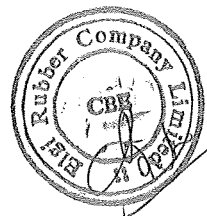


**SCHEME OF AMALGAMATION**  
**OF**  
**TREADSDIRECT LIMITED**  
**AND**  
**PARANI STEELS PRIVATE LIMITED**  
**WITH**  
**ELGI RUBBER COMPANY LIMITED**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS**  
**(Under Sections 391 to 394 of the Companies Act, 1956)**

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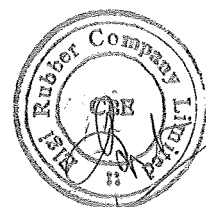
**PREAMBLE & RATIONALE TO THE SCHEME**

- (A) **TREADSDIRECT LIMITED – CIN No: U25114TZ2010PLC016201** (hereinafter referred to as "Transferor Company 1") was incorporated on the 7<sup>th</sup> day of July, 2010 under the Companies Act, 1956, in the State of Tamilnadu. The registered office of the Transferor Company (1) is situated at 2000, Trichy Road, Singanallur, Coimbatore-641005, Tamil Nadu, India. The Transferor Company (1) is engaged in the business of manufacturing and dealing in tyres and tubes, tyre treads, tyre retreading machinery, rubber processing machines and service equipment and related accessories, materials and tools (hereinafter referred to as the "**Business of the Transferor Company (1)**"). The entire issued, subscribed and paid-up share capital of the Transferor Company (1) is held by "Elgi Rubber Company Limited", the Transferee Company, in its own name and jointly with its nominees. Hence, the Transferor Company (1) is a wholly-owned subsidiary of the Transferee Company.
- (B) **PARANI STEELS PRIVATE LIMITED –CIN No: U27104TN1987PTC014344** (hereinafter referred to as "Transferor Company 2") was incorporated on the 11<sup>th</sup> day of May, 1987 under the Companies Act, 1956, in the State of Tamilnadu. The registered office of the Transferor Company (2) is situated at Mannur Koot Rd, Thodu



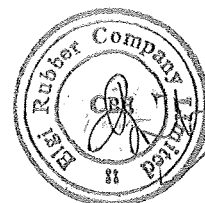
Kodu PO., Sripreempudur-622105, Tamil Nadu, India. The Transferor Company (2) is engaged in the business of manufacturing of pressure vessels, and manufacturing and dealing in automotive tyres and tubes, tyre treads, tyre retreading machinery and service equipment and related accessories, materials and tools (hereinafter referred to as the **"Business of the Transferor Company (2)"**). The entire issued, subscribed and paid-up share capital of the Transferor Company (2) is held by "Elgi Rubber Company Limited", the Transferee Company in its own name and jointly with its nominees. Hence, the Transferor Company (2) is a wholly-owned subsidiary of the Transferee Company.

- (C) **ELGI RUBBER COMPANY LIMITED – CIN NO: L25119TZ2006PLC013144** (hereinafter referred to as "Transferee Company"), was incorporated on 16<sup>th</sup> day of October, 2006 under the Companies Act, 1956, in the State of Tamilnadu under the name and style of "Elgi Aviation Tyres Limited". Subsequently the name was changed as "Elgi Rubber International Limited" and thereafter to the present name.. The Registered office of the Transferee Company is situated at 2000 Trichy Road, Singanallur, Coimbatore-641005, Tamil Nadu, India. The equity shares of the Transferee Company are listed on the National Stock Exchange of India Limited (**"NSE"**) The Transferee Company is engaged in the business of manufacturing and retreading of all kinds and types of automotive tyres, aeronautical tyres & tubes, service equipments and related accessories, materials and tools (hereinafter referred to as the **"Business of the Transferee Company"**). The Transferee Company is the holding company of the Transferor Company (1) & (2).
- (D) The Scheme of Amalgamation has been formulated and presented under section 391 to 394 of the Companies Act, 1956. Upon the relevant sections of the Companies Act 2013 pertaining to schemes of arrangement, compromise or reconstruction of companies being notified by the Ministry of Corporate Affairs (**"MCA"**), the Scheme of Amalgamation shall be deemed to have been formulated and presented under sections 230 to 240 of the Companies Act, 2013. Reference to any provisions of the Companies Act 1956, if any, under the Scheme would be deemed to be references to the respective corresponding provisions of the Companies Act, 2013.



