

Mahindra CIE Automotive Limited

(Formerly known as Mahindra Forgings Limited)

[CIN: L27100MH1999PLC121285]

Registered Office : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018, Maharashtra

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COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS

Day	:	Thursday
Date	:	5th June, 2014
Time	:	12.30 p.m.
Venue	:	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai - 400020

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTIONS NO. 265 OF 2014

In the matter of the Companies Act, 1956;

-And-

In the matter of Application under Sections 391 to 394 of the Companies Act, 1956;

-And-

In the matter of Mahindra CIE Automotive Limited [CIN: L27100MH1999PLC121285], a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra;

-And-

In the matter of Scheme of Amalgamation amongst Mahindra Composites Limited (Transferor Company) and Mahindra CIE Automotive Limited (formerly known as Mahindra Forgings Limited) (Transferee Company).

Mahindra CIE Automotive Limited

[CIN: L27100MH1999PLC121285] a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra

... Applicant Company

**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF
MAHINDRA CIE AUTOMOTIVE LIMITED**

To,

The Equity Shareholders of Mahindra CIE Automotive Limited (“**Applicant Company**”),

TAKE NOTICE that by an Order made on 2nd May, 2014, the Hon’ble High Court of Judicature at Bombay has directed a meeting of the equity shareholders of the Applicant Company be held at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020, on Thursday, the 5th day of June, 2014 at 12:30 p.m. (1230 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation amongst Mahindra Composites Limited and Mahindra CIE Automotive Limited (formerly known as Mahindra Forgings Limited) and their respective shareholders and creditors (“**Scheme**”).

TAKE FURTHER NOTICE that in pursuance of the said Order, a meeting of the equity shareholders of the Applicant Company will be held at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai - 400020, on Thursday, the 5th day of June, 2014 at 12:30 p.m. (1230 hours) which you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised signatory, is deposited at the registered office of the Applicant Company at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018, Maharashtra, not later than 48 hours before the meeting.

The Hon'ble High Court of Judicature at Bombay has appointed Mr. Daljit Mirchandani, a Director of the Applicant Company and in his absence Mr. K. Ramaswami, the Managing a Director of the Applicant Company and in his absence Mr. Hemant Luthra, the Chairman of the Applicant Company, to be the chairman of the said meeting.

A copy of the Scheme, the explanatory statement under Section 393 of the Companies Act, 1956, the observation letters issued by the National Stock Exchange of India Limited and the BSE Limited, the complaints report, the fairness opinion report, the form of proxy and an attendance slip are enclosed.

Dated this 6th day of May, 2014

Daljit Mirchandani
Chairman appointed for the meeting

Registered Office:

Mahindra CIE Automotive Limited,
(Formerly known as Mahindra Forgings Limited)
[CIN: L27100MH1999PLC121285]
Mahindra Towers, P.K. Kurne Chowk,
Worli, Mumbai – 400018, Maharashtra
Web: www.mahindra-cie.com **email:** mcie.investors@mahindra.com
Tel : 02135 – 663300 Fax: 02135 - 663407

Notes:

All alterations made in the form of proxy should be initialed.

Encl.: as above.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTIONS NO. 265 OF 2014

In the matter of the Companies Act, 1956;

-And-

In the matter of Application under Sections 391 to 394 of the
Companies Act, 1956;

-And-

In the matter of Mahindra CIE Automotive Limited [CIN:
L27100MH1999PLC121285], a company incorporated under the
provisions of the Companies Act, 1956 having its registered office
at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018,
Maharashtra;

-And-

In the matter of Scheme of Amalgamation amongst Mahindra
Composites Limited (Transferor Company) and Mahindra CIE
Automotive Limited (formerly known as Mahindra Forgings
Limited) (Transferee Company).

Mahindra CIE Automotive Limited

[CIN: L27100MH1999PLC121285] a company incorporated
under the provisions of the Companies Act, 1956 having its
registered office at Mahindra Towers, P. K. Kurne Chowk, Worli,
Mumbai – 400018, Maharashtra

... Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to the Order dated 2nd May, 2014 passed by the Hon'ble High Court of Judicature at Bombay, in the above Company Summons for Directions, a meeting of the equity shareholders of Mahindra CIE Automotive Limited (**"Applicant Company"** or **"Transferee Company"**, as the context may admit) is being convened at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai - 400020, on Thursday, the 5th day of June, 2014 at 12:30 p.m. (1230 hours) for the purpose of considering and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation amongst Mahindra Composites Limited (**"Transferor Company"**) with the Transferee Company and their respective shareholders and creditors (**"Scheme"**) under Sections 391-394 and other relevant provisions of the Companies Act, 1956 (**"Act"**).
2. A copy of the Scheme setting out the terms and conditions on which the amalgamation is proposed which has been approved by the Board of Directors of the Applicant Company at its meeting, held on 15th June, 2013, is enclosed with the notice convening the meeting, to which this Explanatory Statement is also an annexure.

Background of the Transferee Company and the Transferor Company

3. The background of the companies involved in the Scheme is as under:

3.1 Transferee Company

- (a) The Transferee Company is a public limited company incorporated in 1999 under the Act, having its registered office at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra. The Transferee Company was originally incorporated as Mahindra Automotive Steels Limited. The Transferee Company changed its name to Mahindra Automotive Steels Private Limited in 2003, thereafter to Mahindra Automotive Steels Limited in 2006, thereafter to Mahindra Forgings Limited in 2006 and finally to Mahindra CIE Automotive Limited in 2013.

- (b) The Transferee Company is engaged, *inter alia*, in the business of manufacture and sale of parts, including but not limited to parts used in the automotive industry using forgings (hot forged ferrous grades excluding stainless steel). The Transferee Company is a manufacturer of forged and machined products. It manufactures a variety of auto components in India, primarily being crankshafts, stub axles, steering knuckles, links, knuckles, spindles, shafts, pistons and ball joints that are used in various industries. In addition, the Transferee Company also produces steering components for commercial vehicles. The main objects of the Transferee Company are set out hereunder:
1. *"To carry on business as manufacturers of dealers in and marketing, selling of special steel rolled and forged long products, heavy castings, forgings and assembled components, all grades, types qualities, shapes, categories, and descriptions of Mild and tool, alloy and special steels including, inter-alia, alloy constructional steel, case hardening steel, nitriding steel, high speed steel, ball bearing steel, fast-cutting steel, hot die steel, die steel, alloy spring steel, stainless and heat resisting steel, carbon tool steel, polished drill rods, silver steel, mining drill steel, high silicon and electrical steel, creep-resisting steel, valve steel, magnet steel, silicon manganese steel and tree cutting quality steel, faggot steel, armour steel, shell steel and high tensile steel.*
 2. *To carry on business as manufacturers of, dealers in and sellers of cold drawn and ground bars and sections, polished steel, silver steel, bright bars and shaftings, ball and roller races, wheels, tyres and axles of all kinds, types and descriptions whatsoever, welded, seamless and extruded ferrous and non-ferrous tubes, including, inter alia, mechanical tubing, stainless steel tubing, boiler tubing, fin tubing, ball bearing steel tubes, extruded ferrous and non-ferrous sections and profiles of all types and shapes including hollow and solid sections, steel castings of all types and varieties, forgings, including inter alia, die blocks, rings, discs hubs, sleeves, shafts, crown wheels, cups, shanks, bolts, nuts, screws, stampings, rivets, wire ropes, stranded wire, signal wire, piano wire, blanks, manganese alloys, pig iron, wrought iron, ferro-manganese, ferrochromium, ferro silicon, silico-manganese, ferro-tungsten, ferrovanadium, ferro-titanium, ferro-molybdenum, spiegel iron, graphite electrodes, carbon electrodes, carbon blocks, calcium carbide, carborundum tungsten carbide tips, refractory bricks of any kind, type and description whatsoever, permanent magnets and to carry on the manufacture, preparation, selling and distribution of any electrometallurgical, electro chemical products which may be usefully or conveniently combined with the business of the Company or otherwise calculated, directly or indirectly, to enhance the value of any of the Company's properties and rights for the time being.*
 3. *To carry on the business of mechanical, electrical, railway, marine, aeronautical, agricultural, sanitary, civil and structural engineers, aluminium foundries, iron foundries, brass foundries, casters, spinners, rollers and workers of metals and their alloys, foundries of metals whether ferrous or non-ferrous, welded by any process whatsoever of ferrous and non-ferrous metals and metal compounds, manufacturers of welding appliances, tool makers, metal workers, boiler makers, mill wrights, machinists, manufacturers of aluminium, magnesium, calcium, sodium, copper, brass, bronze, cobalt, titanium, zirconium, nickel and other metals and their alloys of all kinds and descriptions, tools and implements, sheets, that could be manufactured out of aluminium, iron, steel, brass, zinc, copper or any other kind of metals, converters of iron and steel and other metals, smiths, tin manufacturers and tinkers, wheel wrights, wood workers, builders, painters, metallurgists, water-supply engineers, gas makers, framers, nailers, brushers, electro-platers, silverplaters, nickel-platers, aluminium-platers, importers, exporters and distributors of all kinds of plant and machinery, apparatus, tools, component parts, accessories, and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in all kind of metals, machinery, implements, tools accessories, hardware of all kinds and things necessary or convenient for carrying on the business."*
- (c) The details of the authorised, issued, subscribed and paid-up share capital of the Transferee Company are set out in Clause 2(b) of the Scheme. There has been no change in the capital structure of the Transferee Company till date as set out in the said clause except that 288,995 equity shares have been issued on exercise of stock options given to employees. Thus, the paid-up share capital of the Transferee Company, is INR 924,623,010 divided into 92,462,301 equity shares of INR 10 per equity share fully paid up.
- (d) The equity shares of the Transferee Company are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"), (collectively, the "**Stock Exchanges**").

3.2 Transferor Company

- (a) The Transferor Company is a public company limited by shares incorporated in the year 1982 under the provisions of the Act having its registered office at 145, Mumbai-Pune Road, Pimpri, Pune 411 018, Maharashtra. The Transferor Company was originally incorporated as Siro Plast Limited. The Transferor Company changed its name to Mahindra Composites Limited in 2006.
- (b) The Transferor Company is engaged, *inter alia*, in the business of composites for automotive and electrical switchgear applications SMC/DMC composites made from glass fibre in an unsaturated polyester resin matrix. The main object of the Transferor Company is set out hereunder:

“1. To manufacture, produce, buy, sell, wholesale or retail, refine, process, adapt, import, export and generally deal in with organic and inorganic materials and their products, by-products and derivatives thereof including without prejudice to the generality of the foregoing, glass fibres Filaments to of glass silicates or any other material, whether solid or hollow, natural or synthetic plastic including resins whether or not treated or reinforced with any variety or combination of hessian, fibre-glass or other substances with or without additives and all kinds of products, preparation and articles made or moulded from any, or from any combination of, the aforesaid including without prejudice to the generality of the foregoing, sheet moulding compound and dough moulding compound.”

