 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments, if any, of whatsoever nature to which SCL is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of SCL, in relation to the Demerged Undertaking as the case may be, and may be enforced by or against SEVL as fully and effectually as if, instead of SCL, SEVL had been a party thereto.

SEVL shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which SCL will in relation to the Demerged Undertaking, if

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necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, SEVL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of SCL to implement or carry out all formalities required on the part of SCL to give effect to the provisions of this Scheme.

G. SAVING OF CONCLUDED TRANSACTIONS

- 4.26 The transfer of properties and liabilities of Demerged Undertaking of SCL under clause 4.7 to 4.19 above and the continuance of proceedings by or against SCL in relation to the Demerged Undertaking under clause 4.22 above shall not affect any transaction or proceedings already concluded by SCL till the Effective Date, to the end and intent that the SEVL accepts and adopts all acts, deeds and things done and executed by SCL in respect thereto as done and executed on behalf of itself in respect of NFS Undertaking of SCL.

H. REMAINING BUSINESS

- 4.27 It is clarified that, the remaining Business of the Demerged Company shall continue with SCL as follows:

- (i) The Remaining Business of SCL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by SCL.
- (ii) All legal and other proceedings by or against SCL under any statute, whether pending on the Appointed Date for Demerger or which may be instituted in future, whether or not in respect of any matter arising before the Appointed Date for Demerger and relating to the Remaining Business of SCL (including those relating to any property, right, power, liability, obligation or duty, of SCL in respect of the Remaining Business of SCL) shall be continued and enforced by or against SCL.

I. CONSIDERATION

- 4.28 Upon the the Scheme becoming effective and in consideration of demerger including the transfer and vesting of the Demerged Undertaking of SCL in SEVL, SEVL shall, without any further application or deed, issue and allot to all shareholders of SCL whose name appears in the Register of Members of SCL

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as on the Record Date for Demerger or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, fully paid-up preference shares in the following ratio:

- In respect of every 500 (Five Hundred only) Equity Shares of Rs. 10 each fully paid up, held by the shareholders in SCL, 1 (One) Preference share of Rs. 10 each/- fully paid up in SEVL.
- The Preference shares shall be issued and allotted on the terms and conditions set out in the Schedule to this Scheme.
- Preference Shares in SEVL to be issued to the members of the Demerged Company pursuant to Clause 4.28 above shall be subject to the Memorandum and Articles of Association of SEVL.
- No additional consideration and / or payments other than mentioned in 4.28 shall be required to be made by SEVL to the shareholders of SCL for the transfer of and vesting of the Non-Financial Business Undertaking of SCL into SEVL.
- The issue and allotment of Preference shares to the equity shareholders of SCL, as provided in this Scheme, shall be deemed to be made in compliance with the procedure laid down under Section 81(1A) and any other provisions of the Act.
- Any fraction arising on issue of shares as above will be rounded off to the next integer.
- The authorized share capital of SEVL may be increased to the extent necessary for issuing Preference shares under this Scheme
- For the purposes of Income-tax Act, 1961:
 - the cost of acquisition of the shares of SEVL in the hands of the shareholders of SCL shall be the amount which bears to the cost of acquisition of shares held by the shareholder in SCL the same proportion as the net book value of the assets transferred in the demerger to SEVL bears to the net worth of SCL immediately before the demerger hereunder;
 - the period for which the share(s) in SCL were held by the shareholders shall be included in determining the period for which the shares in SEVL have been held by the respective shareholder.

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J. ACCOUNTING TREATMENT IN THE BOOKS OF SCL

4.29 The book value of all assets and liabilities pertaining to the Demerged Undertaking which cease to be the assets and liabilities of SCL shall be reduced by SCL at their book values. The difference, being the excess of the book value of assets over the book value of the liabilities pertaining to the Demerged Undertaking and demerged from SCL pursuant to this Scheme shall be adjusted against the Securities Premium Account of SCL.