(E) The directors of both the Transferor Companies and Transferee Company have decided to amalgamate the Transferor Companies with Transferee Company in order to ensure better management of the Company as a single unit. The directors of both Transferor Companies and Transferee Company are of the opinion that the proposed amalgamation of the Transferor Companies with Transferee Company will be for the benefit of both the Transferor Companies and Transferee Company in the manner following:

- (i) The Transferor Companies are wholly-owned subsidiaries of the Transferee Company and the amalgamation will result in reduction in the shareholding layers and direct control of assets of the Transferor Companies in the hands of the Transferee Company
- (ii) The amalgamation will enable consolidation of the business of the group into one entity which will facilitate in focussed growth, operational efficiencies, business synergies and better supervision of the business of the group.
- (iii) The amalgamation will enable pooling of resources of the aforesaid companies with the resources of the Transferee Company to their advantage, resulting in more productive utilisation of said resources, and cost and operational efficiencies which would be beneficial to all stakeholders
- (iv) The amalgamation will also enable smoother implementation of policy changes at a higher level from a management perspective and shall also help enhance the efficiency and control of the entities. The amalgamation will also help achieve business synergies.
- (v) The amalgamation will result in consolidation of market share and increased customer recognition. There is no likelihood that interests of any shareholder or creditor of either the Transferor Companies or the Transferee Company would be prejudiced as a result of the Scheme. The Amalgamation will not impose any additional burden on the members of the Transferor Companies or the Transferee Company.

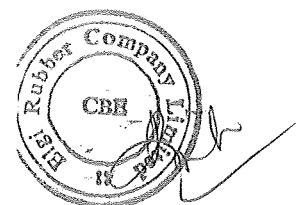


## PART I - GENERAL

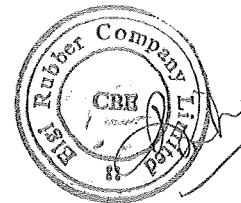
### 1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

- 1.1 **“Act”** means the Companies Act, 1956 and/or the Companies Act, 2013 as in force from time to time; it being clarified that as on the date of approval of this Scheme by the Boards of Directors of the Transferor Company and the Transferee Company, Sections 391 and 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. Accordingly, references in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 1956. Upon such provisions standing re-enacted by enforcement of provisions of the Companies Act, 2013, such references shall, unless a different intention appears, be construed as references to the provisions so re-enacted.
- 1.2 **“Appointed Date”** means the date from which this Scheme shall become operative viz., April 1<sup>st</sup>, 2015 or if the Board of Directors of the Transferor Companies and the Transferee Company require any other date prior or subsequent to 1<sup>st</sup> April 2015 and/or High Court of Judicature at Madras modifies the appointed date to such other date, then the same shall be the Appointed Date.
- 1.3 **“Board”** or **“Board of Directors”** means the board of directors of the Transferor Company or the Transferee Company, as the case may be, and shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee of directors;
- 1.4 **“Court”** means the Hon'ble High Court of Judicature at Madras under the Companies Act, 1956 or such other Tribunal (i.e) the National Company Law Tribunal (**“NCLT”**) & the National Company Law Appellate Tribunal (**“NCLAT”**) as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under section 230 to 240 of the Companies Act, 2013.



- 1.5 **“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 concerned Registrar of Companies by the Transferor Companies and the Transferee Company.
- 1.6 **“Scheme of Amalgamation”** or **“Scheme”** or **“The Scheme”** or **“This Scheme”** means this Scheme of Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the Court.
- 1.7 **“Transferee Company”** means **“ELGI RUBBER COMPANY LIMITED”**, a public listed company incorporated under the Act on 16<sup>th</sup> day of October, 2006 and having its registered office at 2000 Trichy Road, Singanallur, Coimbatore-641005.
- 1.8 **“Transferor Company (1)”** means **“TREADSDIRECT LIMITED”**, a company incorporated under the Act on 7<sup>th</sup> day of July, 2010 and having its registered office at 2000 Trichy Road, Singanallur, Coimbatore-641005.
- 1.9 **“Transferor Company (2)”** means **“PARANI STEELS PRIVATE LIMITED”**, a company incorporated under the Act on 11<sup>th</sup> day of May, 1987 and having its registered office at Mannur Koot Rd, Thodu Kodu PO., Sripreempudur-622105, Tamil Nadu, India.
- 1.10 **“Transferor Companies”** means Transferor Company (1) and Transferor Company (2) collectively.
- 1.11 **“Undertakings”** shall mean and include the whole of the undertakings of the Transferor Companies, as a going concern, including their businesses, all secured and unsecured debts, liabilities, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable property (as provided under Schedule A & B) 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 (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, registrations, accreditations to trade and industrial bodies, copyrights, patents, trade names, trade marks and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trade marks, leases, licenses, tenancy rights, premises,