- (c) The details of the authorised, issued, subscribed and paid-up share capital of the Transferor Company are set out in Clause 2(a) of the Scheme. There has been no change in the capital structure of the Transferor Company till date as set out in the said clause except that 1,344 equity shares have been issued on exercise of stock options given to employees. Thus, the paid-up share capital of the Transferor Company, is INR 44,152,680 divided into 4,415,268 equity shares of INR 10 per equity share fully paid up.
- (d) The Equity Shares of Transferor Company are listed on BSE.

4. The Scheme, among other things, provides for:

- (a) amalgamation of the Transferor Company with the Transferee Company and the consequent issuance of equity shares by the Transferee Company to the shareholders of the Transferor Company in consideration for the amalgamation as set out in the Scheme;
- (b) dissolution of the Transferor Company without winding up, and various other matters consequential to or otherwise connected with the above in the manner provided for in the Scheme, pursuant to Sections 391 to 394 and other relevant provisions of the Act.

5. Pursuant to the Scheme, equity shares of the Transferee Company that are proposed to be issued to the shareholders of the Transferor Company in the share exchange ratio set out in the Scheme shall be listed on the same stock exchanges on which the equity shares of the Transferee Company are listed, i.e. BSE and NSE.

RATIONALE FOR THE SCHEME

- 6. The Transferor Company and the Transferee Company are engaged in complementary businesses. CIE Automotive S.A., a company incorporated under the laws of Spain, having its registered office at Iparraguirre nº 34, 2º derecha, 48011 Bilbao (Spain), being in control of the Transferor Company and the Transferee Company, believes that combining the businesses of the Transferor Company and the Transferee Company will result in enhancing shareholder value for the shareholders of the Transferor Company and the Transferee Company.

CORPORATE APPROVALS FOR THE SCHEME

- 7. The Scheme was placed before the audit committee of the Applicant Company at its meeting held on 15th June, 2013. The audit committee of the Applicant Company took into account the recommendations on the share exchange ratio by M/s. S.R. Batliboi & Co, LLP and M/s. N.M. Rajji & Co., both acting as independent chartered accountants, and the fairness opinion provided by ICICI Securities Limited, as enclosed. The Audit Committee concluded that the Scheme would be to the benefit of the Applicant Company and also its shareholders and recommended the Scheme to the Board of Directors of the Applicant Company by its report dated 15th June, 2013.
- 8. After considering the aforesaid valuation reports, fairness opinion, recommendations of the audit committee and after discussions, the Board of Directors of the Applicant Company approved the Scheme in its meeting held on 15th June,

2013. Further, the Board of Directors of the Applicant Company at its board meetings on 22nd October, 2013, authorized certain representatives to approve and accept amendments or modifications to the Scheme.

9. The Board of Directors of the Transferor Company has, at its meetings held on 15th June, 2013 approved the Scheme. Further, the Board of Directors of Transferor Company has authorized certain representatives to approve and accept amendments or modifications to the Scheme.
10. In fact, certain amendments, with the approval of authorized representatives of the Transferor Company and the Transferee Company, were effected in the Scheme.

SALIENT FEATURES OF THE SCHEME

11. The salient provisions of the Scheme are set out below:

- (a) Part I of the Scheme (among other things) deals with the definitions. Some of them are reproduced below:

“Appointed Date” means October 1, 2013;

“Effective Date” means the last of the dates on which all the conditions and matters referred to in Clause 15 occur or have been fulfilled or waived in accordance with the Scheme. References in the Scheme to date of ‘coming into effect of this Scheme’ or ‘effectiveness of this Scheme’ or ‘Scheme coming into effect’ shall mean the Effective Date;

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

- (i) all the assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature) of the Transferor Company, whether situated in India or abroad, including, without limitation, all manufacturing units and facilities, all land, buildings and structures, offices, residential and other premises, capital work-in-progress, machines and equipments, furniture, fixtures, office equipment, computers, appliances, accessories, power lines, stocks, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, earnest monies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, tenancies in relation to the office and/or residential properties, guest houses, godowns, warehouses, vehicles, D.G. sets, share of any joint assets, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;
- (ii) all permits, quotas, rights, entitlements, industrial and other licences, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, privileges, income tax benefits and exemptions in respect of the profits of the undertaking for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the benefit or exemption is available in law if the amalgamation pursuant to the Scheme does not take place, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferor Company;

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

[Unless specified otherwise, defined/ capitalized terms used below shall have the meaning ascribed to them in the Scheme.]

- (b) Part II of the Scheme provides for the amalgamation of the Transferor Company with the Transferee Company in the following manner:

Upon the coming into effect of the Scheme and with effect from the Appointed Date, pursuant to the sanction of the Scheme by the High Court and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, the Undertaking shall be and stand vested in or be deemed to have been vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in the Scheme.

1. Vesting of Assets

- a) Without prejudice to the generality of Clause 3 of the Scheme, upon the coming into effect of the Scheme and with effect from the Appointed Date, all the estate, assets, properties, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the Undertaking of whatsoever nature and where so ever situate shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions of Applicable Law, if any, without any further act or deed, be and stand transferred to and vested in the Transferee Company and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, the estate, assets, properties, rights, claims, title, interest and authorities of the Transferee Company.
- b) Without prejudice to the provisions of Clause 4(a) of the Scheme, in respect of such of the assets and properties of the Transferor Company as are movable in nature or incorporeal property or are otherwise capable of vesting or transfer by delivery or possession, or by endorsement and/or delivery, the same shall stand so transferred or vested by the Transferor Company upon the coming into effect of the Scheme, and shall, become the assets and property of the Transferee Company with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act, without requiring any deed or instrument of conveyance for transfer or vesting of the same.
- c) In respect of such of the assets and properties belonging to the Transferor Company (other than those referred to in Clause 4(b) of the Scheme) including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any government, quasi government, local or other authority or body or with any company or other person, the same shall stand transferred to and vested in the Transferee Company and/or be deemed to have been transferred to and vested in the Transferee Company, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act.
- d) All assets, rights, title, interest, investments and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets,

rights, title, interest, investments and properties, which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets, rights, title, interest, investments and properties of the Transferee Company, and shall under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act.

- e) All the licenses, permits, registrations, quotas, entitlements, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether on, before or after the Appointed Date, including income tax benefits and exemptions, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become the licenses, permits, registrations, quotas, entitlements, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

2. Contracts, Deeds etc.

- a) Upon the coming into effect of the Scheme, and subject to the provisions of the Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder.
- b) Without prejudice to the other provisions of the Scheme and notwithstanding that vesting of the Undertaking occurs by virtue of the Scheme itself, the Transferee Company may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of the Scheme. The Transferee Company shall, after the Effective Date, under the provisions of the Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- c) Without prejudice to the generality of the foregoing, upon the coming into effect of the Scheme and with effect from the Appointed Date, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.

3. Transfer of Liabilities

- a) Upon the coming into effect of the Scheme and with effect from the Appointed Date all debts and liabilities of the Transferor Company including all secured and unsecured debts (in whatsoever currency), liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever whether present or future, and howsoever arising,

along with any charge, encumbrance, lien or security thereon (herein referred to as the “**Liabilities**”) shall, pursuant to the sanction of the Scheme by the High Court and under the provisions of Sections 391 to 394 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company, to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of Clause 6 of the Scheme.

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

4. Encumbrances

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

the Transferee Company by virtue of the Scheme. Without prejudice to the foregoing provisions, the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

- e) Upon the coming into effect of the Scheme, the Transferee Company shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.
- f) It is expressly provided that, save as herein provided, no other term or condition of the Liabilities transferred to the Transferee Company is amended by virtue of the Scheme except to the extent that such amendment is required statutorily.
- g) The provisions of Clause 7 of the Scheme shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings or the terms of sanction or issue or any security document shall stand modified and/or superseded by the foregoing provisions.

5. Employees

- a) Upon the coming into effect of the Scheme, all Employees of the Transferor Company shall, become the employees of the Transferee Company, on terms and conditions not less favourable than those on which they are engaged by the Transferor Company and without any interruption of or break in service as a result of the amalgamation of the Transferor Company with the Transferee Company. For the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such Employees with the Transferor Company and such benefits to which the Employees are entitled in the Transferor Company shall also be taken into account, and paid (as and when payable) by the Transferee Company.
- b) It is clarified that save as expressly provided for in the Scheme, the Employees who become the employees of the Transferee Company by virtue of the Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits (including employee stock options) that may be applicable and available to any of the other employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Transferee Company), unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, entered into or deemed to have been entered into by the Transferor Company with any union/ employee of the Transferor Company.
- c) Insofar as the provident fund, gratuity fund, superannuation fund, retirement fund and any other funds or benefits created by the Transferor Company for its Employees or to which the Transferor Company is contributing for the benefit of its Employees (collectively referred to as the “Funds”) are concerned, the Funds or such part thereof as relates to the Employees (including the aggregate of all the contributions made to such Funds for the benefit of the Employees, accretions thereto and the investments made by the Funds in relation to the Employees) shall be transferred to the Transferee Company and shall be held for the benefit of the concerned Employees. In the event the Transferee Company has its own funds in respect of any of the employee benefits referred to above, the Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, be merged with the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own funds in respect of any of the above or if deemed appropriate by the Transferee Company, the Transferee Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Transferee Company creates its own funds, at which time the Funds and the investments and contributions pertaining to the Employees shall be merged with the funds created by the Transferee Company.
- d) In relation to those Employees for whom any of the Transferor Company is making contributions to the government provident fund or other employee benefit fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the

obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Employees, such that all the rights, duties, powers and obligations of the Transferor Company as the case may be in relation to such schemes/ Funds shall become those of the Transferee Company.