4.30 The application and reduction, if any, of the Securities Premium Account of SCL as above, shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 78 read with Sections 100 to 103 of the Act. However as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act are not applicable. Therefore no order under section 102 of the Act confirming the reduction shall be required.

K. ACCOUNTING TREATMENT IN THE BOOKS OF SEVL

4.31 On the Scheme becoming effective:

- (i) SEVL shall record the assets and liabilities pertaining to the Demerged Undertaking, at the respective book values as appearing in the books of SCL as on the Appointed Date for Demerger;
- (ii) The inter-company investments by SCL into SEVL, if any, shall stand cancelled.
- (iii) SEVL shall credit the share capital account with the aggregate face value of the Preference Shares issued to the shareholders of SCL pursuant to this Scheme;
- (iv) The excess of the face value of the Preference shares issued by SEVL as consideration to the shareholders of SCL over the value of the net assets of SCL acquired by SEVL and after making adjustments as mentioned in sub-clause (ii) above, should be recognized in SEVL's financial statement as Goodwill arising on demerger. If the amount of consideration is lower than the value of net assets acquired, the difference, after making adjustments as mentioned in sub-clause (ii) above should be credited to the General Reserve Account and shall be treated as general reserve arising (not created) on acquisition of business pursuant to demerger and such General Reserve shall be

For Shriram Capital Limited


Managing Director

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treated as free reserves available for distribution of dividend under section 205 of the Companies Act, 1956.

- (v) The cancellation of shares in SEVL (if any), as mentioned in sub-clause 4.31(ii), shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 100 to 103 of the Act. However as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act are not applicable. Therefore no order under section 102 of the Act confirming the reduction shall be required.

L. APPLICATION TO COURT

- 4.32 The Demerged Company and the Resulting Company shall, with reasonable despatch, apply to the Court for necessary orders or directions for holding meetings of the members of the Demerged Company and the Resulting Company for sanctioning this Scheme of Amalgamation and Arrangement under Sections 391 and 394 read with Section 78 and Section 100 to 103 and other relevant provisions of the Companies Act, 1956.

PART 5

Scheme Conditional on Approvals / Sanctions -

- 5.1 The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- 5.2 The Companies shall, with all reasonable despatch, make and pursue applications to the Court, under Section 391 of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the respective classes of the members and/or creditors of each of the Company or Companies as may be directed by the Court and for sanctioning the Scheme under Sections 391 and 394 read with Section 78 and Section 100 to 103 and other relevant provisions of the Companies Act, 1956 and for such other order or orders, as the said Court may deem fit for carrying this Scheme into effect.

For Shriram Capital Limited


Managing Director

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- 5.3 The sanction by the Court under Sections 391 and 394 and other applicable provisions of the Act being obtained by the Transferor Company and the Transferee Company.
- 5.4 The Scheme is conditional upon and subject to its being sanctioned by the Court and certified copies of the orders sanctioning the Scheme being filed with the Registrar of Companies, Tamil Nadu, Chennai. The Scheme shall become operative on the date or the last of the dates on which the certified copies of the orders of the Court sanctioning the Scheme are filed by SCL, S INFRA, SEVL with the Registrar of Companies, Tamil Nadu, Chennai. Such date shall be known as the Effective Date.
- 5.5 On the sanction of the Scheme and upon the Scheme becoming effective, the following shall be deemed to have occurred and become effective and operative only in the sequence and in the order mentioned hereunder:
- (a) Amalgamation of Shriram Infrastructure Holdings Private Limited with Shriram Capital Limited;
 - (b) Demerger of the NFS Undertaking of Shriram Capital Limited into Shriram Entrepreneurial Ventures Limited.
- 5.6 If any part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such part or clause.
- 5.7 MODIFICATIONS / AMENDMENTS TO THE SCHEME
- (i) SCL, S INFRA and SEVL through their respective Boards of Directors including Committees of Directors or other persons, duly authorised by the respective Boards in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, which the Court or any other Competent Authority may deem fit to direct, approve or impose and may give such directions including an order of dissolution of the Transferor Company without process of winding up as they may consider necessary, to settle any doubt, question or difficulty, arising under the

For Shriram Capital Limited

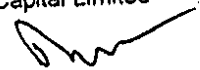
Managing Director

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scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this scheme into effect.