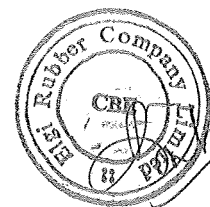


ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, etc), Software Licences, Domain / Websites etc., in connection with or relating to the Transferor Companies and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Companies, as on the Appointed Date.

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

## **2. SHARE CAPITAL**

- 2.1. The Authorised Capital of the Transferor Company (1) as on 31<sup>st</sup> March 2014 is Rs.5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each. The issued, subscribed and paid-up capital of the Transferor Company (1) as on 31<sup>st</sup> March 2014 is Rs.4,75,00,000/- (Rupees Four Crore Seventy Five Lakhs only) divided into 47,50,000 (Forty Seven Lakh Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each. Subsequent to 31<sup>st</sup> March 2014, there has been no change in the authorized, issued, subscribed and paid-up capital of the Transferor Company (1).
- 2.2. The Authorised Capital of the Transferor Company (2) as on 31<sup>st</sup> March 2014 is Rs.3,00,00,000/- (Rupees Three Crores only) divided into 30,00,000 (Thirty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each. The issued, subscribed and paid-



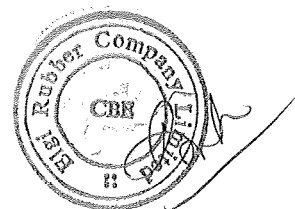
up capital of the Transferor Company (2) as on 31<sup>st</sup> March 2014 is Rs.3,00,00,000/- (Rupees Three Crores only) divided into 30,00,000 (Thirty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each. Subsequent to 31<sup>st</sup> March 2014, there has been no change in the authorized, issued, subscribed and paid-up capital of the Transferor Company (2).

- 2.3. The Authorised Capital of the Transferee Company as on 31<sup>st</sup> March 2014 is Rs.30,03,00,000/- (Rupees Thirty Crores and Three Lakh only) divided into 30,03,00,000 (Thirty Crores and Three Lakh) Equity Shares of Re.1/- (Rupee One only) each. The issued, subscribed and paid-up capital of the Transferee Company as on 31<sup>st</sup> March 2014 is Rs.5,00,50,000/- (Rupees Five Crore Fifty Thousand only) divided into 5,00,50,000 (Five Crore Fifty Thousand) Equity Shares of Re.1/- (Rupee One only) each. Subsequent to 31<sup>st</sup> March 2014, there has been no change in the authorized, issued, subscribed and paid-up capital of the Transferee Company.

## **PART II – TRANSFER AND VESTING**

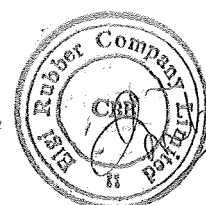
### **3. TRANSFER OF UNDERTAKINGS**

- 3.1 The Undertakings 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, the whole of the Undertakings of the Transferor Companies comprising their entire business, all assets and liabilities of whatsoever nature and wheresoever's 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) ,(d) and (e) 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, the Undertakings of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Companies therein.