- e) (i) In respect of the stock options of the Transferor Company granted by the Transferor Company under the Employees Stock Option Scheme, 2009 (ESOS-2009) ("**Transferor Company Stock Option Scheme**"), upon the effectiveness of the Scheme, the Transferee Company shall issue stock options to the Eligible Employees taking into account the share exchange ratio set out in Clause 13(a) of the Scheme, on terms and conditions not less favourable than those provided under the Transferor Company Stock Option Scheme. Such stock options may be issued by the Transferee Company either under the Existing Stock Option Scheme or under a separate employee stock option scheme created by the Transferee Company inter alia for the purpose of granting stock options to the Eligible Employees pursuant to the Scheme ("**Transferee Stock Option Scheme**").
- (ii) It is hereby clarified that the options granted by the Transferee Company to the Eligible Employees pursuant to Clause 8(e) of the Scheme, in lieu of options granted to them under the Transferor Company Stock Option Scheme would be granted on the basis of the share exchange ratio set out in Clause 13(a) of the Scheme, i.e., for every 100 (one hundred) options held by an Eligible Employee which entitle such Eligible Employee to acquire 100 (one hundred) equity shares in the Transferor Company, such Eligible Employee will be conferred 90 (ninety) options in the Transferee Company which shall entitle him to acquire 90 (ninety) equity shares in the Transferee Company. Fractional entitlements, if any, arising pursuant to the applicability of the share exchange ratio as above shall be rounded off to the nearest higher integer.
- (iii) The total exercise price payable for options granted by the Transferee Company to the Eligible Employees shall be equivalent to the total exercise price payable by such Eligible Employees under the Transferor Company Stock Option Scheme, for such options.
- (iv) The grant of options to the Eligible Employees pursuant to Clause 8 (e) of the Scheme shall be effected as an integral part of the Scheme and the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the Transferee Stock Option Scheme and the Existing Stock Option Scheme, including without limitation, for the purposes of creating the Transferee Stock Option Scheme and/or modifying the Transferee Stock Option Scheme and/or the Existing Stock Option Scheme (including increasing the maximum number of equity shares that can be issued consequent to the exercise of the stock options granted under the Existing Stock Option Scheme, and/or modifying the exercise price of the stock options under the Transferee Stock Option Scheme and/or the Existing Stock Option Scheme), and all related matters. No further approval of the shareholders of the Transferee Company would be required in this connection under Section 81(1A) of the Act and/or any other Applicable Law.
- (v) It is hereby clarified that in relation to the options granted by the Transferee Company to the Eligible Employees pursuant to the Scheme, in lieu of options granted to them under the Transferor Company Stock Option Scheme, the period during which the options granted by the Transferor Company were held by or deemed to have been held by the Eligible Employees shall be taken into account for determining the minimum vesting period required under applicable law for stock options granted under the Transferee Stock Option Scheme or the Existing Stock Option Scheme, as the case may be. Subject to Applicable Law, the adjustments to the exercise price per option and option entitlement of the Eligible Employees proposed under Clause 8(e) of the Scheme shall be appropriately reflected in the accounts of the Transferee Company.
- (vi) The Boards of Directors of the Transferor Company and the Transferee Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of Clause 8(e) of the Scheme.

6. Legal, Taxation and other Proceedings

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

- (c) Part II of the Scheme further provides that equity shares shall be issued by the Transferee Company in the following manner:

Upon the coming into effect of the Scheme and in consideration of the transfer and vesting of the Undertaking in the Transferee Company in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to each member of the Transferor Company, whose name is registered in the Register of Members of the Transferor Company on the Record Date or his/ her/ its legal heirs, executors or successors as the case may be, equity shares in the Transferee Company, in the ratio of 90 (ninety) equity shares of the face value of INR 10 (ten) each (credited as fully paid up) of the Transferee Company for every 100 (one hundred) equity shares of the face value of INR 10 (ten) each (credited as fully paid-up) held by such member in the Transferor Company. No fractional shares shall be issued by the Transferee Company.

- (d) As a part of the Scheme, and, upon the coming into effect of the Scheme, the authorised share capital of the Transferee Company shall automatically stand increased, without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to Registrar of Companies, by the aggregate authorised share capital of the Transferor Company.

- (e) Part III of the Scheme provides for accounting treatment in the books of the Transferee Company as follows:

1. The Transferee Company shall record the assets and liabilities of the Transferor Company pursuant to the Scheme at their respective book values as appearing in the books of the Transferor Company. In case of conflicting accounting policies between the entities, a uniform policy will be adopted on merger and effect on the financial statements of such change in policy will be reported as per Accounting Standard 5 (Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies) and the same shall be dealt with in accordance with prevailing accounting standards and Generally Accepted Accounting Principles in India;
2. The Transferee Company shall credit its issued and paid up share capital account with the aggregate face value of the shares issued pursuant to Clause 13 of the Scheme;
3. All the reserves relating to and reflecting in the books of the Transferor Company shall appear in the books of the Transferee Company in the same form in which they appeared in the books of the Transferor Company after giving effect to 14(a)(i) of the Scheme;
4. The balance in the Statement of Profit and loss appearing in the books of the Transferor Company shall be dealt with in the books of the Transferee Company in accordance with Accounting Standard 14 (Accounting for Amalgamations);
5. The difference between the amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the Transferor Company is adjusted in reserves in the financial statements of the Transferee Company;
6. To the extent that there are inter-corporate loans, debentures, debt securities or balances between the Transferor Company and the Transferee Company *inter se*, the obligation in respect thereof shall come to an end and the corresponding effect shall be given in the books of account and the records of the Transferee Company for the reduction of any assets or liabilities, as the case may be. The difference, if any, arising upon such cancellation, shall be credited or debited, as the case may be, to the Capital Reserve account of the Transferee Company. For the removal of doubts, there would be no accrual of interest or other charges in respect of any such inter-company loans, debentures, debt securities or balances with effect from the Appointed Date;
7. Notwithstanding the above, the Board of the Transferee Company, is authorized to account any of these balances in any manner whatsoever, as may be deemed fit in accordance with the Accounting Standards

issued by the Institute of Chartered Accountants of India in consultation with the National Advisory Committee on Accounting Standards as per Section 211(3C) of the Act and Generally Accepted Accounting Principles in India.

(f) Part III of the Scheme also provides that the Scheme is conditional upon and subject to:

1. the Integrated Scheme having come into effect in accordance with its terms;
2. receipt of approval from the Competition Commission of India for the Scheme in form and substance reasonably satisfactory to the Transferor Company and the Transferee Company or on the expiry of any statutory time period pursuant to which such approval is deemed to have been granted;
3. receipt of approval from the Bundeskartellamt for the Scheme in form and substance reasonably satisfactory to the Transferor Company and the Transferee Company or the expiry of any statutory time period pursuant to which such approval is deemed to have been granted;
4. the Scheme being approved by the respective requisite majorities of the various classes of shareholders and/or creditors (where applicable) of the Transferor Company and the Transferee Company as required under the Act and the requisite orders of the High Court being obtained;
5. approval of the Scheme by the public shareholders of the Transferor Company and the Transferee Company in accordance with the provisions of the SEBI Circulars;
6. receipt of pre-filing and post sanction approvals of the relevant Stock Exchange and the SEBI in terms of the SEBI Circulars, as applicable;
7. the certified copies of the court orders approving the Scheme being filed with the Registrar of Companies; and
8. such other approvals and sanctions as may be required by Applicable Law in respect of the Scheme being obtained.

(g) It may be noted that the approval from the Competition Commission of India has been received.

(h) Part III of the Scheme further provides that:

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

The equity shareholders are advised to read the entire text of the Scheme, annexed to the Notice, to which this Explanatory Statement is also an annexure, to get better acquainted with the provisions thereof. As stated above, the aforesaid are only salient features thereof.

12. The Scheme is not prejudicial to the interests of the members or secured and unsecured creditors of the Applicant Company.
13. The Transferor Company had vide its letter dated 30th October, 2013, applied to the BSE for its no objection to file the Scheme with the Hon'ble High Court for sanction of the same. The Transferee Company had vide its letters, each dated 30th October, 2013, applied to the Stock Exchanges for their no objection to file the Scheme with the Hon'ble High Court for sanction of the same. BSE forwarded the said letters with the draft Scheme to the Securities Exchange Board of India ("SEBI") for its approval and/or comments. The SEBI vide its letters dated 7th March, 2014 communicated its approval to the Scheme to the BSE. BSE, by its letters dated 7th March, 2014, gave its no objection to the Transferor Company and the Transferee Company to file the Scheme with the Hon'ble High Court of Judicature at Bombay. Similarly, the NSE also, vide its letter dated 7th March, 2014, gave its no-objection to the Applicant Company to file the Scheme with the Hon'ble High Court of Judicature at Bombay. Copies of the observation letters issued to the Applicant Company by each of the Stock Exchanges are enclosed.
14. As required by the circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the SEBI, the Transferor Company and the Transferee Company has filed the Complaints Report with the respective stock exchanges on 22nd November, 2013. Copy of the Complaints Report filed by the Applicant Company is enclosed. After filing of the Complaints Report, the Applicant Company has received nil complaints.

15. The shareholding pattern of the Applicant Company prior to issuance of shares to the shareholders of the Transferor Company as on 2nd May, 2014 and the shareholding pattern of the Applicant Company after the issuance of shares to the shareholders of the Transferor Company is as under:

CATEGORY CODE	CATEGORY OF SHAREHOLDER	PRE SHAREHOLDING PATTERN			POST SHAREHOLDING PATTERN (PROJECTED AS OF 2 nd MAY, 2014)		
		TOTAL NUMBER OF SHARES	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		TOTAL NUMBER OF SHARES	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES	
			AS A % OF (A+B+C)	AS A % OF (A+B+C+D)		AS A % OF (A+B+C)	AS A % OF (A+B+C+D)
(A)	PROMOTER AND PROMOTER GROUP						
(1)	INDIAN						
(a)	Individual /HUF	0	0.00	0.00	0	0.00	0.00
(b)	Central Government/State Government(s)	0	0.00	0.00	0	0.00	0.00
(c)	Bodies Corporate	296,109	0.32	0.31	70,055,476	21.78	21.58
(d)	Financial Institutions / Banks	0	0.00	0.00	0	0.00	0.00
(e)	Others	0	0.00	0.00	0	0.00	0.00
	Sub-Total A(1) :	296,109	0.32	0.31	70,055,476	21.78	21.58
(2)	FOREIGN						
(a)	Individuals (NRIs/Foreign Individuals)	0	0.00	0.00	0	0.00	0.00
(b)	Bodies Corporate	73,031,693	78.99	76.93	171,767,537	53.40	52.91
(c)	Institutions	0	0.00	0.00	0	0.00	0.00
(d)	Others	0	0.00	0.00	0	0.00	0.00
	Sub-Total A(2) :	73,031,693	78.99	76.93	171,767,537	53.40	52.91
	Total A=A(1)+A(2)	73,327,802	79.31	77.24	241,823,013	75.18[#]	74.49
(B)	PUBLIC SHAREHOLDING						
(1)	INSTITUTIONS						
(a)	Mutual Funds /UTI	4,785,863	5.18	5.04	5,772,493	1.79	1.78
(b)	Financial Institutions /Banks	4,892	0.01	0.01	70,831	0.02	0.02
(c)	Central Government / State Government(s)	0	0.00	0.00	0	0.00	0.00
(d)	Venture Capital Funds	0	0.00	0.00	0	0.00	0.00
(e)	Insurance Companies	0	0.00	0.00	4,371,211	1.36	1.35
(f)	Foreign Institutional Investors	1,721,902	1.86	1.81	1,776,145	0.55	0.55
(g)	Foreign Venture Capital Investors	0	0.00	0.00	0	0.00	0.00
(h)	Others	0	0.00	0.00	0	0.00	0.00
	Sub-Total B(1) :	6,512,657	7.04	6.86	11,990,680	3.73	3.69
(2)	NON-INSTITUTIONS						
(a)	Bodies Corporate	5,442,277	5.89	5.73	27,761,193	8.63	8.55
(b)	Individuals					0.00	0.00
	(i) Individuals holding nominal share capital upto Rs.1 lakh	4,056,140	4.39	4.27	21,514,605	6.69	6.63
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	2,155,593	2.33	2.27	16,761,619	5.21	5.16
(c)	Others		0.00	0.00		0.00	0.00
	Non Resident Indians	364,877	0.39	0.38	1,192,049	0.37	0.37
	Trusts	0	0.00	0.00	656	0.00	0.00
	Foreign Bodies	410,120	0.44	0.43	412,960	0.13	0.13
	Foreign Nationals	22,250	0.02	0.02	22,392	0.01	0.01
	Clearing Members	170,585	0.18	0.18	170,585	0.05	0.05
	Sub-Total B(2) :	12,621,842	13.65	13.30	67,836,059	21.09	20.90
	Total B=B(1)+B(2):	19,134,499	20.69	20.16	79,826,739	24.82	24.59
	Total (A+B):	92,462,301	100.00	97.40	321,649,752	100.00	99.08