- (ii) If any Part or provision of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such Part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part or provision, as the case may be, shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such Part or provision.

- 5.8 For the purpose of giving effect to the Scheme after it is sanctioned by the Court, the Directors of the Companies are authorised to identify / allocate / apportion the assets and liabilities covered under the Scheme.
- 5.9 In the event of the Scheme not being sanctioned by the Court and/or the Order(s) not being passed by March 31, 2012, this Scheme shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, obligation and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in this Scheme and or otherwise arise as per law. In such case each company shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed. For the purpose of giving full effect to this Scheme, the respective Board of Directors of the Companies are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their power through and by their respective delegates.
- 5.10 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by SEVL.

For Shriram Capital Limited


Managing Director

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SCHEDULE - 1
TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES

Dividend rate	6% p.a
Accumulation of dividend	Non - Cumulative
Payment of dividend	The Preference Shares will qualify for preference dividend as above from the date of allotment up to the date of redemption and such dividend will be paid on a pro rata basis for which the shares are paid up and outstanding.
Period	20 years
Listing	The Preference Shares will not be listed on any Stock Exchange.
Redemption	Redeemable at the option of the shareholder any time after the date of allotment of the shares (but before the end of 20 years from such date).

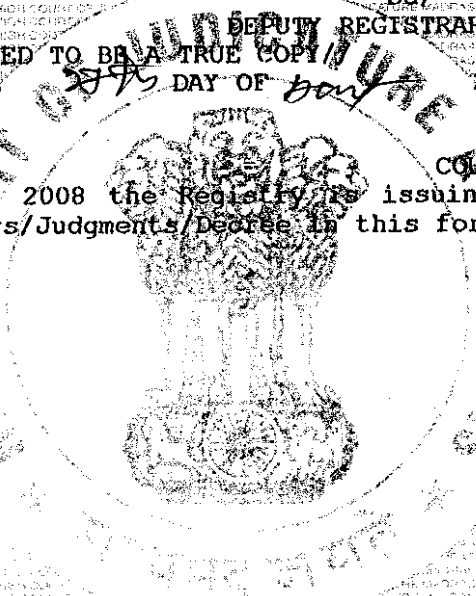
For Shriram Capital Limited


Managing Director

2012

DATED THIS THE

From 25th September 2008 the Registry is issuing copies of the Orders/Judgments/Decree in this format.



bs/19.4.2012

COMP. PETN. Nos 189 to 191
of 2011

ORDER DATED: 28.3.2012

THE HON'BLE MR. JUSTICE
A. ARUMUGHASWAMI

FOR APPROVAL ON: 23.4.2012

APPROVED ON: 27.4.2012

COPY TO:

1. The Official Liquidator,
High Court, Madras.
2. The Regional Director,
Southern Region,
5th Floor, Ministry of
Corporate Affairs,
No.26, Haddows Road,
Chennai-6.
3. The Registrar of
Companies, II Floor,
No.26, Haddows Road,
Chennai-6.

bf 0025196

OF THE COURT OF APPEALS
IN THE DISTRICT OF COLUMBIA

ORDERED: 28.1.1975

THE HON. MR. JUSTICE
A. ARUNDALE

FOR APPROVAL ON 27.1.1975

APPROVED ON 27.1.1975

COPIES TO:

1. The Official Register
High Court, Madras

2. The Regional Director,
Southern Region,
4th Floor, Ministry of
Corporate Affairs,
No. 28, Balaiah Road,
Chennai-600 002

HIGH COURT, MADRAS

ORIGINAL SIDE

C.A. No. --- 2548/14 ---
Applied --- 26/8/14 ---
Stamp called for --- 27/1/15 ---
Stamps put in --- 27/1/15 ---
Ready --- 27/1/15 ---

8
27/1/15 C.O. (S.)