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 Companies in accordance with the provisions of Sections 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) All movable assets including cash in hand, if any, of the Transferor Companies, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company. Such delivery shall be made on a date mutually agreed upon between the Boards of Directors of the Transferor Companies and the Transferee Company.
- (c) In respect of movables other than those specified in sub-clause (b) 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, a suitable modus operandi as decided by the Transferee Company for intimating third parties shall, to the extent possible, be followed.
- (d) In relation to the assets, if any, belonging to the Transferor Companies, which require separate documents of transfer, the respective Transferor Company and the Transferee Company will execute necessary documents, if any, as and when required.
- (e) With effect from the Appointed Date, 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 Companies shall also, under the provisions of Section 391 read with Section 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 the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any



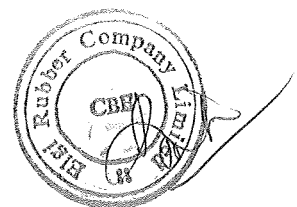


third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause. However, the Transferee Company may, at any time, after the coming 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 Companies or in favour of any other party to the contract or arrangement to which the Transferor Companies are 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 Companies as well as to implement and carry out all such formalities and compliances referred to above.

- (f) The transfer and vesting of the Undertakings of the Transferor Companies 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 respective Transferor Company.

Provided however that any reference in any security documents or arrangements (to which any Transferor Company is a party) pertaining to the assets of the Transferor Companies 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 said Transferor Companies 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 said Transferor Companies or any of the assets of the Transferee Company.

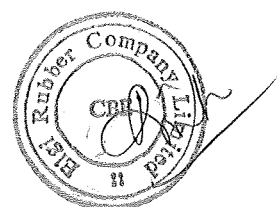
Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages 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 Companies 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 Companies which shall vest in the Transferee Company by virtue of the amalgamation of the Transferor Companies with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore, after the amalgamation has become operative.

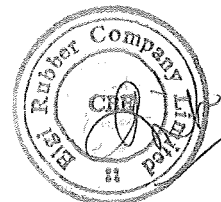
- (g) With effect from the Appointed Date and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licences (including software licences), accreditations to trade and industrial bodies, privileges, powers, facilities, subsidies, rehabilitation schemes, special status and other 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 Transferor Companies, or to the benefit of which the Transferor Companies may be eligible, or having effect immediately before the Effective Date, 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 Companies, the Transferee Company had been a beneficiary thereto.
- (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 Companies 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 Companies or between or amongst any 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 any Transferor Company, and held by the Transferee Company and vice versa or issued inter se amongst the Transferor Companies are concerned, the same shall, unless sold or transferred by



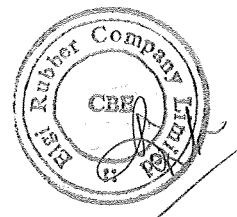
- the said Transferor Companies or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Companies or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- (j) The Transferor Companies shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of immovable property, if any, is given to the Transferee Company.
- (k) Where any of the liabilities and obligations/assets attributed to the Transferor Companies on the Appointed Date has been discharged / sold by the Transferor Companies after the Appointed Date and prior to the Effective Date, such discharge/sale shall be deemed to have been for and on behalf of the Transferee Company.
- (l) From the Effective Date and till such time that the names of the bank accounts of the Transferor Companies are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Companies, in its name, in so far as may be necessary.

#### **4. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

- 4.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which the Transferor Companies are a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Companies, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangement, confirmations or novations to which the Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.



- 4.2 As a consequence of the amalgamation of the Transferor Companies with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Companies to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 4.3 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Companies are a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Companies, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Companies, as the case may be, to be carried out or performed.
- 4.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Companies without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Companies are a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Companies shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

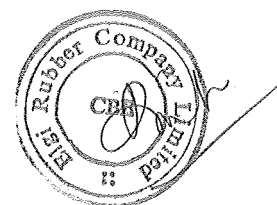


## 5. LEGAL PROCEEDINGS

- 5.1 All suits, actions and proceedings of whatsoever nature by or against the Transferor Companies on the Appointed Date shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Companies, as the case may be.
- 5.2 If proceedings are taken against any Transferor Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Transferee Company, as the case may be from Appointed Date till Effective Date, and the latter shall reimburse and indemnify such Transferor Company, against all liabilities and obligations incurred by the said Transferor Company in respect thereof.