CATEGORY CODE	CATEGORY OF SHAREHOLDER	PRE SHAREHOLDING PATTERN			POST SHAREHOLDING PATTERN (PROJECTED AS OF 2 ND MAY, 2014)		
		TOTAL NUMBER OF SHARES	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		TOTAL NUMBER OF SHARES	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES	
			AS A % OF (A + B + C)	AS A % OF (A + B + C + D)		AS A % OF (A + B + C)	AS A % OF (A + B + C + D)
(C)	Shares held by custodians, against which Depository Receipts have been issued						
(1)	Promoter and Promoter Group	0	0.00	0.00	0	0.00	0.00
(2)	Public	0	0.00	0.00	0	0.00	0.00
	GRAND TOTAL (A + B + C) :	92,462,301	100.00		321,649,752	100.00	99.08
(D)	Details of Stock Options						
	Total Stock Options Outstanding	2,467,002		2.60	2,995,114		0.92
	GRAND TOTAL (A + B + C + D) :	94,929,303		100.00	324,644,866		100.00

The Applicant Company and Participaciones Internacionales Autometal Dos, S.L. (which is the majority shareholder of the Applicant Company and the Transferor Company) have each given undertakings to the Stock Exchanges that they will take steps to ensure that the fully diluted post-merger public shareholding in the Applicant Company complies with the minimum public shareholding requirements within the time period prescribed under applicable law, and in any event before the Scheme and the scheme of merger of Mahindra Hinoday Industries Limited, Mahindra Ugine Steel Company Limited, Mahindra Gears International Limited, Mahindra Investments (India) Private Limited and Participaciones Internacionales Autometal Tres, S.L. with the Applicant Company come into effect.

16. The capital structure of the Applicant Company prior to issuance of shares to the shareholders of the Transferor Company as on 2nd May, 2014 is as under:

A. Authorised Share Capital	Amount in INR
122,000,000 equity shares of INR 10 per share	1,220,000,000
14,820,206 non cumulative non convertible redeemable preference shares of INR 31 each	459,426,386
Total	1,679,426,386
B. Issued and Subscribed Share Capital	Amount in INR
92,462,301 equity shares of INR 10 per equity share	924,623,010
Total	922,604,490
C. Paid-up Share Capital	Amount in INR
92,462,301 equity shares of INR 10 per equity share	924,623,010
Total	924,623,010

17. The capital structure of the Applicant Company after the issuance of shares to the shareholders of the Transferor Company is as under:

A. Authorised Share Capital	Amount in INR
395,000,000 equity shares of INR 10 per share	3,950,000,000
29,658,916 non cumulative non convertible redeemable preference shares of INR 31 each	919,426,396
Total	4,869,426,396
B. Issued and Subscribed Share Capital	Amount in INR
321,649,752 equity shares of INR 10 per equity share	3,216,497,520
Total	3,216,497,520
C. Paid-up Share Capital	Amount in INR
321,649,752 equity shares of INR 10 per equity share	3,216,497,520
Total	3,216,497,520

18. The details of the present directors of the Applicant Company are as follows:

S. No.	Name	Date of Birth and Age	Position
1.	Mr. Hemant Luthra	18/04/1949 (65 years)	Chairman
2.	Mr. K. Ramaswami	08/06/1954 (60 years)	Managing Director
3.	Mr. Daljit Mirchandani	26/10/1947 (66 years)	Director
4.	Mr. Dhananjay Mungale	01/06/1953 (61 years)	Director
5.	Mr. Manoj Maheshwari	08/08/1957 (56 years)	Director
6.	Mr. Jose Ramon Berecibar Mutiozabal	10/08/1977 (37 years)	Director
7.	Mr. Antonio Maria Pradera Jauregui	27/09/1955 (59 years)	Director
8.	Mr. Jesus Maria Herrera Barandiaran	21/03/1967 (47 years)	Director
9.	Mr. Jose Sabino Velasco Ibanez	30/12/1959 (54 years)	Director

20. None of the Directors and the Key Managerial Personnel (as defined under Companies Act, 2013) and their Relatives have any interest in the Scheme except;

- (a) as shareholders in general of the respective companies, the extent of which is as stated below:

Sr. No.	Names	Shareholding in Applicant Company	Shareholding in Transferor Company
1.	Mr. Hemant Luthra	1000	Nil
2.	Mr. Daljit Mirchandani	11,250	Nil
3.	Mr. K. Ramaswami	26,167	Nil
4.	Mr. Krishnan Shankar	3,656	Nil

- (b) to the extent of common directorships in the Transferor Company, details of which are as under:

Sr. No.	Directors of Applicant Company	Directorship in Transferor Company
1.	Mr. Hemant Luthra	Yes
2.	Mr. K. Ramaswami	No
3.	Mr. Daljit Mirchandani	No
4.	Mr. Dhananjay Mungle	Yes
5.	Mr. Manoj Maheshwari	No
6.	Mr. Jose Ramon Berecibar Mutiozabal	Yes
7.	Mr. Antonio Maria Pradera Jauregui	Yes
8.	Mr. Jesus Maria Herrera Barandiaran	Yes
9.	Mr. Jose Sabino Velasco Ibanez	Yes

21. To the knowledge of the Applicant Company, no winding up proceedings have been filed or are pending against the Applicant Company under the Act.
22. No investigation proceedings are pending under Sections 235 to 251 of the Act in respect of the Applicant Company.
23. No investigation proceedings have been instituted and/ or are pending in relation to the Applicant Company before the Competition Commission under the provisions of the Competition Act, 2002.
24. The Transferor Company has filed applications under Sections 391-394 of the Act before the Hon'ble High Court of Judicature at Bombay for seeking directions for holding/ dispensation of holding meetings of its equity shareholders and creditors to seek their approval to the Scheme.
25. The Hon'ble High Court of Judicature at Bombay has directed the Transferor Company to convene meetings of its shareholders to seek their approval to the Scheme and has dispensed with the requirement of convening meetings of their creditors (secured and unsecured) to seek their approval to the Scheme.

26. The following documents will be open for inspection by the equity shareholders of the Applicant Company up to 1 (one) day prior to the date of the meeting at the Registered Office of the Applicant Company between 10.00 a.m. and 6.00 p.m, on any working day except Saturdays and Sundays:
- (a) Copy of the Order of the Hon'ble High Court of Judicature at Bombay in the Company Summons for Directions no. 265 of 2014 directing the convening and holding of the meeting of the equity shareholders of the Applicant Company.
 - (b) Scheme.
 - (c) Memorandum and Articles of Association of the Transferee Company.
 - (d) Memorandum and Articles of Association of the Transferor Company.
 - (e) The audited financials of the Transferee Company and the Transferor Company for last three financial years ended 31st March 2013, 31st March 2012 and 31st March 2011.
 - (f) The unaudited financials of the Transferee Company and the Transferor Company from 1st April, 2013 till 31st December, 2013.
 - (g) Copy of the valuation report dated 15th June, 2013 from M/s. S.R. Batliboi & Co, LLP.
 - (h) Copy of the valuation report dated 15th June, 2013 from M/s. N.M. Rajji & Co.
 - (i) Copy of the fairness opinion dated 15th June, 2013 from ICICI Securities Limited.
 - (j) Copy of the Complaints Report dated 22nd November, 2013.
 - (k) Copy of the Observation letters dated 7th March, 2014 issued by the BSE and NSE.
 - (l) Copy of the audit committee report of the Applicant Company dated June 15, 2013.

This statement may be treated as the statement under Section 393 of the Act and also Section 102 of the Companies Act, 2013 (earlier section 173 of the Act). A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained free of cost from the registered office of the Applicant Company during ordinary business hours on any working day (except Saturdays and Sundays) upto 1 (One) day prior to the date of the meeting.

Dated this 6th day of May, 2014

Daljit Mirchandani
Chairman appointed for the meeting

Registered Office:

Mahindra CIE Automotive Limited,
(Formerly known as Mahindra Forgings Limited)
[CIN: L27100MH1999PLC121285]
Mahindra Towers, P.K. Kurne Chowk,
Worli, Mumbai – 400018, Maharashtra
Web: www.mahindra-cie.com **email:** mcie.investors@mahindra.com
Tel : 02135 – 663300 Fax: 02135 - 663407

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

Mahindra Composites Limited

Transferor Company

Mahindra CIE Automotive Limited

WITH

Transferee Company

(formerly known as Mahindra Forgings Limited)

- A. **Mahindra Composites Limited** is a public limited company incorporated under the Companies Act, 1956 with its registered office at 145, Mumbai-Pune Road, Pimpri, Pune 411018, Maharashtra, India ("**Transferor Company**"). The Transferor Company is engaged in the business of composites for automotive and electrical switchgear applications (SMC/DMC composites made from glass fibre in an unsaturated polyester resin matrix. The equity shares of the Transferor Company are listed on the BSE.
- B. **Mahindra CIE Automotive Limited** (formerly known as Mahindra Forgings Limited) is a public limited company incorporated under the Act with its registered office at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra, India ("**Transferee Company**"). The Transferee Company is engaged in the business of manufacture and sale of parts, including but not limited to parts used in automotive industry, using forgings (hot forged ferrous grades excluding stainless steel). The equity shares of the Transferee Company are listed on the BSE and the NSE.
- C. The Transferor Company and the Transferee Company are engaged in complementary businesses. CIE believes that following the acquisition of a controlling stake in the Transferor Company and the Transferee Company, combining the businesses of the Transferor Company and the Transferee Company will result in enhancing shareholder value for the shareholders of the Transferor Company and the Transferee Company..
- D. Accordingly, this Scheme provides for the amalgamation of the Transferor Company with the Transferee Company and the consequent issue of equity shares of the Transferee Company to the shareholders of the Transferor Company pursuant to Sections 391 to 394 and other relevant provisions of the Act, and various other matters consequential to or otherwise connected with the above in the manner provided for in this Scheme.
- E. The amalgamation of the Transferor Company with the Transferee Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961.
- F. This Scheme is divided into the following parts:
- (a) **Part I**, which deals with the introduction and definitions, and sets out the share capital of the Transferor Company and the Transferee Company;
 - (b) **Part II**, which deals with the amalgamation of the Transferor Company with the Transferee Company; and
 - (c) **Part III**, which deals with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme.