## 6. TRANSFEROR COMPANIES STAFF, WORKMEN AND EMPLOYEES

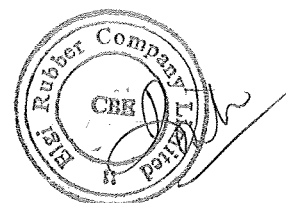
- 6.1 All the executives, staff, workmen, and other employees in the service of the Transferor Companies, immediately before the Appointed Date, under this Scheme shall become the executives, staff, workmen, and other employees of the Transferee Company, on the basis that:
- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;
  - b) The terms and conditions of service applicable to the said staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
  - c) In the event of retrenchment of such staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and



d) It is provided that as far as the Provident Fund, Gratuity, Pension, Superannuation Fund or any other special funds that are applicable to the employees of the Transferee Company and existing in the Transferee Company for the benefit of the staff, workmen and other employees of the Transferee Company shall also be extended to the employees of the Transferor Companies upon the Scheme becoming finally effective. The said benefits shall be extended to the employees of the Transferor Companies even if such benefits were not available to the employees during their tenure in the Transferor Companies, by virtue of non applicability of the relevant provisions to the Transferor Companies. Notwithstanding what is stated herein above in respect of applicability of Employees Provident Fund to the employees of Transferor companies with retrospective effect from a date to be determined by the Board of Directors of Transferee company the extension of benefit to the employees of Transferor companies shall be subject to the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the approvals of the authorities concerned for giving effect to the implementation date. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations, in whatsoever nature, that are available to the employees of the Transferee Company shall also be available to all the employees of the Transferor Companies in relation to Provident Fund, Gratuity and Pension and/ or Superannuation Fund or any other special fund, however subject to the provisions of the relevant and applicable statutes.

## **7. SAVING OF CONCLUDED TRANSACTIONS**

7.1 The transfer of Undertakings under Clause 3 above, the continuance of the effectiveness of contracts and deeds under Clause 4 above and legal proceedings by or against the Transferee Company under Clause 5 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Companies on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and

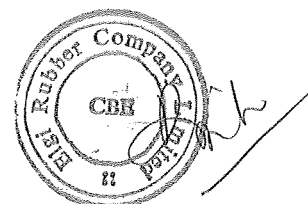


adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto as done and executed on behalf of itself.

## **8. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANIES TILL EFFECTIVE DATE**

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

- 8.1 The Transferor Companies shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- 8.2 All profits or income or taxes, including but not limited to income tax, fringe benefit tax, advance taxes, tax deducted at source by or on behalf of the Transferor Companies, wealth tax, sales tax, value added tax, excise duty, service tax, customs duty, refund, reliefs, etc, accruing or arising to the Transferor Companies, or losses arising or expenditure incurred by them, on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or the said taxes of the Transferee Company.
- 8.3 The Transferor Companies shall carry on their business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of their business undertaking(s) or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Companies prior to the Appointed Date).
- 8.4 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.

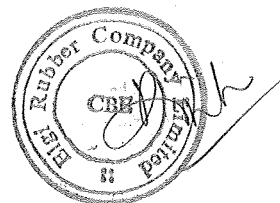


- 8.5 The Transferor Companies shall continue to comply with the provisions of the Act including those relating to preparation, presentation, circulation and filing of accounts as and when they become due for compliance.
- 8.6 The Transferor Companies shall not make any modification to their capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Companies and of the Transferee Company.
- 8.7 The Transferor Companies shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.

## 9. AUTHORISED SHARE CAPITAL

- 9.1 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Companies shall stand combined with the authorised share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Companies on their respective authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital.
- 9.2 Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended under applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

"V. The Authorised Share Capital of the Company is Rs.38,03,00,000/- (Rupees Thirty Eight Core Three Lakh only) divided into 38,03,00,000 (Thirty Eight Core Three Lakh) equity shares of Re.1/- (Rupee One only) each, The Company has power to increase or reduce the said Capital and to issue any part of its capital, original or increased with or without any preferences,priority or special privilege or subject to any postpoment of rights or to any conditions or restrictions, so that unless the





conditions of issue shall otherwise be subject to the power herein contained.. The right and priviliges attached to any shares having preferential, qualified or special rights, privileges or conditions attached thereto may be altered or dealt with in accordance with the accompanying Artiles of Association but not ,otherwise.”