PART I – GENERAL

1. Definitions And Interpretation

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

"Act" means the Companies Act, 1956;

"Applicable Law" or **"Law"** means any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval from the concerned authority, directive, guideline, press note, policy, requirement,

or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any Government Authority in effect in the Republic of India;

"Appointed Date" means October 1, 2013;

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

"BSE" means The BSE Limited;

"Castings" means Mahindra Hinoday Industries Limited, a public limited company incorporated under the Act, having its registered office at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra, India;

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

"Commencement Date" shall mean June 15, 2013;

"Control" means (i) in relation to a body corporate, the right to exercise, or control the exercise, whether directly or indirectly, acting alone or together with another Person, of more than 50% (fifty percent) of the total voting rights at a general meeting of that body corporate, or the right or power to direct, whether directly or indirectly, acting alone or together with another Person, the policy decisions of that body corporate, including the composition of any board of directors (or equivalent body) of that body corporate, or (ii) in relation to any Person which is not a body corporate, the right or power to direct, whether directly or indirectly, acting alone or together with another Person, the policy decisions of that Person;

"Effective Date" means the last of the dates on which all the conditions and matters referred to in Clause 15 occur or have been fulfilled or waived in accordance with this Scheme. References in this Scheme to date of 'coming into effect of this Scheme' or 'effectiveness of this Scheme' or 'Scheme coming into effect' shall mean the Effective Date;

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

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

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

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

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

"Gears Europe HoldCo" means Mahindra Gears International Limited, a company incorporated under the laws of Mauritius, having its registered office at IFS Court, 28, Cyber City, Ebene, Mauritius;

"Gears India HoldCo" means Mahindra Investments (India) Private Limited, a company incorporated under the

Act and having its registered office at Mahindra Towers, near Doordarshan Kendra, Pandurang Budhkar Marg, Worli, Mumbai – 400018, Maharashtra, India;

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

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

“INR” or “Rupees” means the lawful currency of Republic of India;

“Implementation Period” means the period intervening the Commencement Date and the Effective Date;

“Integrated Scheme” means the scheme of arrangement under Sections 391 to 394 of the Act, providing for the amalgamation of Castings, Gears Europe HoldCo, Gears India HoldCo, MUSCO and PIA 3 into the Transferee Company;

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

“MUSCO” means Mahindra Ugine Steel Company Limited, a company incorporated under the Act, having its registered office at 74, Ganesh Apartment, LJ Road, Mahim, Mumbai – 400016, Maharashtra, India and listed on the Stock Exchanges;

“NSE” means the National Stock Exchange of India Limited;

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

“PIA 3” means Participaciones Internacionales Autometal Tres, S.L., a company (*“Sociedad de responsabilidad limitada”*) incorporated under the laws of Spain, having its registered office at Iparraguirre nº 2 ,34º derecha, 48011, Bilbao, Spain;

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

“Registrar of Companies” means the Registrar of Companies, Maharashtra, Mumbai and the Registrar of Companies, Maharashtra, Pune;

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

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

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

“Stock Exchanges” mean each of the BSE and the NSE;

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

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

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

- (i) all the assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature) of the Transferor Company, whether situated in India or abroad, including, without limitation, all manufacturing units and facilities, all land, buildings and structures, offices, residential and other premises, capital work-in-progress, machines and equipments, furniture, fixtures, office equipment, computers, appliances, accessories, power lines, stocks, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, earnest monies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, tenancies in relation to the office and/or residential properties, guest houses, godowns, warehouses, vehicles, D.G. sets, share of any joint assets, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;
 - (ii) all permits, quotas, rights, entitlements, industrial and other licences, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, privileges, income tax benefits and exemptions in respect of the profits of the undertaking for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the benefit or exemption is available in law if the amalgamation pursuant to this Scheme does not take place, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferor Company;
 - (iii) all debts, borrowings, obligations, duties and liabilities, both present and future (including deferred tax liabilities, contingent liabilities and the Liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in Rupees or foreign currency, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Transferor Company; and
 - (iv) all trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programmes, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company.
- (b) All terms used but not defined in this Scheme shall, unless contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act or any statutory modification or re-enactment thereof for the time being in force or any legislation which replaces the Act.
- (c) References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme.

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

2. Share Capital

(a) Transferor Company

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

A. Authorised Share Capital	Amount in INR
15,000,000 equity shares of INR 10 per share	150,000,000
Total	150,000,000

B. Issued and Subscribed Share Capital	Amount in INR
4,414,974 equity shares of INR 10 per share	44,149,740
Total	44,149,740

C. Paid-up Share Capital	Amount in INR
4,413,924 equity shares of INR 10 per share fully paid up*	44,139,240
Total	44,139,240

* Excluding 1050 equity shares not allotted but held in abeyance.

The equity shares of the Transferor Company are listed on the BSE.

(b) Transferee Company

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

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

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

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

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

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

Section 1 – Transfer

3. Upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the sanction of this Scheme by the High Court and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, the Undertaking shall be and stand vested in or be deemed to have been vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.
4. Vesting of Assets
 - (a) Without prejudice to the generality of Clause 3 above, upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, properties, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the Undertaking of whatsoever nature and where so ever situate shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions of Applicable Law, if any, without any further act or deed, be and stand transferred to and vested in the Transferee Company and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, the estate, assets, properties, rights, claims, title, interest and authorities of the Transferee Company.
 - (b) Without prejudice to the provisions of Clause 4(a) above, in respect of such of the assets and properties of the Transferor Company as are movable in nature or incorporeal property or are otherwise capable of vesting or transfer by delivery or possession, or by endorsement and/or delivery, the same shall stand so transferred or vested by the Transferor Company upon the coming into effect of this Scheme, and shall, become the assets and property of the Transferee Company with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act, without requiring any deed or instrument of conveyance for transfer or vesting of the same.
 - (c) In respect of such of the assets and properties belonging to the Transferor Company (other than those referred to in Clause 4(b) above) including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any government, quasi government, local or other authority or body or with any company or other person, the same shall stand transferred to and vested in the Transferee Company and/or be deemed to have been transferred to and vested in the Transferee Company, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act.
 - (d) All assets, rights, title, interest, investments and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets, rights, title, interest, investments and properties, which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets, rights, title, interest, investments and properties of the Transferee Company, and shall under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act.
 - (e) All the licenses, permits, registrations, quotas, entitlements, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether on, before or after the Appointed Date, including income tax benefits and exemptions, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become the licenses, permits, registrations, quotas,

entitlements, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

5. Contracts, Deeds etc.

- (a) Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder.
- (b) Without prejudice to the other provisions of this Scheme and notwithstanding that vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, after the Effective Date, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- (c) Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme and with effect from the Appointed Date, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.

6. Transfer of Liabilities

- (a) Upon the coming into effect of this Scheme and with effect from the Appointed Date all debts and liabilities of the Transferor Company including all secured and unsecured debts (in whatsoever currency), liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever whether present or future, and howsoever arising, along with any charge, encumbrance, lien or security thereon (herein referred to as the “**Liabilities**”) shall, pursuant to the sanction of this Scheme by the High Court and under the provisions of Sections 391 to 394 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company, to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause 6.
- (b) Where any such debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date have been discharged by the Transferor Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Transferee Company upon the coming into effect of this Scheme.
- (c) All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394

of the Act, without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

- (d) Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time from the Appointed Date to the Effective Date become due between the Transferor Company and the Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and the appropriate effect shall be given in the books of accounts and records of the Transferee Company.

7. Encumbrances

- (a) The transfer and vesting of the assets comprised in the Undertaking to the Transferee Company under Clause 4 and Clause 5 shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.
- (b) All Encumbrances, if any, existing prior to the Effective Date over the assets of the Transferor Company shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date, provided that if any of the assets of the Transferor Company have not been Encumbered, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- (c) The existing Encumbrances over the other assets and properties of the Transferee Company or any part thereof which relate to the Liabilities of the Transferee Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.
- (d) Any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- (e) Upon the coming into effect of this Scheme, the Transferee Company shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of this Scheme.
- (f) It is expressly provided that, save as herein provided, no other term or condition of the Liabilities transferred to the Transferee Company is amended by virtue of this Scheme except to the extent that such amendment is required statutorily.
- (g) The provisions of this Clause 7 shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings or the terms of sanction or issue or any security document shall stand modified and/or superseded by the foregoing provisions.

8. Employees

- (a) Upon the coming into effect of this Scheme, all Employees of the Transferor Company shall, become the employees of the Transferee Company, on terms and conditions not less favourable than those on which they are engaged by the Transferor Company and without any interruption of or break in service as a result of the amalgamation of the Transferor Company with the Transferee Company. For the purpose of payment of any compensation, gratuity

and other terminal benefits, the past services of such Employees with the Transferor Company and such benefits to which the Employees are entitled in the Transferor Company shall also be taken into account, and paid (as and when payable) by the Transferee Company.

- (b) It is clarified that save as expressly provided for in this Scheme, the Employees who become the employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits (including employee stock options) that may be applicable and available to any of the other employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Transferee Company), unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, entered into or deemed to have been entered into by the Transferor Company with any union/ employee of the Transferor Company.
- (c) Insofar as the provident fund, gratuity fund, superannuation fund, retirement fund and any other funds or benefits created by the Transferor Company for its Employees or to which the Transferor Company is contributing for the benefit of its Employees (collectively referred to as the “**Funds**”) are concerned, the Funds or such part thereof as relates to the Employees (including the aggregate of all the contributions made to such Funds for the benefit of the Employees, accretions thereto and the investments made by the Funds in relation to the Employees) shall be transferred to the Transferee Company and shall be held for the benefit of the concerned Employees. In the event the Transferee Company has its own funds in respect of any of the employee benefits referred to above, the Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, be merged with the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own funds in respect of any of the above or if deemed appropriate by the Transferee Company, the Transferee Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Transferee Company creates its own funds, at which time the Funds and the investments and contributions pertaining to the Employees shall be merged with the funds created by the Transferee Company.
- (d) In relation to those Employees for whom any of the Transferor Company is making contributions to the government provident fund or other employee benefit fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Employees, such that all the rights, duties, powers and obligations of the Transferor Company as the case may be in relation to such schemes/ Funds shall become those of the Transferee Company.
- (e)
 - (i) In respect of the stock options of the Transferor Company granted by the Transferor Company under the Employees Stock Option Scheme, 2009 (ESOS-2009) (“**Transferor Company Stock Option Scheme**”), upon the effectiveness of the Scheme, the Transferee Company shall issue stock options to the Eligible Employees taking into account the share exchange ratio set out in Clause 13(a), on terms and conditions not less favourable than those provided under the Transferor Company Stock Option Scheme. Such stock options may be issued by the Transferee Company either under the Existing Stock Option Scheme or under a separate employee stock option scheme created by the Transferee Company *inter alia* for the purpose of granting stock options to the Eligible Employees pursuant to this Scheme (“**Transferee Stock Option Scheme**”).
 - (ii) It is hereby clarified that the options granted by the Transferee Company to the Eligible Employees pursuant to this Clause 8(e), in lieu of options granted to them under the Transferor Company Stock Option Scheme would be granted on the basis of the share exchange ratio set out in Clause 13(a), i.e., for every 100 (one hundred) options held by an Eligible Employee which entitle such Eligible Employee to acquire 100 (one hundred) equity shares in the Transferor Company, such Eligible Employee will be conferred 90 (ninety) options in the Transferee Company which shall entitle him to acquire 90 (ninety) equity shares in the Transferee Company. Fractional entitlements, if any, arising pursuant to the applicability of the share exchange ratio as above shall be rounded off to the nearest higher integer.

- (iii) The total exercise price payable for options granted by the Transferee Company to the Eligible Employees shall be equivalent to the total exercise price payable by such Eligible Employees under the Transferor Company Stock Option Scheme, for such options.
- (iv) The grant of options to the Eligible Employees pursuant to this Clause 8 (e) of this Scheme shall be effected as an integral part of the Scheme and the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the Transferee Stock Option Scheme and the Existing Stock Option Scheme, including without limitation, for the purposes of creating the Transferee Stock Option Scheme and/or modifying the Transferee Stock Option Scheme and/or the Existing Stock Option Scheme (including increasing the maximum number of equity shares that can be issued consequent to the exercise of the stock options granted under the Existing Stock Option Scheme, and/or modifying the exercise price of the stock options under the Transferee Stock Option Scheme and/or the Existing Stock Option Scheme), and all related matters. No further approval of the shareholders of the Transferee Company would be required in this connection under Section 81(1A) of the Act and/or any other Applicable Law.
- (v) It is hereby clarified that in relation to the options granted by the Transferee Company to the Eligible Employees pursuant to this Scheme, in lieu of options granted to them under the Transferor Company Stock Option Scheme, the period during which the options granted by the Transferor Company were held by or deemed to have been held by the Eligible Employees shall be taken into account for determining the minimum vesting period required under applicable law for stock options granted under the Transferee Stock Option Scheme or the Existing Stock Option Scheme, as the case may be. Subject to Applicable Law, the adjustments to the exercise price per option and option entitlement of the Eligible Employees proposed under this Clause 8(e) shall be appropriately reflected in the accounts of the Transferee Company.
- (vi) The Boards of Directors of the Transferor Company and the Transferee Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 8(e).

9. Legal, Taxation and other Proceedings

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

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

Section 2 – Conduct of Business

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

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

the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Transferee Company; and

- (d) all taxes (including, without limitation, income tax, sales tax, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/ or the profits of the Transferor Company before the Appointed Date, shall be on account of the Transferor Company and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the Transferor Company with effect from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.

Section 3 – Issue of shares of the Transferee Company

- 12. The provisions of this Section 3 of this Scheme shall operate notwithstanding anything to the contrary in this Scheme or in any other instrument, deed or writing.

13. Issue of new equity shares

- (a) Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Undertaking in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to each member of the Transferor Company, whose name is registered in the Register of Members of the Transferor Company on the Record Date or his/ her/ its legal heirs, executors or successors as the case may be, equity shares in the Transferee Company, in the ratio of 90 (ninety) equity shares of the face value of INR 10 (ten) each (credited as fully paid up) of the Transferee Company for every 100 (one hundred) equity shares of the face value of INR 10 (ten) each (credited as fully paid-up) held by such member in the Transferor Company. No fractional shares shall be issued by the Transferee Company.
- (b) Upon this Scheme becoming effective, the issued, subscribed and paid-up share capital of the Transferee Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with Clause 13(a) above. It is clarified that no special resolution under Section 81(1A) of the Act shall be required to be passed by the Transferee Company separately in a general meeting for issue of shares to the members of the Transferor Company under this Scheme and on the shareholders of the Transferee Company approving this Scheme, it shall be deemed that they have given their consent to the issue of equity shares of the Transferee Company to the members of the Transferor Company in accordance with Clause 13(a) above.
- (c) As a part of this Scheme, and, upon the coming into effect of this Scheme, the authorised share capital of the Transferee Company shall automatically stand increased, without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to Registrar of Companies, by the aggregate authorised share capital of the Transferor Company.
- (d) The capital clause of the Memorandum of Association and the Articles of Association of the Transferee Company shall, as a part of and, upon the coming into effect of this Scheme and without any further act or deed, be replaced by the following clause:

MEMORANDUM OF ASSOCIATION

“V. The Authorised Share Capital of the Company is INR 4,869,426,386 (Rupees four billion eight hundred sixty nine million four hundred twenty six thousand three hundred eighty six only) divided into 395,000,000 (three hundred ninety five million) Equity Shares of INR 10 (Rupees ten only) each aggregating INR 3,950,000,000 (Rupees three billion nine hundred fifty million only) and 29,658,916 (twenty nine million six hundred fifty eight thousand nine hundred sixteen) 4% (four percent) Non Cumulative Redeemable Non Convertible Preference Shares of INR 31 (Rupees thirty one only) each aggregating INR 919,426,386 (Rupees nine hundred nineteen million four hundred twenty six thousand three hundred eighty six only), with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights,

privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company and the legislative provisions for the time being in force.”

ARTICLES OF ASSOCIATION

“3. The Authorised Share Capital of the Company is INR 4,869,426,386 (Rupees four billion eight hundred sixty nine million four hundred twenty six thousand three hundred eighty six only) divided into 395,000,000 (three hundred ninety five million) Equity Shares of INR 10 (Rupees ten only) each aggregating INR 3,950,000,000 (Rupees three billion nine hundred fifty million only) and 29,658,916 (twenty nine million six hundred fifty eight thousand nine hundred sixteen) 4% (four percent) Non Cumulative Redeemable Non Convertible Preference Shares of INR 31 (Rupees thirty one only) each aggregating INR 919,426,386 (Rupees nine hundred nineteen million four hundred twenty six thousand three hundred eighty six only), with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company and the legislative provisions for the time being in force.”

- (e) It is clarified that for the purposes of Clause 13(c) and 13(d) above, the consent of the shareholders of the Transferee Company to this Scheme shall be sufficient for the purposes of effecting the above amendment or increase in the authorised share capital of the Transferee Company, and no further resolution under Section 16, Section 31, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. The stamp duties and fees (including registration fee) paid on the authorised share capital of the Transferor Company shall be utilized and applied to the increased authorised share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee (including registration fee) by the Transferee Company for increase in the authorised share capital to that extent.
- (f) The shares issued to the members of the Transferor Company by the Transferee Company pursuant to Clauses 13(a) above shall be credited to the depository account of the members, unless otherwise notified in writing by any member of the Transferor Company to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares shall be credited to the depository account of the members provided that the members of the Transferor Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. It is only thereupon that the Transferee Company shall issue and directly credit to the account of such member the relevant shares of the Transferee Company. In the event that the Transferee Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required, then the Transferee Company shall issue shares in certificate form to such member.
- (g) In the event of there being any pending share transfers, whether lodged or outstanding, of any member of the Transferor Company, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor/ transferee of the shares in the Transferor Company and in relation to the shares issued by the Transferee Company after the effectiveness of this Scheme. The Board of Directors of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company.
- (h) Equity shares to be issued by the Transferee Company pursuant to Clauses 13(a) above in respect of such of the equity shares of the Transferor Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Transferee Company.

- (i) The equity shares issued and allotted by the Transferee Company in terms of this Scheme shall rank *pari passu* in all respects with the then existing equity shares of the Transferee Company.
- (j) The equity shares of the Transferee Company issued in terms of this Scheme will be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are given by the Stock Exchanges.
- (k) In case any shareholder's holding in any Transferor Company is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder but shall consolidate such fractions and issue consolidated equity shares to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.

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

14. Accounting and Tax Treatment

(a) Accounting

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

- (i) The Transferee Company shall record the assets and liabilities of the Transferor Company pursuant to this Scheme at their respective book values as appearing in the books of the Transferor Company. In case of conflicting accounting policies between the entities, a uniform policy will be adopted on merger and effect on the financial statements of such change in policy will be reported as per Accounting Standard 5 (Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies) and the same shall be dealt with in accordance with prevailing accounting standards and Generally Accepted Accounting Principles in India;
- (ii) The Transferee Company shall credit its issued and paid up share capital account with the aggregate face value of the shares issued pursuant to Clause 13 of this Scheme;
- (iii) All the reserves relating to and reflecting in the books of the Transferor Company shall appear in the books of the Transferee Company in the same form in which they appeared in the books of the Transferor Company after giving effect to 14(a)(i) above;
- (iv) The balance in the Statement of Profit and loss appearing in the books of the Transferor Company shall be dealt with in the books of the Transferee Company in accordance with Accounting Standard 14 (Accounting for Amalgamations);
- (v) The difference between the amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the Transferor Company is adjusted in reserves in the financial statements of the Transferee Company;
- (vi) To the extent that there are inter-corporate loans, debentures, debt securities or balances between the Transferor Company and the Transferee Company *inter se*, the obligation in respect thereof shall come to an end and the corresponding effect shall be given in the books of account and the records of the Transferee Company for the reduction of any assets or liabilities, as the case may be. The difference, if any, arising upon such cancellation, shall be credited or debited, as the case may be, to the Capital Reserve account of the Transferee Company. For the removal of doubts, there would be no accrual of interest or other charges in respect of any such inter-company loans, debentures, debt securities or balances with effect from the Appointed Date;