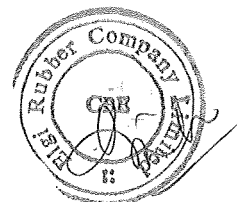
9.3 Clause 4 of the Articles of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended by deleting the existing Article and replacing it by the following:

“4. The Authorised Share Capital of the Company is Rs.38,03,00,000/- (Rupees Thirty Eight Core Three Lakh only) divided into 38,03,00,000 (Thirty Eight Core Three Lakh) equity shares of Re.1/- (Rupee One only) each.The Company shall have power to issue equity shares or preference shares in the capital,original or increased, in accordance with the provisions of the Companies Act,2013 and directors may subject to the provisions of the Act, exercise such powers in any manner they think fit, and provide for redemption of the preference shares on such terms including right to redeem at a premium or otherwise.”

9.4 The approval of this Scheme under Sections 391 and 394 of the Act shall be deemed to have the approval under the applicable provisions of the Act and any other consents and approvals required in this regard.

## **10. CANCELLATION OF EQUITY SHARES OF THE TRANSFEROR COMPANY HELD BY THE TRANSFEE COMPANY/ REORGANISATION OF CAPITAL**

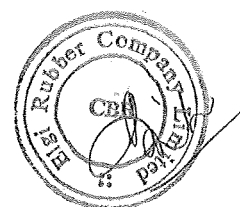
10.1 The Transferor Companies are wholly owned subsidiaries of the Transferee Company and its entire share capital is held by the Transferee Company in its own name and/or jointly with its nominees. Accordingly, there would be no issue of shares of the Transferee Company to the shareholders (including those holding the shares as nominees of the Transferee Company) of the Transferor Companies. Upon this Scheme coming into effect, the shares of the Transferor Companies 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.



## 11. ACCOUNTING TREATMENT

Upon the Scheme becoming effective, the amalgamation of the Transferor Companies with the Transferee Company would follow '**pooling of interest/amalgamation in the nature of merger**' method as prescribed in the Accounting Standard 14: 'Accounting for Amalgamations' as notified under Section 211(3C) of the Companies Act, 1956 read with notified provisions of Section 129 (1) of the Companies Act, 2013, such that:-

- 11.1 The Transferee Company shall, upon the Scheme coming into effect, record the assets and liabilities of the Transferor Companies vested in it pursuant to this Scheme at the respective book values thereof and in the same form as appearing in the books of the Transferor Companies at the close of business of the day immediately preceding the Appointed Date.
- 11.2 The Transferee Company shall record the security premium, general reserves and the revaluation reserves of the Transferor Companies in the same form and at the same values as they appear in the financial statements of the Transferor Companies at the close of business of the day immediately preceding the Appointed Date. Balances in the Statement of Profit and Loss of the Transferor Companies shall be similarly aggregated with the balances in statement of Profit and Loss of the Transferee Company.
- 11.3 The difference, if any, between the investment of the Transferee Company and the amount of share capital of the Transferor Companies be adjusted in the reserves of the Transferee Company.
- 11.4 In case of any differences in accounting policy between the Transferor Companies and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the General Reserve of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 11.5 To the extent there are inter-corporate loans or balances between the transferor Companies and the Transferee Company, the obligations in respect thereof shall



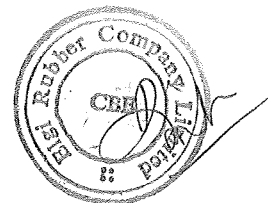
come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.

## 12. CONSEQUENTIAL MATTERS RELATING TO TAX

12.1 Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/or indirect, 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 the Revenue Authorities and including the right to claim credit for minimum alternate tax and carry forward of accumulated losses, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims and accumulated losses of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Income tax returns, Sales tax returns, Excise & Cenvat returns, service tax returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. The Transferee Company is also expressly permitted to claim refunds / credits in respect of any transaction between or amongst any Transferor Companies and the Transferee Company or inter se amongst the Transferor Companies.

*Provided further* that upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and related TDS Certificates, including TDS Certificates relating to transactions between or amongst any Transferor Companies and the Transferee Company or inter se amongst the Transferor Companies, 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.

12.2 In accordance with the Cenvat Credit Rules framed under the Central Excise Act, 1944, as are prevalent on the Effective Date, the unutilized credits relating to excise duties/service tax paid on inputs/capital goods/ input services lying in the



accounts of the undertakings of the Transferor Companies shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty/ service tax payable by it.

- 12.3 In accordance with the Tamil Nadu Value Added Tax Act, 2006, as are prevalent on the Effective Date, the unutilized credits, if any, relating to VAT paid on inputs/capital goods lying in the accounts of the undertakings of the Transferor Companies shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the VAT/ CST payable by it.