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

(b) Tax

- (i) Upon the Scheme coming into effect, all taxes (direct and/or indirect)/ cess/ duties payable by or on behalf of the Transferor Company from the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with any Governmental Authority and including the right to claim credit for minimum alternate tax and carry forward of accumulated losses, and unutilized CENVAT credit, VAT credit etc shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims, accumulated losses and unutilized CENVAT credits, VAT credit and rights to claim credit or refund etc of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company shall be permitted to revise, if it becomes necessary, its income tax returns, wealth tax returns, sales tax returns, excise and CENVAT returns, service tax returns, other statutory returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme.
- (ii) The Transferee Company shall also be permitted to claim refunds / credits in respect of any transaction between or amongst the Transferor Company and the Transferee Company. Without prejudice to the generality of Clause 14(b)(i) above, upon the Scheme becoming effective, the Transferee Company shall be permitted to revise, if it becomes necessary, its income tax returns and related withholding tax certificates, including withholding tax certificates relating to transactions between the Transferor Company and the Transferee Company, and to claim refunds, advance tax and withholding tax credits, benefit of credit for minimum alternate tax and carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.
- (iii) The withholding tax/ advance tax/ minimum alternate tax, if any, paid by the Transferor Company under the Income Tax Act, 1961 or any other statute in respect of income of the Transferor Company assessable for the period commencing from Appointed Date shall be deemed to be the tax deducted from/advance tax paid by the Transferee Company and credit for such withholding tax/advance tax/ minimum alternate tax shall be allowed to the Transferee Company notwithstanding that certificates or challans for withholding tax/advance tax are in the name of the Transferor Company and not in the name of the Transferee Company.
- (iv) The service tax paid by the Transferor Company under the Finance Act, 1994 in respect of services provided by the Transferor Company for the period commencing from the Appointed Date shall be deemed to be the service tax paid by the Transferee Company and credit for such service tax shall be allowed to the Transferee Company notwithstanding that challans for service tax payments are in the name of the Transferor Company and not in the name of the Transferee Company.

15 Conditions Precedent

- (a) The effectiveness of the Scheme is conditional upon and subject to:
 - (i) the Integrated Scheme having come into effect in accordance with its terms;
 - (ii) receipt of approval from the Competition Commission of India for this Scheme in form and substance reasonably satisfactory to the Transferor Company and the Transferee Company or on the expiry of any statutory time period pursuant to which such approval is deemed to have been granted;
 - (iii) receipt of approval from the Bundeskartellamt for this Scheme in form and substance reasonably satisfactory to the Transferor Company and the Transferee Company or the expiry of any statutory time period pursuant to which such approval is deemed to have been granted;
 - (iv) this Scheme being approved by the respective requisite majorities of the various classes of shareholders

and/or creditors (where applicable) of the Transferor Company and the Transferee Company as required under the Act and the requisite orders of the High Court being obtained;

- (v) approval of the Scheme by the public shareholders of the Transferor Company and the Transferee Company in accordance with the provisions of the SEBI Circulars ;
 - (vi) receipt of pre-filing and post sanction approvals of the relevant Stock Exchange and the SEBI in terms of the SEBI Circulars, as applicable;
 - (vii) the certified copies of the court orders approving the Scheme being filed with the Registrar of Companies; and
 - (viii) such other approvals and sanctions as may be required by Applicable Law in respect of this Scheme being obtained.
- (b) On the approval of this Scheme by the shareholders of the Transferor Company and the Transferee Company such shareholders shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the amalgamation set out in this Scheme, related matters and this Scheme itself.
- (c) In the event of the Scheme failing to take effect by June 30, 2015 or such later date as may be agreed by the respective Boards of Directors of the Transferor Company and the Transferee Company, this Scheme shall stand cancelled and be of no effect and become null and void, and in that event, no rights and liabilities shall accrue to or be incurred inter-se the Transferor Company and the Transferee Company or their shareholders or creditors or employees or any other person. In such case, each of the Transferor Company and the Transferee Company shall bear its own costs and expenses or as may be mutually agreed.

16. Applications

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

17. Dissolution of the Transferor Company

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

18. Dividends

- (a) The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date, provided that the shareholders of the Transferor Company shall not be entitled to dividend, if any, declared and paid by the Transferee Company to its shareholders for the accounting period prior to the Effective Date.
- (b) The shareholders of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- (c) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of Directors of the Transferor Company and the Transferee Company respectively, and subject to the approval, if required, of the shareholders of the Transferor Company and the Transferee Company respectively.

19. Resolutions

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

20. Modifications to the Scheme

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

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

22. Severability

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

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

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

25. Costs

Subject to the provisions of Clause 15(c) of this Scheme, all costs, charges and expenses (including, but not limited to, any taxes and duties, stamp duty, registration charges, etc.) of /payable by the Transferor Company and the Transferee Company in relation to or in connection with the Scheme and incidental to the completion of the amalgamation of the Transferor Company with the Transferee Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.

DCS/AMAL/BS/24(f)/405/2013-14

March 7, 2014

The Company Secretary,
Mahindra CIE Automotive Limited
(formerly **Mahindra Forgings Limited**)
Mahindra Towers, P K Kurne Chowk,
Worli, Mumbai – 400018.

Dear Sir

Sub: Observation letter regarding the Scheme of Arrangement involving merger of Mahindra Composite Limited with Mahindra Forgings Limited (Composite Scheme).

We refer to your draft Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 involving merger of Mahindra Composite Limited (Transferor company) into Mahindra Forgings Limited (Transferee Company).

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

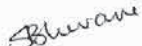
As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated March 7, 2014 given the following comment(s) on the draft scheme of arrangement:

- i) *The company to ensure that the Annexure to the Valuation Report submitted vide letter dated December 3, 2013 by Mahindra Forging Limited shall be displayed on the website of the listed company from the date of receipt of this letter*
- ii) *The listed company, Mahindra Forgings Limited shall ensure compliance with the minimum public shareholding requirements in accordance with the undertaking submitted by the company vide letter dated February 24, 2014.*
- iii) *the company shall duly comply with various provisions of the aforesaid SEBI circular”.*

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,

Bhuvana Sriram
Dy. Manager


Pooja Sanghvi
Asst. Manager

Ref: NSE/LIST/232600-J

March 07, 2014

The Company Secretary
Mahindra CIE Automotive Limited
(Formerly known as 'Mahindra Forgings Limited')
Mahindra Towers,
P.K.Kurane Chowk, Worli
Mumbai - 400018

Kind Attn.: Mr. Krishnan Shankar

Dear Sir,

Sub.: Observation letter for Scheme of Amalgamation of Mahindra Composites Limited with Mahindra Forgings Limited.

We are in receipt of the draft Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 of Mahindra Composites Limited with Mahindra Forgings Limited.

We have perused the draft Scheme of Amalgamation and the related documents/details submitted by Mahindra Forgings Limited including the confirmation of the Company Secretary of Mahindra Forgings Limited that the scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 and SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI vide its letter dated March 07, 2014, has given following comments on the draft scheme of amalgamation:

"a) Company to ensure that following additional information submitted by Mahindra Forgings Limited after filing the scheme with the stock exchange shall be displayed from the date of receipt of this letter on the website of the listed company:

i) Annexure to the valuation report submitted vide letter dated December 03, 2013.

b) The company, Mahindra Forgings Limited to ensure compliance with the minimum public shareholding requirements, in accordance with the undertaking submitted by the company vide letter dated February 24, 2014

c) The company shall duly comply with various provisions of the Circulars."



Ref:NSE/LIST/232600-J

March 07, 2014

Accordingly, we do hereby convey our 'no-objection' with limited reference to those matters having a bearing on listing / delisting / continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the scheme with the Hon'ble High Court.

However, the Exchange reserves its right to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of the "Observation Letter" shall be six months from March 07, 2014, within which the scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of this Circular.

Yours faithfully,
For National Stock Exchange of India Limited

Kamlesh Patel
Manager

This Document is Digitally Signed



Signer : Patel Kamlesh
Date: Fri, Mar 7, 2014 18:28:22 IST
Location: NSE

COMPLAINTS REPORT

Company Name: Mahindra Forgings Limited

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Nil	--	--

For and on behalf of Mahindra Forgings Limited



Sanjay Joglekar
Authorised Signatory



June 15th, 2013

To,

The Board of Directors
Mahindra Forgings Limited
Mahindra Towers,
P.K. Kurne Chowk,
Worli, Mumbai - 400018

Sub: Fairness opinion on the Merger Equity Share Entitlement Ratio for the proposed merger of Mahindra Composites Ltd., Mahindra UGINE Steel Co. Ltd., Mahindra Hinoday Industries Ltd., Mahindra Investments India Pvt. Ltd., Mahindra Gears International Ltd. and Participaciones Internacionales Autometal Tres with Mahindra Forgings Ltd.

This has reference to our engagement letter dated June 3, 2013 wherein Mahindra Forgings Ltd. (hereinafter collectively referred to as "you" or "the Company" or "MFL") has requested ICICI Securities ("I-Sec") to provide fairness opinion on swap ratio for proposed merger of Mahindra Composites Ltd. ("MCL"), Mahindra UGINE Steel Co. Ltd. ("MUSCO"), Mahindra Hinoday Industries Ltd. ("MHIL"), Mahindra Investments India Pvt. Ltd. ("MIIL"), Mahindra Gears International Ltd. ("MGIL") and Participaciones Internacionales Autometal Tres ("PIA3") into MFL.

BACKGROUND, PURPOSE AND USE OF THIS REPORT

We understand that the Managements of MCL, MUSCO, MHIL, MIIL, MGIL, PIA3 and MFL (referred to as "Companies") are proposing to merge MCL, MUSCO, MHIL, MIIL, MGIL and PIA3 into MFL, with effect from the Appointed Date of October 1, 2013. This is proposed to be achieved by a Scheme of Amalgamation under the provisions of Sections 391-394 of the Companies Act, 1956 (hereinafter referred to as the "Scheme of Amalgamation"). As part of the proposed merger, MCL, MUSCO, MHIL, MIIL, MGIL, PIA3 would be merged with MFL and cease to exist. We understand from the management that the shareholders of MCL, MUSCO, MHIL, MIIL, MGIL, PIA3 will be issued shares of MFL as consideration for the proposed merger of MCL, MUSCO, MHIL, MIIL, MGIL, PIA3 in MFL.

For the aforesaid purpose, the Management of MCL, MUSCO, MHIL, MIIL, MGIL, PIA3 and MFL have appointed S. R. Batliboi & Co. LLP ("SRBC") and N M Raiji and Company ("NM Raiji") (referred as "Valuers") to prepare a valuation report on the fair exchange ratio for distribution of MFL shares to the shareholders of MCL, MUSCO, MHIL, MIIL, MGIL and PIA3, to be placed before the audit committees of the Companies, as per the requirement of SEBI Circular CIR/CFD/DIL/5/2013 dated February 5, 2013.