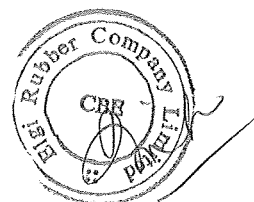
### **PART III – GENERAL TERMS AND CONDITIONS**

#### **13. APPLICATION TO COURT**

- 13.1. The Transferor Companies and the Transferee Company shall, with reasonable despatch, apply to the Court for necessary orders or directions for holding meetings of the members of the Transferor Companies and Transferee Company for sanctioning this Scheme of Amalgamation under Section 391 of the Act or for dispensing the holding of such meetings and orders under Section 394 of the Act of the Transferor Companies and Transferee Company, for carrying this Scheme into effect and for dissolution of the Transferor Companies without winding up.

#### **14. DISSOLUTION OF TRANSFEROR COMPANIES**

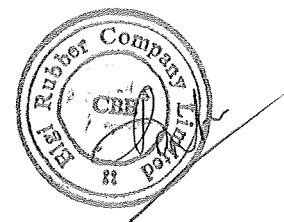
- 14.1 Subject to an order being made by the Court under Section 394 of the Act, the Transferor Companies shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.



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

15.1 The Transferor Companies and the Transferee Company 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 Companies without process of winding up as they may consider necessary, to settle any doubt, question or difficulty, arising under the scheme or in regard to its implementation or in any manner connected therewith and to do 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.

15.2 If any part or provision 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 of implementation of the other parts and/or provisions of the Scheme. 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.



**16. DATE OF TAKING EFFECT**

- 16.1 The Scheme 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 but shall be operative from the Effective Date.

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

This Scheme is conditional on and subject to -

- 17.1 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.
- 17.2 The Scheme being agreed to by the respective requisite majorities as provided under the Act or under the SEBI Circular 1 & 2 (defined hereinunder) of the members of the Transferor Companies and Transferee Company as may be applicable, if meetings of Equity Shareholders of the said companies are convened by the Court or if dispensation from conducting the meeting of the equity shareholders of the Transferor Companies and Transferee Company is obtained from the Court, and the sanction of the Court being accorded to the Scheme.
- 17.3 The approval of the Scheme of Amalgamation by the shareholders of the Transferee Company through postal ballot and e-voting as prescribed by the Securities and Exchange Board of India ("**SEBI**") Circular<sup>1</sup> (hereinafter referred to as "**SEBI Circular 1**") dated 4<sup>th</sup> February, 2013 and SEBI circular<sup>2</sup> (hereinafter referred to as "**SEBI Circular 2**") dated 21<sup>st</sup> May 2013.
- 17.4 The sanction by the Court under Sections 391 and 394 and other applicable provisions of the Act being obtained by the Transferor Companies.

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<sup>1</sup> CIR/CFD/DIL/5/2013

<sup>2</sup> CIR/CFD/DIL/8/2013



17.5 The filing with the Registrar of Companies, Chennai and Coimbatore of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Company.

**18. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

18.1 In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights 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 the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme.

**19. EXPENSES CONNECTED WITH THE SCHEME**

19.1 All costs, charges, levies, fees, duties and expenses of the Transferor Companies and the Transferee Company respectively in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme shall be borne and paid by the Transferee Company.

For Elgi Rubber Company Limited

  
Company Secretary

**SCHEDULE A**

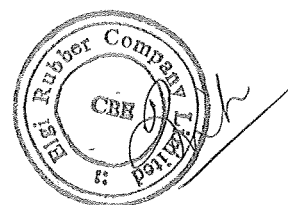
**Schedule of Immoveable Properties of the Transferor Company (1) proposed to be transferred, merged and vested with the Transferee Company.**

Treadsdirect Limited  
Korkkadu Village  
Mangalam Post (via) Villianur  
Pondicherry-605110