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ICICI Securities Limited

Registered Office & Institutional Service : ICICI Centre, H. T. Parekh Marg, Churchgate,
Mumbai 400 020, India. Tel (91 22) 2288 2460/70 - Fax (91 22) 2282 6580

Member of National Stock Exchange of India Ltd. & Bombay Stock Exchange Ltd.

Capital Market : NSE Regn. No. INB 230773037, BSE Regn. No. INB 011286854

Futures & Options : NSE Regn. No. INF 230773037, BSE Regn. No. INF 010773035



In this connection we have been requested by the Companies to render our professional services by way of a fairness opinion on swap ratio from a financial point of view to the Board of Directors of MFL through audit committee of the board as to whether the Merger Equity Share Entitlement Ratio, as recommended by the SRBC & NM Rajji, in their report dated June 15- 2013 and based on the valuation analysis carried out by them, which forms the basis for the Merger as per the aforesaid Scheme is fair and reasonable.

This report is intended only for the sole use and information of the Companies, and only in connection with the Merger including for the purpose of obtaining judicial and regulatory approvals for the Merger. We are not responsible in any way to any other person / party for any decision of such person or party based on this report. Any person / party intending to provide finance / invest in the shares / business of any of the Companies or their subsidiaries/joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the Merger as aforesaid can be done only with our prior permission in writing. We acknowledge that this report will be shared to the extent as may be required, with the relevant High Court, stock exchanges, advisors of the Companies in relation to the Scheme, as well as with the statutory authorities and it can be uploaded on the website of the Company and stock exchanges as required by extant regulations.

As per Valuers' recommendation, the holders of outstanding equity shares of MCL will receive 90 fully paid up equity shares of MFL with the face value of Rs. 10 (Ten) each for every 100 fully paid up equity shares of MCL with the face value of Rs. 10 (Ten) each ("Share Exchange Ratio")

As per Valuers' recommendation, the holders of outstanding equity shares of MUSCO will receive 284 fully paid up equity shares of MFL with the face value of Rs. 10 (Ten) each for every 100 fully paid up equity shares of MUSCO with the face value of Rs. 10 (Ten) each ("Share Exchange Ratio")

As per Valuers' recommendation, the holders of outstanding equity shares of MHIL will receive 110 fully paid up equity shares of MFL with the face value of Rs. 10 (Ten) each for every 100 fully paid up equity shares of MHIL with the face value of Rs. 10 (Ten) each ("Share Exchange Ratio")

As per Valuers' recommendation, the holders of outstanding equity shares of MIIL will receive 17 fully paid up equity shares of MFL with the face value of Rs. 10 (Ten) each for every 100 fully paid up equity shares of MIIL with the face value of Rs. 10 (Ten) each ("Share Exchange Ratio")

As per Valuers' recommendation, the holders of outstanding equity shares of MGIL will receive 20 fully paid up equity shares of MFL with the face value of Rs. 10 (Ten) each for every 100 fully paid up equity shares of MGIL with the face value of Euro 1 (One) each ("Share Exchange Ratio")

As per Valuers' recommendation, the holders of outstanding equity shares of PIA3 will receive 105 fully paid up equity shares of MFL with the face value of Rs. 10 (Ten) each for every 100 fully paid up equity shares of PIA3 with the face value of Euro 1 (One) each ("Share Exchange Ratio")

SOURCES OF INFORMATION

In arriving at the opinion set forth below, we have relied on:

- (a) Discussions and valuation workings of SRBC & NM Rajji,
- (b) Annual reports for the year ending 31 March 2012, 2013 of MFL, MHIL,;
- (c) Audited proforma profit and loss account and balance sheet of MCL, MUSCO for the year ended March 31, 2013 with the underlying schedules
- (d) Unaudited proforma profit and loss account and balance sheet of MIIL, MGIL, PIA 3 for the year ended March 31, 2013 without the underlying schedules
- (e) Discussions with management of companies regarding current operations of companies, future plans, capital expenditure; and
- (f) Information, discussions (including orally) and documents as provided by Companies as well as SRBC & NM Rajji for purpose of this engagement;
- (g) Financial projections of MFL from April 01, 2013 to March 31, 2017
- (h) Financial projections of MCL from April 01, 2013 to March 31, 2017
- (i) Financial projections of MUSCO from April 01, 2013 to March 31, 2017
- (j) Financial projections of MHIL from April 01, 2013 to March 31, 2017
- (k) Financial projections of MIIL from April 01, 2013 to March 31, 2017
- (l) Financial projections of MGIL from April 01, 2013 to March 31, 2017
- (m) Financial projections of PIA3 from April 01, 2013 to March 31, 2017

SCOPE LIMITATIONS

Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of the Companies or their businesses referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

Our analysis and results are specific to the purpose of the exercise of giving our fairness opinion on the Equity Share Exchange Ratio for the Proposed Merger. It may not be valid for any other purpose or if done on behalf of any other entity.

Our analysis and results are also specific to the date of this report and based on information as at June 15, 2013. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion, on the Equity Share Exchange Ratio for the Proposed Merger, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date for the Proposed Merger. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In the course of the present exercise, we were provided with both written and verbal information, including financial data. The terms of our engagement were such that we were entitled to rely upon the information provided by the Company without detailed inquiry. With respect to the financial forecasts relating to the MCL, MUSCO, MHIL, MIIL, MGIL, PIA3 and MFL we have assumed, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of the MCL, MUSCO, MHIL, MIIL, MGIL, PIA3 and MFL, respectively, as to the future financial performance of each of the company. Also, we have been given to understand by the management of the Company that it has not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the Company and their impact on the present exercise.

We express no opinion whatever and make no recommendation at all to MCL, MUSCO, MHIL, MIIL, MGIL, PIA3 and MFL's underlying decision to effect the Proposed Merger or as to how the holders of equity shares or preference shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the Proposed Merger. We do not express and should not be deemed to have expressed any views on any other term of the Proposed Merger. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of MFL will trade following the announcement of the Proposed Merger or as to the financial performance of MFL following the consummation of the Proposed Merger.

No investigation of the Companies' claim to title of assets has been made for the purpose of this exercise and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Our report is not and should not be construed as our opining or certifying the compliance of the Proposed Merger with the provisions of any law including companies,

taxation and capital market related laws or as regards any legal implications or issues arising from such proposed merger.

We have not conducted or provided an analysis of due diligence or appraisal of the assets and liabilities of the Companies and have wholly relied on information provided by the Companies in that regard.

In the ordinary course of business, ICICI Securities Limited and its affiliates is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the ICICI Securities Limited may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Scheme.

It is understood that this letter is for the benefit of and confidential use by the Board of Directors / Shareholders of MFL for the purpose of this Proposed Merger and may not be relied upon by any other person and may not be used or disclosed for any other purpose without obtaining our prior written consent.

RATIONALE & CONCLUSION

We are given to understand by the Companies that the Merger Equity Share Entitlement Ratio has been recommended by SRBC & NM Rajji, after keeping in mind various factors such as the serviceability of capital of the Proposed merged company taking into account the potential earning capacity of the business that would be carried on by the proposed company once the Scheme comes into effect;

In the circumstances, having regard to all relevant factors and on the basis of information and explanations given to us, we are of the opinion on the date hereof, that the proposed Equity Share Exchange Ratio as recommended by SRBC & NM Rajji, which forms the basis for the Proposed Merger, is fair and reasonable.

Yours faithfully,
For ICICI Securities Limited,



Abhijit Ghalke
Vice President
Investment Banking
ICICI Securities
Mumbai

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTIONS NO. 265 OF 2014**

In the matter of the Companies Act, 1956;

-And-

In the matter of Application under Sections 391 to 394 of the Companies Act, 1956;

-And-

In the matter of Mahindra CIE Automotive Limited [CIN: L27100MH1999PLC121285], a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra;

-And-

In the matter of Scheme of Amalgamation amongst Mahindra Composites Limited (Transferor Company) and Mahindra CIE Automotive Limited (formerly known as Mahindra Forgings Limited) (Transferee Company).

Mahindra CIE Automotive Limited

[CIN: L27100MH1999PLC121285] a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra

... Applicant Company

FORM OF PROXY

I/We, the undersigned equity shareholder(s) of **Mahindra CIE Automotive Limited**, hereby appoint Mr./Ms. _____ of _____ and falling him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the equity shareholders to be held at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai on Thursday, the 5th day of June, 2014 at 12:30 p.m. (1230 hours) for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed Scheme of Amalgamation between Mahindra Composites Limited and Mahindra CIE Automotive Limited and their respective shareholders and creditors and at such meeting, and any adjournment / adjournments thereof, to vote, for me/us and in my/our name(s) _____ (herein, if 'for' insert '**FOR**', if 'against' insert '**AGAINST**' and in the latter case, strike out the words below after the word "Amalgamation") the said arrangement embodied in the Scheme of Amalgamation, *either with our without modifications**, as my/our proxy may approve.

*Strike out what is not necessary.

Dated this _____ day of _____, 2014.

Name : _____

Address : _____

Affix
Re. 1
Revenue
Stamp

Signature across the stamp

Regd. Folio No.	Client ID No.	DP ID No.	No. of Shares - Equity

Signatures of Shareholder(s) Sole/First Holder : _____
Second Holder : _____
Third Holder : _____
Signature of Proxy Proxy : _____

Notes:

1. Please affix revenue stamp before putting Signature.
2. All alterations made in the form of proxy should be initialed.
3. The Proxy must be deposited at the Registered Office of the Applicant Company at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra at least 48 (forty-eight) hours before the time for holding the Court Convening meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be a shareholder of the Applicant Company.

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Mahindra CIE Automotive Limited

(Formerly known as Mahindra Forgings Limited)

[CIN: L27100MH1999PLC121285]

Registered Office : Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra

Web: www.mahindra-cie.com **Email:** mcie.investors@mahindra.com

Tel : 02135 – 663300 **Fax:** 02135 - 663407

ATTENDANCE SLIP

COURT CONVENED MEETING OF EQUITY SHAREHOLDERS ON THURSDAY, 5TH JUNE, 2014 AT 12.30 P.M.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I/We hereby record my/our presence at the meeting of the equity shareholders of Mahindra CIE Automotive Limited, convened pursuant to the Order dated 2nd day of May, 2014 of the Hon'ble High Court of Judicature at Bombay at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020 on Thursday, the 5th day of June, 2014 at 12:30 p.m. (1230 hours).

Name and address of Equity Shareholder **(IN BLOCK LETTERS)**

Signature : _____

Regd. Folio No.	Client ID No.	DP ID No.	No. of Shares

Name of Proxy* **(IN BLOCK LETTERS)**

Signature : _____

* (To be filled in by the Proxy in case he/she attends instead of the shareholder)

NOTE: Equity Shareholders attending the Meeting in person or by proxy or through authorised representative are requested to complete and bring the Attendance Slip and hand it over at the entrance of the meeting hall.

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