S. No.	Doc No.	S.F. No.	Area (in acres)	East by	West by	South by	North by
1	511/89	55/5, 56/1	9.1600	Land bearing R S no 55/4,55/5pt & Bahour Villianur Road	Land bearing R S no 51 & 55/4pt  Remaining portion of land bearing R S no 55/5	Land bearing R S no 55/5pt,53 & canal  R S No 54	Remaining portion of land bearing R S no 56/1,55/5,50 & 55/4  Land bearing R S no 56/1pt & 55/5pt
2	2436/86	55/5, 56/1, 57/4	5.9300	Land bearing R S no 56/2 & Bahour Villianur Road	Land bearing R S no 55/4 & 55/3	Remaining portion of land bearing R S no 56/1 & 55/5	Land bearing R S no 59,57/3,57/4pt & 55/2
3	2434/86	56/2	0.6700	Bahour Villianur Road	Land bearing R S no 56/1	Land bearing R S no 56/1	Land bearing R S no 59

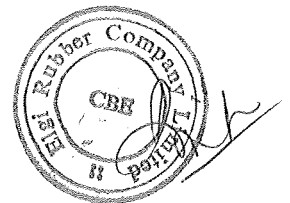
Treadsdirect Limited  
Kariankode Post  
Kottayi  
Palakkad-678572  
Kerala

S. No.	Doc No.	S.F. No.	Area (in acres)	East by	West by	South by	North by
1	1585/89	3/7	0.3200	Property of Chandran	Property of Muthu Rawther	Property of Saidumohammed	Property of Ibrahim
2	1576/89	3/8	0.4000	Property of Subaida	Property of Vallikutty	Property of Thankamani	Property of Kammali Rawther
3	1577/89	3/5	0.5100	Property of Kammali Rawther	Property of Hyderali	Property of Vallikutty	Property of Beepathumma & Ibrahim





4	1586/8 9	4/6 4/4	0.5400	Property of Jamal  Property of Beepathumma	Property of Moideen Kutty  Property of Panchaman	Property of Moideen Kutty  Property of Moideen Kutty	Property of Beepathumma  Property of Thankamani
5	1579/8 9	3/10	0.9700	Property of Subaida	Property of Viswanathan	Property of Saidumohammed ,Beepathumma,P anchaman & Madhavan	Property of Hyderali,Vallikutu & Saidumohammed
6	1580/8 9	3/6	0.5300	Property of Ibrahim	Property of Viswanathan	Property of Muthu Rawther & Hyderali	Public Road
7	1584/8 9	3/4	0.6325	Property of Muthu Rawther & Vallikutu	Property of Muralidharan & Viswanathan	Property of Thankamani & Viswanathan	Property of Beepathumma
8	1582/8 9	3/9	0.3520	Property of Saidumohammed	Property of Hyderali	Property of Thankamani	Property of Muthu Rawthe
9	1578/8 9	4/14, 4/15, 4/163 /12	1.4500	Property of Saidumohammed & Moideen Kutty's  Property of Hyderali & Others	Property of Krishnakutty Ezhuthassan & Madavan  Property of Viswanathan	Property of Sulaiman's  Property of Viswanathan	Property of Thankamani  Property of Viswanathan
10	1607/8 9	4/14, 4/15, 4/16	0.3000	Company's properties	Property of Krishnakutty Ezhuthassan	Company's properties	Property of K R Viswanathan & Company
11	1575/8 9	21/1 Pt	0.8600	Chandran's Property	Property of Kammali Rawther & Ibrahim	Property of Subaida	Public Road
12	1581/8 9	21/6, 21/7	0.6900	Property of Vasu	Property of Thankamani & Saidumohammed	Property of Beepathumma	Property of Chandran
13	1583/8 9	4/5,4/ 13	0.3900	Property of Muthu Rawther	Property of Saidumohammed	Property of Saidumohammed	Property of Thankamani & Subaida
14	1422/9 0	3/7	0.7200	Pathway & Property owned bt the purchaser	P W D Raoad	Property owned by the purchaser	Property owned by the purchaser
15	1931/9 0	3/7	0.0400	Pathway & Property owned bt the purchaser	P W D Raoad	Property owned by the purchaser	Property owned by the purchaser



**SCHEDULE B**

**Schedule of Immoveable Properties of the Transferor Company (2) proposed to be transferred, merged and vested with the Transferee Company.**

S. No.	Doc No.	S.F.No.	Area (in acres)	East by	West by	South by	North by
1	22323/06	626/2A,2B, 2C,2D & 2E	12.3100	Sriperumpudur Road	Private Vacant Land	Delphi TVS Factory	Delphi TVS Factory

